

Nikko AM Asia Ex Japan Equity Fund

January 2024 Supplementary Information

Top 10 Holdings

Country	Portfolio Weight
Taiwan Semiconductor Manufacturing Co Ltd	9.76%
Samsung Electronics Co Ltd	8.89%
Reliance Industries Ltd	4.57%
Tencent Holdings Ltd	3.71%
AIA Group Ltd	3.60%
Samsung Biologics Co Ltd	3.49%
Indusind Bank Ltd	2.67%
Sun Pharmaceutical Industries Ltd	2.64%
Godrej Properties Ltd	2.41%
Kotak Mahindra Bank Ltd	2.05%

Top 10 Currencies

Country	Portfolio Weight
Hong Kong Dollar (HKD)	22.23%
Indian Rupee (INR)	20.79%
New Taiwan Dollar (TWD)	20.13%
South Korean Won (KRW)	14.72%
United States Dollar (USD)	9.50%
Chinese Renminbi Onshore (CNY)	7.08%
Indonesian Rupiah (IDR)	3.02%
Singapore Dollar (SGD)	2.53%
European Monetary Unit (EUR)	0.00%
Malaysian Ringgit (MYR)	0.00%

Market Review

Asian markets mostly fell in January, with the MSCI Asia Ex Japan Index snapping a two-month winning streak (+10% over November and December) and declined 5.5% in US dollar (USD) terms. While the US Federal Reserve left interest rates steady, it indicated that cuts to interest rates likely are not imminent, pouring cold water on the market's hopes for a March rate cut. China remains a drag on the region's performance amid a steep selloff in Chinese markets this month, despite Beijing putting into place several measures to boost market confidence.

In North Asia, China and Hong Kong stocks tumbled 10.6% and 9.7% respectively in January. Concerns over China's beleaguered property sector continued to weigh, now with China Evergrande Group given orders to liquidate by a Hong Kong court. Investors will keep a keen eye on how authorities draw the line between offshore and onshore stakeholders as the liquidation of Evergrande unfolds. Separately,

policymakers have stepped in with forceful measures to support its sliding stock market, including a 50-basis-point cut to the reserve ratio requirement for banks. Still, the broader economic outlook remains patchy; factory activity contracted for a fourth straight month in January, adding to deflationary pressure in the world's second largest economy.

South Korean stocks shed 10.0%, weighed down by a slump in the share prices of heavyweight Samsung Electronics which posted a 35% drop in fourth-quarter operating profit. Separately, the Bank of Korea left its policy rate unchanged at 3.50%, and GDP for the fourth quarter expanded 0.6% on a quarterly basis, exceeding market expectations. Taiwan (-1.2%) handed the Democratic Progressive Party a third consecutive presidential victory, fuelling investors' concerns that tensions with China could rise. Consumer confidence in Taiwan did hit a two-year high in January, and fourth-quarter preliminary GDP beat forecast.

The Philippines (+1.0%) led the way within ASEAN. The Philippine fourth-quarter GDP came in at 5.6%, beating expectations and bringing full-year GDP growth to a similar 5.6%. Meanwhile, Thailand (-7.9%) lowered its 2024 GDP growth projection to 2.8% this year, a sharp downgrade from an earlier forecast of 3.2%. Malaysia's (-0.3%) economic growth likely slowed to 3.8% in 2023 due to lower exports, which slumped 8% for the year. Bank Negara Malaysia left its overnight policy rate unchanged at 3%. Its counterpart in Indonesia (-1.7%) likewise kept the benchmark seven-day reverse repurchase rate at 6% for the third consecutive meeting. In Singapore (-4.4%), the Monetary Authority of Singapore maintained its monetary policy settings for a third straight time amid expectations for inflation to ease only later this year.

Indian stocks were the best performers for the month, rising 2.4%. The government had forecast economic growth to come in at 7.3% for the fiscal year ending in March, on an increase in private and government expenditure. The Reserve Bank of India stated that it was not considering interest rate cuts yet, unless inflation settles firmly around the 4% target. India's annual retail inflation rose to a four-month high of 5.69% in December from 5.55% the previous month.

Investment Review and Outlook

The Fund returned -7.37% in January in USD terms, behind the benchmark's return of -5.46%. The performance contribution by country was a barbell, with China on the negative side and India on the positive side. Contribution from holdings in the other countries was less than ± 30 basis points. Though the Fund was overall close to neutral China/Hong Kong, stock selection contributed negatively and

was responsible for the majority of the relative underperformance. The market continued to penalise private companies in the healthcare and new energy-related industries while favouring state-owned enterprises where the Fund is underweight. JD Health and Hutch Med were the largest negative contributors in the Fund's China holdings.

Reference to any particular securities or sectors is purely for information only and does not constitute a recommendation to buy, sell or hold any securities or to be relied upon as financial advice in any way.

On the positive side, the Fund's overweight position in India was the largest positive contributor. Holdings in Godrej Properties, Zomato and Sun Pharmaceutical were up strongly in the month following the strength of the Indian consumer and broader economy.

Over the month, we initiated a few bottom-up stock picks. The first being aviation services provider, SATS, which is a company looking to turn around its operations by integrating its new acquisition in the cargo services space. The company will also be a beneficiary of global air cargo recovery especially as the nascent technology (tech) cycle get underway. Grid capex manufacturer, Hainan Jinpan Smart Technology, was also a new addition as it becomes increasingly evident that one of the biggest bottleneck to the world's energy transition is in the grid space where plenty of investments need to be made. Lastly, we also initiated a new position in heavy-duty truck manufacturer (HDT), Weichai Power, in anticipation of an expanded HDT replacement cycle as well as robust exports volume.

The funding sources were from profits taken in a few stocks, namely South Korea biopharmaceutical company Celltrion and Singapore's largest bank DBS, where expected positive fundamental changes were getting realised. We also exited our position in flow control equipment maker, Zhejiang Sanhua, on the back of slowing Tesla sales and guidance. Another name we exited was micro-fabrication equipment maker, Advance Micro-Fabrication Equipment, as risk premiums build up in the Chinese tech space.

The equity markets of the two largest economies in the world continue to head in opposite directions. The US market is on the up, led by technology stocks and a supportive economic backdrop. The US 10-year bond yield ended the month at 3.9%—signalling that the "Goldilocks scenario" is on track. The US dollar index (DXY) strengthened 1.9%, largely reversing last month's weakness. The US economy remained resilient and inflation was trending lower.

The opposite is almost true in China. Chinese equity markets continue to fall, weighed by a prolonged property bust, piecemeal fiscal and monetary policy responses and continued regulations on industries; all of which is adding up to a growing lack of confidence among investors. On the positive side, there are a large number of Chinese companies with very attractive growth profiles that are being penalised by the country risk. On the external side, there is a risk of a brewing electric vehicle (EV) trade war with Europe. China has created a large manufacturing base for EVs and related industries.

The domestic market is not large enough to absorb this, and the US has put up tariff barriers. This leaves Europe as the only market large enough to absorb a lot of the surplus, directly challenging the European auto industry. We will continue to monitor this space.

The Indian market remains attractive. It has the highest earnings growth in the Asian region, valuations that are in the middle of its historic range and an economy that is growing strongly with inflation under control. In the last five years, the ruling Bharatiya Janata Party government has focused on investing in upgrading India's infrastructure. Fixed asset investments should reap the rewards in the next five years. India is enjoying a "Goldilocks" scenario and has the extra kicker of a supportive political backdrop, unlike the US where politics could be a potential Achilles' heel. Indian equities are still underrepresented in global portfolios, opening up the possibility of additional foreign inflows this year.

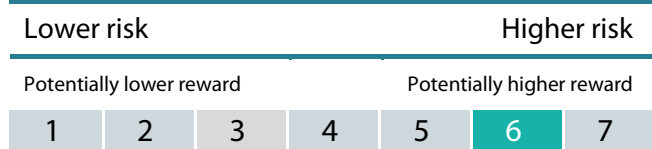
The ASEAN markets got off to a weak start this year after a good 2023. A dividend yield of 4.3% compensates for the relatively lower earnings growth. Positive fiscal policy in Malaysia and Indonesia focused on domestic development should also support market sentiment. Singapore remains the bell-weather safe-haven market and falling interest rates should support the financially sensitive index.

Outside of the US and emerging Asia, the broader global market rally continued with the MSCI World (MXWO) rising another 1.1%. The Japanese market continues to make news highs. Tensions in the Middle East are, so far, being downplayed by the broader markets, but crude oil was up 6% on rising risks of a wider military escalation in the Middle East.

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Risk Information

Risk and Reward Profile



The Sub-Fund promotes certain environmental and social characteristics within the meaning of article 8 of the SFD Regulation but does not have a sustainable investment objective.

Currency risk - this exists when the Sub-Fund invests in assets denominated in a different currency. A devaluation of the asset's currency relative to the currency of the Sub-Fund will lead to a reduction in the value of the Sub-Fund.

Counterparty risk - the possibility that the counterparty, such as brokers, clearing houses and other agents be unable to perform its obligations due to insolvency, bankruptcy or other causes.

Liquidity risk - investments that could have a lower level of liquidity due to (extreme) market conditions or issuer-specific factors and or large redemptions of shareholders. Liquidity risk is the risk that a position in the portfolio cannot be sold, liquidated or closed at limited cost in an adequately short time frame as required to meet liabilities of the Sub-Fund.

Operational risk - due to issues such as natural disasters, technical problems and fraud.

Emerging markets risk - the risk arising from political and institutional factors which make investments in emerging markets less liquid and subject to potential difficulties in dealing, settlement, accounting and custody.

Investing in China risk - the Sub-Fund intends to gain exposure to the financial securities of the People's Republic of China ("China") without directly investing in the PRC (excluding Hong Kong). Investments in China will be sensitive to any political, social, economic, legal and regulatory developments which may take place in or in relation to China, which may adversely impact on the securities markets in China as well as the performance of the Sub-Fund.

Derivative risk - the Sub-Fund may use derivatives as described in the Objectives and Investment Policy. Use of derivatives results in higher chances of loss due to the use of leverage, or borrowing. Derivatives allow investors to earn large returns from small movements in the underlying asset's price. However, investors could lose large amounts if the price of the underlying assets moves against them significantly.

Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect Risk - the Sub-Fund may be investing in China "A" shares via the Shanghai-Hong Kong Stock Connect and Shenzhen- Hong Kong Stock Connect which may entail additional clearing and settlement, regulatory, operational and counterparty risks.

Sustainability Risk - The risk arising from any environmental, social or governance events or conditions that, were they to occur, could cause material negative impact on the value of the investment. Specific sustainability risk can vary for each product and asset class, and include but are not limited to: Transition Risk, Physical Risk, Social Risk and Governance Risk.

Credit risk - is the possibility that a bond issuer will fail to pay interest and principal in a timely manner.

Important Information

Nikko AM Global Umbrella Fund is an open-ended investment company established in Luxembourg (the "Fund"). This information has been issued by Nikko Asset Management Luxembourg S.A. and is not aimed at or intended to be read by investors in any country in which the Fund is not authorised.

The Fund is registered in multiple jurisdictions and some sub-funds and/or share classes may not be available in all jurisdictions. Please contact Nikko Asset Management Europe Ltd for further information. This material is for information only and is not a recommendation to sell or purchase any investment.

Any investment in the Fund may only be made on the basis of the current Prospectus and the Key Investor Information Document (KIID), as well as the latest annual or interim reports. Please refer to the "Risk Factors" for all risks applicable in investing in this Fund. These documents are available from our website emea.nikkoam.com or can be obtained free of charge from the Funds registered office in Luxembourg: Private Business Center 32 – 36, boulevard d'Avranches, L-1160 Luxembourg, Luxembourg. Swiss representative, Swiss paying agent and place of jurisdiction in Switzerland: BNP Paribas, Paris, Zurich Branch, Selnastrasse 16, 8002 Zurich. Telephone: +41 582 126374

Past performance is not a guide to future performance. Market and currency movements may cause the capital value of shares and income from them to fall as well as rise and you may get back less than you invested.

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