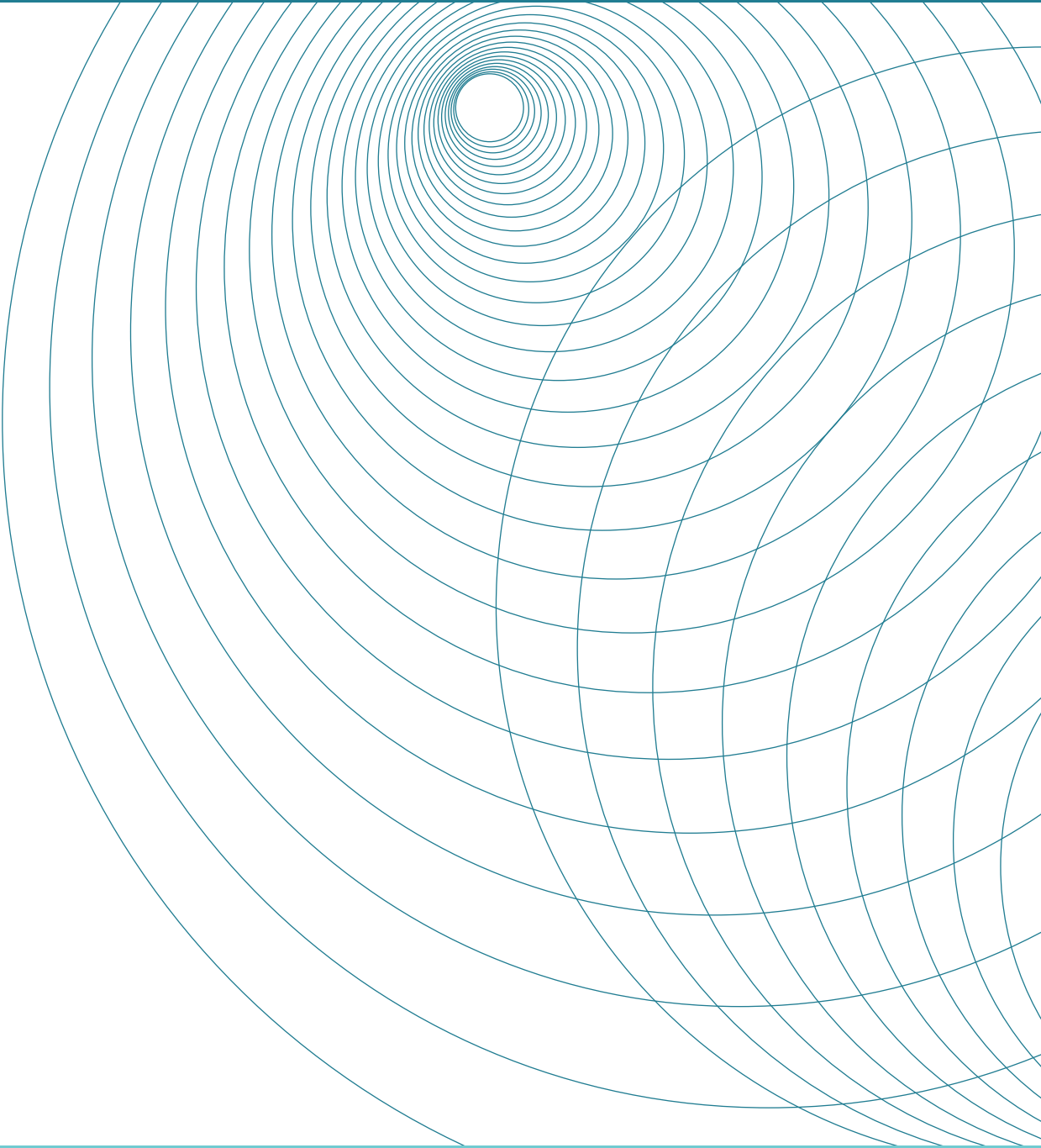

ANNUAL REPORT

Nikko AM Japan Dividend Equity Fund

Financial year ended 31 December 2023



MANAGERS

Nikko Asset Management Asia Limited
12 Marina View, #18-02, Asia Square Tower 2,
Singapore 018961
Company Registration No. 198202562H

DIRECTORS OF THE MANAGERS

Seet Oon Hui Eleanor
Yutaka Nishida
Hiroshi Yoh
Allen Yan

TRUSTEE & REGISTRAR

BNP Paribas Trust Services Singapore Limited
20 Collyer Quay, #01-01
Singapore 049319

AUDITORS

PricewaterhouseCoopers LLP
7 Straits View, Marina One,
East Tower, Level 12,
Singapore 018936

CUSTODIAN

BNP Paribas, acting through its Singapore Branch
20 Collyer Quay, #01-01
Singapore 049319

This report is also available on our website (www.nikkoam.com.sg)

PERFORMANCE SUMMARY

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Japan Dividend Equity Fund - SGD Hedged Class ¹	1.09	7.36	36.58	17.32	13.60	10.40	10.68

Source: Nikko Asset Management Asia Limited, returns as at 31 December 2023. Returns are calculated on a NAV-NAV basis, SGD, and based on the assumption that all dividends and distributions are reinvested, if any. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Japan Dividend Equity Fund - SGD Hedged Class ¹	-3.97	1.99	29.75	15.33	12.44	9.83	10.14

Source: Nikko Asset Management Asia Limited, returns as at 31 December 2023. Returns are calculated on a NAV-NAV basis, SGD, and based on the assumption that all dividends and distributions are reinvested, if any, and take into account of maximum initial sales charge and a realisation charge, currently nil, as and where applicable. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Japan Dividend Equity Fund - USD Hedged Class ¹	1.75	8.37	36.72	17.62	14.17	10.68	10.98

Source: Nikko Asset Management Asia Limited, returns as at 31 December 2023. Returns are calculated on a NAV-NAV basis, USD, and based on the assumption that all dividends and distributions are reinvested, if any. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Japan Dividend Equity Fund - USD Hedged Class ¹	-3.33	2.96	29.88	15.63	13.00	10.12	10.44

Source: Nikko Asset Management Asia Limited, returns as at 31 December 2023. Returns are calculated on a NAV-NAV basis, USD, and based on the assumption that all dividends and distributions are reinvested, if any, and take into account of maximum initial sales charge and a realisation charge, currently nil, as and where applicable. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

Inception date: 1 July 2013

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Japan Dividend Equity Fund - SGD Class	2.47	5.41	21.36	3.67	5.78	N/A	5.92

Source: Nikko Asset Management Asia Limited, returns as at 31 December 2023. Returns are calculated on a NAV-NAV basis, SGD, and based on the assumption that all dividends and distributions are reinvested, if any. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Japan Dividend Equity Fund - SGD Class	-2.65	0.14	15.29	1.91	4.70	N/A	5.22

Source: Nikko Asset Management Asia Limited, returns as at 31 December 2023. Returns are calculated on a NAV-NAV basis, SGD, and based on the assumption that all dividends and distributions are reinvested, if any, and take into account of maximum initial sales charge and a realisation charge, currently nil, as and where applicable. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

Inception date: 1 April 2016

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Japan Dividend Equity Fund - SGD Hedged Class B	1.35	7.81	29.40	15.77	N/A	N/A	11.81

Source: Nikko Asset Management Asia Limited, returns as 31 December 2023. Returns are calculated on a NAV-NAV basis, SGD, and based on the assumption that all dividends and distributions are reinvested, if any. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Japan Dividend Equity Fund - SGD Hedged Class B	-3.72	2.42	22.93	13.80	N/A	N/A	10.60

Source: Nikko Asset Management Asia Limited, returns as at 31 December 2023. Returns are calculated on a NAV-NAV basis, SGD, and based on the assumption that all dividends and distributions are reinvested, if any, and take into account of maximum initial sales charge and a realisation charge, currently nil, as and where applicable. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

Inception date: 17 April 2019

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Japan Dividend Equity Fund - JPY Class	0.17	5.46	31.73	N/A	N/A	N/A	22.02

Source: Nikko Asset Management Asia Limited, returns as at 31 December 2023. Returns are calculated on a NAV-NAV basis, JPY, and based on the assumption that all dividends and distributions are reinvested, if any. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Japan Dividend Equity Fund - JPY Class	-4.84	0.18	25.15	N/A	N/A	N/A	17.30

Source: Nikko Asset Management Asia Limited, returns as at 31 December 2023. Returns are calculated on a NAV-NAV basis, JPY, and based on the assumption that all dividends and distributions are reinvested, if any, and take into account of maximum initial sales charge and a realisation charge, currently nil, as and where applicable. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

Inception date: 13 September 2022

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Japan Dividend Equity Fund - SGD Class B	2.64	5.72	N/A	N/A	N/A	N/A	17.17

Source: Nikko Asset Management Asia Limited, returns as at 31 December 2023. Returns are calculated on a NAV-NAV basis, SGD, and based on the assumption that all dividends and distributions are reinvested, if any. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Japan Dividend Equity Fund - SGD Class B	-2.49	0.44	N/A	N/A	N/A	N/A	11.31

Source: Nikko Asset Management Asia Limited, returns as at 31 December 2023. Returns are calculated on a NAV-NAV basis, SGD, and based on the assumption that all dividends and distributions are reinvested, if any, and take into account of maximum initial sales charge and a realisation charge, currently nil, as and where applicable. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Japan Dividend Equity Fund - USD Class	6.01	8.15	N/A	N/A	N/A	N/A	16.54

Source: Nikko Asset Management Asia Limited, returns as at 31 December 2023. Returns are calculated on a NAV-NAV basis, USD, and based on the assumption that all dividends and distributions are reinvested, if any. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Japan Dividend Equity Fund - USD Class	0.71	2.74	N/A	N/A	N/A	N/A	10.71

Source: Nikko Asset Management Asia Limited, returns as at 31 December 2023. Returns are calculated on a NAV-NAV basis, USD, and based on the assumption that all dividends and distributions are reinvested, if any, and take into account of maximum initial sales charge and a realisation charge, currently nil, as and where applicable. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

Inception date: 26 January 2023

Note:

- (1) The investment objective of the Fund is to provide a total return of capital growth and income over the medium to long term by investing in equity investments listed and traded on the Tokyo Stock Exchange. The currency exposures of the "SGD Hedged Share Class" and the "USD Hedged Share Class" are hedged from the Fund's base currency – JPY to the share classes' currencies – SGD and USD respectively, to remove the currency conversion risk from the Fund's base currency to the respective share classes' currencies.
- (2) With effect from 1 June 2017, the benchmark has been removed and there will no longer be any benchmark for the Fund. This is because pursuant to the investment objective of the Fund, the Fund is managed on a total return basis and as such, it does not seek to outperform any benchmark. Prior to 1 June 2017, the benchmark against which the Fund's performance is measured is the TOPIX Total Return Index.
- (3) Nikko AM Japan Dividend Equity Fund - USD Hedged Class B was fully redeemed on 28 September 2022.

Portfolio Review and Activity

Fund surged in 2023

The Nikko AM Japan Dividend Equity Fund (SGD Hedged Class) (the “Fund”) returned 36.58% (in SGD terms, on a NAV-NAV basis) in the twelve months to 31 December 2023 and has returned 10.68% (annualised) since its inception on 1 July 2013. The portfolio outperformed the TOPIX for nine months of the year, supported overall by the market’s preference for high dividend names as well as stocks with low price-to-book multiples which are expected to make improvements in line with the Tokyo Stock Exchange’s recommendations. The month with the highest outperformance was August, when several of our holdings made large positive contributions to portfolio performance as their share prices rose following the release of strong fiscal first-quarter earnings, and at the same time large-cap stocks, especially in the high-tech sector, underwent correction while small and mid-caps performed well, which acted as a tailwind for our investment strategy. In contrast, the portfolio underperformed the TOPIX for three months during the year, with November the low point when amid the market rally, our investment strategy underperformed due to its low beta and low volatility characteristics as well as the fact that many high dividend stocks which had continued to see gains until recently came under profit-taking selling pressure following the decline in US interest rates.

Stocks that made large positive contributions on an absolute return basis during the period were primarily those which announced strong earnings and/or higher shareholder returns such as semiconductor-focused trading house Macnica Holdings, construction materials manufacturer Sanwa Holdings and Toyota-affiliated trading company Toyota Tsusho. Major automakers Honda Motor and Toyota Motor also contributed positively as they rose on expectations for strong earnings due in part to the weak yen.

In contrast, negative contributors included stocks whose earnings momentum was thought to be lagging, such as IT services provider Net One Systems, drug makers Astellas Pharma and Takeda Pharmaceutical, major bank Resona Holdings and staffing and HR services company Persol Holdings.

We maintained the portfolio’s stock weighting during the period at around 97–99%. As of the end of December, the portfolio consisted of 53 issues.

Market Review

Japanese equity market rallies in 2023

The Japanese equity market rallied in calendar year 2023, supported by the weak yen, rising expectations for the Japanese economy to exit deflation and the positive effects of the Tokyo Stock Exchange’s request that companies whose stocks are trading below book value make moves to improve corporate management. Equities moved upward every month of the year except October and December. October was the only significant dip, when stocks were weighed down by an outlook for the continuation of US monetary tightening as well as risk-off sentiment due to the intensification of the conflict in the Middle East. In contrast, the strongest gains were in January and June, which were both months when the Bank of Japan (BOJ) signalled it would maintain its monetary easing policy, as well as November when Japanese long-term bond yields declined, making Japanese equities appear less richly valued in comparison. As a result, the TOPIX (including dividends) ended the year up 28.26%, while the Nikkei 225 (including dividends) rose 30.96% (both in JPY terms).

All of the 33 Tokyo Stock Exchange sectors rose during the period with Marine Transportation, Iron & Steel, and Wholesale Trade posting the strongest gains. Although no sectors declined, Pharmaceuticals, Air Transportation, and Textiles & Apparel saw comparatively smaller gains.

Market Outlook

Confluence of factors to support a continued uptrend in Japanese equities in the medium term

The Japanese equity market has been trending upward, supported by a weaker yen influenced by strong economic indicators out of the US, as well as overseas investors' rising conviction in Japanese stocks. In the near term, it is possible that we may see periods of volatility based on changes in domestic and international monetary policy and macroeconomic indicators. However, we believe the Japanese equity market will continue to perform solidly given that Japanese corporate earnings are expected to continue trending upward in FY24 as inventory adjustments run their course and domestic demand recovers, while Japanese companies also continue to seek ways to increase returns to shareholders. At the same time, with an eye to improving capital efficiency, Japanese companies are enhancing the efficiency of their operations by implementing business structure reforms, investing in future growth and prioritising returns to shareholders. The economy is also beginning to exit a deflationary period. We believe these factors will support a continued uptrend in Japanese equities in the medium term as well.

Investment Strategy

Portfolio is characterised by low volatility and low correlation relative to the market

In principle, we manage the portfolio based on an investment policy of making highly selective investments in companies with future dividend growth potential from among those whose projected dividend yield is higher than the market average. In making stock selections, we focus on bottom-up research, thoroughly scrutinising each company's corporate competitiveness, cash flow generation capacity, financial stability and stance on shareholder returns. We therefore carefully select firms that are able to continually grow their dividends, and invest from a medium- to long-term perspective. Since many of the holdings are in stable growth stocks with strong earnings power and sound financials, the portfolio is characterised by low volatility and low correlation with the market. Currently, many of the portfolio's holdings are in fields such as IT services, electronic components, telecommunications, trading firm business, automobiles, retail, construction and banking.

Following the introduction of Japan's Corporate Governance Code, Japanese firms have worked to improve dialogue with investors and are increasing the ratio of outside directors on their boards. As a result, there is a greater emphasis on improving returns on equity and the number of companies that are selling off unprofitable businesses or strategic shareholdings and putting their excess cash to use through dividend increases and share buybacks is growing. The Tokyo Stock Exchange has stepped up pressure on its listed stocks to disclose specific measures aimed at ensuring that corporate management approaches take into account capital efficiency and stock prices.

Japanese companies are largely expected to produce strong results as inventory adjustments run their course and domestic demand continues to recover. Additionally, an increasing number of companies are raising their dividend payout ratio as a means of enhancing capital efficiency, leading to the possibility that dividend growth could outpace earnings growth. In light of this, we are investing in names that, in addition to providing stable dividend income, can offer capital gains as dividend hikes drive up their share prices.

Focus on names that balance investment in future growth with providing returns to shareholders

In terms of stock selection, we will seek out names with ample cash reserves and/or strong earnings momentum that balance investment in future growth with providing returns to shareholders. In particular, we will focus on those names from which sustained dividend growth can be expected, paying close attention to firms where there are indications that management (via medium-term

business plans or other directives) is changing its stance on shareholder returns, such as dividend hikes. In response to the abovementioned request from the Tokyo Stock Exchange, it seems that an increasing number of companies plan to disclose strategies for enhancing capital efficiency and resolving low price-to-book ratios by late April to early May 2024 when releasing their FY23 fourth-quarter earnings results, and this year we will be closely analysing the details of such announcements.

We will focus on primarily domestic demand-driven firms with stable growth prospects including IT services firms, network construction firms and outsourcing companies that offer solutions to address the ongoing labour shortage and shift to remote work; home building, real estate, construction, and building materials firms which are expected to achieve stable earnings as they are less influenced by the external environment; and specialty retailers expected to see earnings growth driven by industry restructuring. Considering the possibility for a recovery in the economic climate in the latter half of 2024, we will seek out stocks with highly stable dividends in cyclical sectors such as electronic materials, electronic components, and machinery, particularly companies which hold a high global market share.

Other areas we are focusing on include trading houses which are involved in increasingly essential energy provision, as well as banks and other firms likely to benefit from expected future changes to Japan's monetary policy. We will also look at names that are likely to increase dividends and proactively invest in high quality stocks that have lagged the market relative to their fundamentals. In this way, we will position our portfolio to achieve steady returns as investors factor in improving corporate earnings results and dividend hikes.

This document is purely for informational purposes only with no consideration given to the specific investment objective, financial situation and particular needs of any specific person. It should not be relied upon as financial advice. Any securities mentioned herein are for illustration purposes only and should not be construed as a recommendation for investment. **You should seek advice from a financial adviser before making any investment. In the event that you choose not to do so, you should consider whether the investment selected is suitable for you.** Investments in funds are not deposits in, obligations of, or guaranteed or insured by Nikko Asset Management Asia Limited ("Nikko AM Asia").

Past performance or any prediction, projection or forecast is not indicative of future performance. The Fund or any underlying fund may use or invest in financial derivative instruments. The value of units and income from them may fall or rise. Investments in the Fund are subject to investment risks, including the possible loss of principal amount invested. You should read the relevant prospectus (including the risk warnings) and product highlights sheet of the Fund, which are available and may be obtained from appointed distributors of Nikko AM Asia or our website (www.nikkoam.com.sg) before deciding whether to invest in the Fund.

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(Where relevant – for funds included under CPFIS) The Central Provident Fund ("CPF") Ordinary Account ("OA") interest rate is the legislated minimum 2.5% per annum, or the 3-month average of major local banks' interest rates, whichever is higher, reviewed quarterly. The interest rate for Special Account ("SA") is currently 4% per annum or the 12-month average yield of 10-year Singapore Government Securities plus 1%, whichever is higher, reviewed quarterly. Only monies in excess of \$20,000 in OA and \$40,000 in SA can be invested under the CPF Investment Scheme ("CPFIS"). Please refer to the website of the CPF Board for further information. Investors should note that the applicable interest rates for the CPF accounts and the terms of CPFIS may be varied by the CPF Board from time to time.

For Hong Kong Investors

The Fund may only be offered to professional investors in Hong Kong and is not authorised by the Securities and Futures Commission. The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to this document. If you are in any doubt about any of the contents, you should obtain independent professional advice.

Nikko Asset Management Asia Limited. Registration Number 198202562H

NIKKO AM JAPAN DIVIDEND EQUITY FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

REPORT OF THE TRUSTEE

For the financial year ended 31 December 2023

The Trustee is under a duty to take into custody and hold the assets of Nikko AM Japan Dividend Equity Fund (the “Fund”) in trust for the unitholders. In accordance with the Securities and Futures Act 2001, its subsidiary legislation and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of the Manager for compliance with the limitations imposed on the investment and borrowing powers as set out in the Trust Deed in each annual accounting year and report thereon to unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Fund during the financial year covered by these financial statements, set out on pages 15 to 44, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee
BNP Paribas Trust Services Singapore Limited

Authorised signatory
27 March 2024

NIKKO AM JAPAN DIVIDEND EQUITY FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

STATEMENT BY THE MANAGER

For the financial year ended 31 December 2023

In the opinion of Nikko Asset Management Asia Limited, the accompanying financial statements set out on pages 15 to 44, comprising the Statement of Total Return, Statement of Financial Position, Statement of Movements of Unitholders' Funds, Statement of Portfolio and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial position and the portfolio holdings of Nikko AM Japan Dividend Equity Fund (the "Fund") as at 31 December 2023, and the financial performance and movements in unitholders' funds for the financial year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Investment Funds" issued by the Institute of Singapore Chartered Accountants. At the date of this statement, there are reasonable grounds to believe that the Fund will be able to meet its financial obligations as and when they materialise.

For and on behalf of the Manager
Nikko Asset Management Asia Limited

Authorised signatory
27 March 2024

**INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF NIKKO AM JAPAN DIVIDEND EQUITY FUND**
(Constituted under a Trust Deed registered in the Republic of Singapore)

Our Opinion

In our opinion, the accompanying financial statements of Nikko AM Japan Dividend Equity Fund (the "Fund"), are properly drawn up in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Investment Funds" issued by the Institute of Singapore Chartered Accountants ("RAP 7"), so as to present fairly, in all material respects, the financial position and portfolio holdings of the Fund as at 31 December 2023, and the financial performance and movements of unitholders' funds for the financial year ended on that date.

What we have audited

The financial statements of the Fund comprise:

- the Statement of Total Return for the financial year ended 31 December 2023;
- the Statement of Financial Position as at 31 December 2023;
- the Statement of Movements of Unitholders' Funds for the financial year then ended;
- the Statement of Portfolio as at 31 December 2023; and
- the notes to the financial statements, including material accounting policy information.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

We are independent of the Fund in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Other Information

The Fund's Manager (the "Manager") is responsible for the other information. The other information comprises all sections of the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF NIKKO AM JAPAN DIVIDEND EQUITY FUND
(Constituted under a Trust Deed registered in the Republic of Singapore)

Responsibilities of the Manager for the Financial Statements

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of RAP 7 and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to terminate the Fund or to cease the Fund's operations, or has no realistic alternative but to do so.

The Manager's responsibilities include overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

**INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF NIKKO AM JAPAN DIVIDEND EQUITY FUND**
(Constituted under a Trust Deed registered in the Republic of Singapore)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 27 March 2024

NIKKO AM JAPAN DIVIDEND EQUITY FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF TOTAL RETURN***For the financial year ended 31 December 2023*

	Note	2023 JPY'000	2022 JPY'000
Income			
Dividends		825,388	655,256
Interest on cash and cash equivalents		27,674	4,708
		853,062	659,964
Less: Expenses			
Management fee		361,444	278,089
Transfer agent fee		8,905	10,551
Trustee fee		7,746	6,081
Custody fee		3,403	2,011
Audit fee		1,788	1,534
Valuation fee		10,330	8,108
Transaction costs		41,083	23,302
Other expenses		17,978	9,199
		452,677	338,875
Net income		400,385	321,089
Net gains or losses on value of investments and financial derivatives			
Net gains on investments		5,914,143	469,944
Net foreign exchange gains		18,347	73,782
Net gains on financial derivatives		1,585,548	2,451,886
		7,518,038	2,995,612
Total return for the financial year before income tax		7,918,423	3,316,701
Less: Income tax	3	(126,408)	(100,352)
Total return for the financial year after income tax		7,792,015	3,216,349

The accompanying notes form an integral part of these financial statements

NIKKO AM JAPAN DIVIDEND EQUITY FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF FINANCIAL POSITION***As at 31 December 2023*

	Note	2023 JPY'000	2022 JPY'000
ASSETS			
Portfolio of investments		30,010,260	20,480,861
Sales awaiting settlement		-	25,615
Receivables	4	337,628	105,130
Cash and cash equivalents		1,298,540	760,343
Financial derivatives at fair value	6	103,649	-
Total assets		31,750,077	21,371,949
LIABILITIES			
Payables	5	582,524	124,649
Purchases awaiting settlement		6,364	29,596
Distributions payable	8	185,276	88,888
Financial derivatives at fair value	6	10,399	407,980
Total liabilities		784,563	651,113
EQUITY			
Net assets attributable to unitholders	7	30,965,514	20,720,836

The accompanying notes form an integral part of these financial statements

NIKKO AM JAPAN DIVIDEND EQUITY FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF MOVEMENTS OF UNITHOLDERS' FUNDS***For the financial year ended 31 December 2023*

	Note	2023 JPY'000	2022 JPY'000
Net assets attributable to unitholders at the beginning of the financial year		20,720,836	16,773,949
Operations			
Change in net assets attributable to unitholders resulting from operations		7,792,015	3,216,349
Unitholders' contributions/(withdrawals)			
Creation of units		24,451,593	6,254,890
Cancellation of units		(20,656,391)	(4,533,954)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units		3,795,202	1,720,936
Distributions	8	(1,342,539)	(990,398)
Total increases in net assets attributable to unitholders		10,244,678	3,946,887
Net assets attributable to unitholders at the end of the financial year	7	30,965,514	20,720,836

The accompanying notes form an integral part of these financial statements

NIKKO AM JAPAN DIVIDEND EQUITY FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 31 December 2023***By Industry (Primary)**

	Holdings at 31 December 2023	Fair value at 31 December 2023 JPY'000	Percentage of total net assets attributable to unitholders at 31 December 2023 %
Quoted Equities			
AUTO MANUFACTURERS			
Honda Motor Company Limited	511,500	749,859	2.42
Toyota Motor Corporation	305,500	791,398	2.56
Total AUTO MANUFACTURERS		1,541,257	4.98
AUTO PARTS & EQUIPMENT			
Bridgestone Corporation	112,000	654,080	2.11
Toyoda Gosei Company Limited	176,700	467,460	1.51
Total AUTO PARTS & EQUIPMENT		1,121,540	3.62
BANKS			
Mitsubishi UFJ Financial Group Incorporated	682,100	826,364	2.67
Mizuho Financial Group Incorporated	292,400	705,415	2.28
Sumitomo Mitsui Financial Group Incorporated	114,300	786,384	2.54
Total BANKS		2,318,163	7.49
BEVERAGES			
Kirin Holdings Company Limited	280,700	579,926	1.87
Total BEVERAGES		579,926	1.87
BUILDING MATERIALS			
AGC Incorporated	132,600	694,294	2.24
Nichias Corporation	100,500	340,695	1.10
Sanwa Holdings Corporation	332,800	711,693	2.30
Total BUILDING MATERIALS		1,746,682	5.64
CHEMICALS			
Adeka Corporation	71,600	205,492	0.67
AICA Kogyo Company Limited	78,700	268,524	0.87
Air Water Incorporated	315,000	606,848	1.96
LINTEC Corporation	58,800	161,700	0.52
Mitsui Chemicals Incorporated	157,200	657,410	2.12
Nitto Denko Corporation	74,000	780,700	2.52
Total CHEMICALS		2,680,674	8.66
COMMERCIAL SERVICES			
Persol Holdings Company Limited	3,025,500	732,474	2.37
Total COMMERCIAL SERVICES		732,474	2.37
COMPUTERS			
Biprogy Incorporated	68,400	301,986	0.97
NEC Networks & System Integration Corporation	128,600	305,939	0.99
Net One Systems Company Limited	232,700	559,294	1.81
Otsuka Corporation	81,100	471,434	1.52
Total COMPUTERS		1,638,653	5.29

The accompanying notes form an integral part of these financial statements

NIKKO AM JAPAN DIVIDEND EQUITY FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 31 December 2023***By Industry (Primary) (continued)**

	Holdings at 31 December 2023	Fair value at 31 December 2023 JPY'000	Percentage of total net assets attributable to unitholders at 31 December 2023 %
Quoted Equities (continued)			
DISTRIBUTION/WHOLESALE			
Itochu Corporation	129,400	746,250	2.41
Mitsui & Company Limited	139,300	738,011	2.39
Nippon Gas Company Limited	294,100	684,518	2.21
Toyota Tsusho Corporation	84,700	703,688	2.27
Total DISTRIBUTION/WHOLESALE		2,872,467	9.28
DIVERSIFIED FINANCIAL SERVICES			
ORIX Corporation	284,900	756,694	2.44
Zenkoku Hosho Company Limited	119,900	637,269	2.06
Total DIVERSIFIED FINANCIAL SERVICES		1,393,963	4.50
ELECTRICAL COMPONENT & EQUIPMENT			
Mabuchi Motor Company Limited	228,200	533,760	1.72
Total ELECTRICAL COMPONENT & EQUIPMENT		533,760	1.72
ELECTRONICS			
Inaba Denki Sangyo Company Limited	45,600	155,040	0.50
Kyocera Corporation	346,800	713,714	2.31
Macnica Holdings Incorporated	89,500	665,612	2.15
Nissha Company Limited	40,200	59,215	0.19
Star Micronics Company Limited	110,600	190,121	0.61
Taiyo Holdings Company Limited	47,400	147,651	0.48
Total ELECTRONICS		1,931,353	6.24
ENGINEERING AND CONSTRUCTION			
Exeo Group Incorporated	170,000	532,950	1.72
Kumagai Gumi Company Limited	106,600	384,293	1.24
Total ENGINEERING AND CONSTRUCTION		917,243	2.96
HAND/MACHINE TOOLS			
Amada Company Limited	508,600	747,642	2.41
Total HAND/MACHINE TOOLS		747,642	2.41
HOME BUILDERS			
Daiwa House Industry Company Limited	178,100	760,843	2.46
Total HOME BUILDERS		760,843	2.46
INSURANCE			
Tokio Marine Holdings Incorporated	222,400	784,850	2.53
Total INSURANCE		784,850	2.53
MACHINERY-DIVERSIFIED			
Ebara Corporation	77,400	646,135	2.09
Total MACHINERY-DIVERSIFIED		646,135	2.09
MISCELLANEOUS MANUFACTURE			
Amano Corporation	121,400	405,719	1.31
Total MISCELLANEOUS MANUFACTURE		405,719	1.31

The accompanying notes form an integral part of these financial statements

NIKKO AM JAPAN DIVIDEND EQUITY FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 31 December 2023***By Industry (Primary) (continued)**

	Holdings at 31 December 2023	Fair value at 31 December 2023 JPY'000	Percentage of total net assets attributable to unitholders at 31 December 2023 %
Quoted Equities (continued)			
OFFICE/BUSINESS EQUIPMENT			
Sato Holdings Corporation	64,700	136,905	0.44
Total OFFICE/BUSINESS EQUIPMENT		136,905	0.44
PHARMACEUTICALS			
Astellas Pharma Incorporated	428,000	721,608	2.33
Takeda Pharmaceutical Company Limited	172,500	699,315	2.26
Total PHARMACEUTICALS		1,420,923	4.59
REAL ESTATE			
Nomura Real Estate Holdings Incorporated	195,000	723,255	2.34
Total REAL ESTATE		723,255	2.34
RETAIL			
K's Holdings Corporation	490,300	647,686	2.09
Marui Group Company Limited	324,500	767,280	2.48
Sundrug Company Limited	147,500	668,470	2.16
Total RETAIL		2,083,436	6.73
TELECOMMUNICATIONS			
KDDI Corporation	157,500	706,545	2.28
Nippon Telegraph & Telephone Corporation	4,436,000	764,323	2.47
Total TELECOMMUNICATIONS		1,470,868	4.75
TRANSPORTATION			
Kamigumi Company Limited	158,400	533,174	1.72
Senko Group Holdings Company Limited	252,500	288,355	0.93
Total TRANSPORTATION		821,529	2.65
Total Quoted Equities		30,010,260	96.92
Portfolio of investments		30,010,260	96.92
Other net assets		955,254	3.08
Net assets attributable to unitholders		30,965,514	100.00

The accompanying notes form an integral part of these financial statements

NIKKO AM JAPAN DIVIDEND EQUITY FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 31 December 2023***By Industry (Summary)**

	Percentage of total net assets attributable to unitholders at 31 December 2023 %	Percentage of total net assets attributable to unitholders at 31 December 2022 %
Auto Manufacturers	4.98	4.55
Auto Parts & Equipment	3.62	4.09
Banks	7.49	7.28
Beverages	1.87	-
Building Materials	5.64	7.26
Chemicals	8.66	10.98
Commercial Services	2.37	-
Computers	5.29	6.40
Distribution/Wholesale	9.28	9.13
Diversified Financial Services	4.50	4.26
Electrical Component & Equipment	1.72	-
Electronics	6.24	8.36
Engineering and Construction	2.96	3.88
Hand/Machine Tools	2.41	2.03
Home Builders	2.46	2.37
Insurance	2.53	2.46
Internet	-	0.96
Machinery-Construction & Mining	-	1.90
Machinery-Diversified	2.09	-
Miscellaneous Manufacture	1.31	1.28
Office/Business Equipment	0.44	1.18
Packaging & Containers	-	2.03
Pharmaceuticals	4.59	2.60
Real Estate	2.34	1.94
Retail	6.73	5.80
Semiconductors	-	1.96
Telecommunications	4.75	4.68
Transportation	2.65	1.46
	96.92	98.84
Portfolio of investments	96.92	98.84
Other net assets	3.08	1.16
Net assets attributable to unitholders	100.00	100.00

As the Fund invests wholly into Japanese equities, it is not meaningful to classify the investments into geography.

The accompanying notes form an integral part of these financial statements

NIKKO AM JAPAN DIVIDEND EQUITY FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General

Nikko AM Japan Dividend Equity Fund (the "Fund") is a Singapore domiciled fund constituted under a Trust Deed dated 21 May 2013 as amended by Supplemental Deeds and Amended and Restated Deeds (collectively referred to as the "Deeds"). The Deeds are governed by the laws of the Republic of Singapore. The Trustee of the Fund is BNP Paribas Trust Services Singapore Limited (the "Trustee"). The Manager of the Fund is Nikko Asset Management Asia Limited (the "Manager"). The sub manager of the Fund is Nikko Asset Management Co., Ltd., domiciled in Japan (the "Sub-Manager").

There are currently thirteen classes of units established within the Fund, namely the United States Dollar ("USD" or "US\$") Class (denominated in USD), the USD (Acc) Class (denominated in USD), the USD Hedged Class (denominated in USD), the USD Hedged Class B (denominated in USD), the USD Hedged (Acc) Class (denominated in USD), the Singapore Dollar ("SGD" or "S\$") Class (denominated in SGD), the SGD Hedged (Acc) Class (denominated in SGD), the SGD Class B (denominated in SGD), the SGD Hedged Class (denominated in SGD), the SGD Hedged Class B (denominated in SGD), the Renminbi ("RMB") Class (denominated in RMB), the JPY Class Units (denominated in JPY) and the JPY Class B Units (denominated in JPY).

For the USD Hedged Class, the USD Hedged Class B and the USD Hedged (Acc) Class, the Manager intends to hedge the currency exposure of the assets of the Fund attributable to the USD Hedged Class, the USD Hedged Class B and to the USD Hedged (Acc) Class respectively, into USD through the use of currency forwards. The net asset value ("NAV") per unit of each of the USD Hedged Class, the USD Hedged Class B and the USD Hedged (Acc) Class will take into account any gains or losses arising from the use of the currency forwards in respect of the USD Hedged Class, the USD Hedged Class B and the USD Hedged (Acc) Class respectively.

For the SGD Hedged (Acc) Class, SGD Hedged Class and the SGD Hedged Class B, the Manager intends to hedge the currency exposure of the assets of the Fund attributable to the SGD Hedged (Acc) Class, SGD Hedged Class and the SGD Hedged Class B respectively into SGD through the use of currency forwards. The NAV per unit of each of the SGD Hedged (Acc) Class, SGD Hedged Class and the SGD Hedged Class B will take into account any gains or losses arising from the use of the currency forwards in respect of the SGD Hedged (Acc) Class, SGD Hedged Class and the SGD Hedged Class B respectively.

The USD Class, the USD Hedged Class, the USD Hedged Class B, the SGD Class, the SGD Hedged Class, the SGD Class B, the SGD Hedged Class B, the RMB Class, the JPY Class and the JPY Class B each intends to make distributions to unitholders. However, the USD (Acc) Class, the USD Hedged (Acc) Class and the SGD Hedged (Acc) Class will each not make any distributions to the unitholders of the relevant class.

There are no material differences between the Classes of units save for (i) the currency of denomination of each Class; (ii) the hedging features of the USD Hedged Class, the USD Hedged Class B, the USD Hedged (Acc) Class, the SGD Hedged (Acc) Class, the SGD Hedged Class and the SGD Hedged Class B; (iii) the annual management fee payable by each Class; (iv) the distribution policies applicable to the classes as described above and (v) the minimum initial and subsequent investment amounts and the minimum holding for the classes.

NIKKO AM JAPAN DIVIDEND EQUITY FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

1. General (continued)

As of 31 December 2023 and 2022, only units in the SGD Hedged Class, USD Hedged Class, SGD Class, SGD Hedged Class B and JPY Class, have been issued. During the financial year ended 31 December 2023, units in SGD Class B and USD Class were also issued.

The Fund is single priced and the NAV of the Fund may fall as a result of the transaction costs incurred in the purchase and sale of its underlying investments and the spread between the buying and selling prices of such Investments caused by subscriptions, redemptions, switches and/or exchanges of units in the Fund. To protect unitholders' interests, the Manager shall, in consultation with the Trustee, have the discretion to apply dilution adjustment or swing pricing in certain circumstances which the Manager deem appropriate. Swing Pricing involves making upwards or downwards adjustments in the calculation of the NAV per unit of the Fund or Class on a particular Dealing Day so that such transaction costs and dealing spreads in respect of the underlying investments are, as far as practicable, passed on to the investors who are subscribing, realising, switching and/or exchanging units on that Dealing Day.

The NAV is adjusted if the net subscription or realisation (including switches and/or exchanges) on a particular Dealing Day reaches or exceeds a certain percentage (the "Swing Threshold") of the size of the Fund as of such relevant Dealing Day.

Any dilution adjustment as at the last dealing day of the year will be disclosed under Units in issue.

During the financial year ended 31 December 2023, the Fund has reached the swing threshold and swing pricing has been applied on some Dealing Day. For the financial year ended 2022, the Fund did not reach the swing threshold and no swing pricing has been applied.

2. Material accounting policy information

The principal accounting policies applied in the preparation of these financial statements are set out below:

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial instruments at fair value, and in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Investment Funds" ("RAP 7") issued and revised by the Institute of Singapore Chartered Accountants in August 2023 for the financial year beginning on or after 1 January 2023.

The adoption of the revised RAP 7 did not result in substantial changes to the accounting policies of the Fund and had no material effect on the amounts reported for the current or prior years.

(b) Recognition of income

Dividend income from investments is recognised when the right to receive payment is established.

Interest income is recognised on a time-proportion basis using the effective interest rate method.

NIKKO AM JAPAN DIVIDEND EQUITY FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. Material accounting policy information (continued)

(c) Distributions

The Manager has the absolute discretion to determine whether a distribution is to be made. In such an event, an appropriate amount will be transferred to a distribution account to be paid on the distribution date. The amount shall not be treated as part of the property of the Fund. Distributions are accrued for at the reporting date if the necessary approvals have been obtained and a legal or constructive obligation has been created.

(d) Investments

Investments are classified as financial assets at fair value through profit or loss.

(i) *Initial recognition*

Purchases of investments are recognised on the trade date. Investments are recorded at fair value on initial recognition.

(ii) *Subsequent measurement*

Investments are subsequently carried at fair value. Net change in fair value on investments is included in the Statement of Total Return in the year in which they arise.

(iii) *Derecognition*

Investments are derecognised on the trade date of disposal. The resultant realised gains and losses on the sales of investments are computed on the basis of the difference between the weighted average cost and selling price gross of transaction costs, and are taken up in the Statement of Total Return.

(e) Basis of valuation of investments

The fair value of financial assets and liabilities traded in active markets is based on quoted market prices at the close of trading on the reporting date. The quoted market price used for investments held by the Fund is the last traded market price for both financial assets and financial liabilities where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager will determine the point within the bid-ask spread that is most representative of fair value.

(f) Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables are initially recognised at their fair value and subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

(g) Sales and purchases awaiting settlement

Sales and purchases awaiting settlement represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered on the Statement of Financial Position date respectively. These amounts are recognised initially at fair value and subsequently measured at amortised cost.

NIKKO AM JAPAN DIVIDEND EQUITY FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. Material accounting policy information (continued)

(h) Payables

Accrued expenses are recognised initially at fair value and subsequently stated at amortised cost using the effective interest method.

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash at banks which are subject to an insignificant risk of changes in value.

(j) Foreign currency translation

(i) *Functional and presentation currency*

The Fund qualifies as an authorised scheme under the Securities and Futures Act 2001 ("SFA") of Singapore and is offered to retail investors in Singapore. The Fund's activities are substantially based in Singapore, with subscriptions and redemptions of the units of the Fund denominated in United States Dollar ("USD"), Singapore Dollar ("SGD") and Japanese Yen ("JPY").

The performance of the Fund is measured and reported to the investors in Japanese Yen. The Manager considers the Japanese Yen as the currency which most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are expressed in Japanese Yen, which is the Fund's functional and presentation currency.

(ii) *Transactions and balances*

Foreign currency monetary assets and liabilities are translated into Japanese Yen at the rates of exchange prevailing at the date of the Statement of Financial Position. The net unrealised gain or loss is taken to the Statement of Total Return within the net foreign exchange gain or loss. Transactions during the year are recorded in Japanese Yen at the rates of exchange ruling on transaction dates. All realised gains or losses are recognised in the Statement of Total Return.

(k) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Fund or the counterparty.

(l) Financial derivatives

Financial derivatives are entered into for the purposes of efficient portfolio management, tactical asset allocation or specific hedging of financial assets held as determined by the Manager and in accordance with the provisions of the Deeds.

Financial derivatives outstanding at the end of the financial year are valued at forward rates or at current market prices using the "mark-to-market" method, as applicable, and the resultant gains and losses are taken up in the Statement of Total Return.

NIKKO AM JAPAN DIVIDEND EQUITY FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. Material accounting policy information (continued)

(l) Financial derivatives (continued)

When a financial derivative expires, or is sold or terminated, the gains or losses are taken up in the Statement of Total Return.

(m) Expenses

Expenses are recognised in the Statement of Total Return as the related services are performed.

(n) Management fee

Management fee expense is recognised on an accrual basis and in accordance with the Prospectus. Management fee is recognised as an expense over the period for which the service is provided. The management fee charged on any investment in other unit trusts managed by the Manager is rebated back to the Fund, where applicable.

(o) Creation and cancellation of units

Units are issued and redeemed at the prices based on the Fund's net asset value per unit at the time of issue or redemption for each respective class. The Fund's net asset value per unit is calculated by dividing the net asset attributable to the unitholders of each class of units.

3. Income tax

The Manager and Trustee of the Fund have assessed and are satisfied that the Fund has met the requisite conditions under the Designated Unit Trust (DUT) scheme for the current financial year. The Manager and Trustee of the Fund will ensure that the Fund fulfils its reporting obligations under the DUT Scheme.

Under the DUT Scheme, certain income of the DUT fund is not taxable in accordance to Sections 35(12) and 35(12A) of the Income Tax Act 1947. Such income includes:

- (a) gains or profits derived from Singapore or elsewhere from the disposal of securities;
- (b) interest (other than interest for which tax has been deducted under section 45 of the Income Tax Act 1947);
- (c) dividends derived from outside Singapore and received in Singapore;
- (d) gains or profits derived from foreign exchange transactions, transactions in futures contracts, transactions in interest rate or currency forwards, swaps or option contracts and transactions in forwards, swaps or option contracts relating to any securities or financial index;
- (e) discount prepayment fees, redemption premium and break cost from qualifying debt securities issued during the prescribed period; and
- (f) distributions from foreign unit trusts derived from outside Singapore and received in Singapore.

NIKKO AM JAPAN DIVIDEND EQUITY FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023***3. Income tax (continued)**

Income tax for the financial year ended 31 December 2023 and 2022 comprises:

	2023 JPY'000	2022 JPY'000
Overseas income tax	126,408	100,352

The overseas income tax represents tax deducted at source on dividends derived from outside Singapore.

4. Receivables

	2023 JPY'000	2022 JPY'000
Receivable from unitholders for creation of units	281,260	73,446
Dividends receivable	56,368	31,684
	337,628	105,130

5. Payables

	2023 JPY'000	2022 JPY'000
Payable to unitholders for cancellation of units	433,966	35,425
Amount due to the Manager	128,250	82,739
Amount due to the Trustee	6,775	1,766
Valuation fee payable	9,035	2,355
Transfer agent fee payable	217	69
Provision for audit fee	1,735	1,438
Custody fee payable	2,546	857
	582,524	124,649

Amount due to the Manager comprises management fee payable to Nikko Asset Management Asia Limited. Trustee fee is payable to BNP Paribas Trust Services Singapore Limited. Valuation fee and custody fee are payable to BNP Paribas, acting through its Singapore Branch. Transfer agent fee is payable to BNP Paribas, acting through its Singapore Branch with effect from 1 April 2023.

6. Financial derivatives

Financial derivatives comprise of forward foreign exchange contracts for purchases and sales of foreign currencies. The year-end positive and negative fair values represent the unrealised gains and losses respectively on revaluation of forward foreign exchange contracts at the Statement of Financial Position date. The contract or underlying principal amounts of these financial derivatives and their corresponding gross positive or negative fair values at Statement of Financial Position date are analysed below.

	Contract or underlying principal amount		Year-end positive fair value		Year-end negative fair value	
	2023 JPY'000	2022 JPY'000	2023 JPY'000	2022 JPY'000	2023 JPY'000	2022 JPY'000
Forward foreign exchange contracts	23,684,255	17,498,802	103,649	-	(10,399)	(407,980)

NIKKO AM JAPAN DIVIDEND EQUITY FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023***6. Financial derivatives (continued)**

The Fund also restricts its exposure to credit losses on the trading derivative instruments it holds by entering into master netting arrangements with approved brokers with whom it undertakes a significant volume of transactions. Master netting arrangements do not result in an offset of Statement of Financial Position assets and liabilities, as transactions are usually settled on a gross basis. However, the credit risk is reduced by a master netting arrangement to the extent that if an event of default occurs, all amounts with the counterparty are terminated and settled on a net basis. The Fund's overall exposure to credit risk on derivative instruments, subject to a master netting arrangement, can change substantially within a short period as it is affected by each transaction subject to the arrangement.

Financial assets and financial liabilities which are subject to enforceable master netting agreements or similar agreements for the financial year ended 31 December 2023 and 2022 are detailed in the following table.

(i) Offsetting financial assets

The Fund has no financial assets which are subject to enforceable master netting agreements or similar agreements for the financial year ended 31 December 2023 and 2022.

(ii) Offsetting financial liabilities

				Related accounts not set-off in the Statement of Financial Position		
	Gross amounts of recognised financial liabilities JPY'000	Gross amounts of recognised financial assets set-off in the Statement of Financial Position JPY'000	Net amounts of financial liabilities presented in the Statement of Financial Position JPY'000	Financial instruments JPY'000	Cash collateral JPY'000	Net exposure JPY'000
2023						
Forward foreign exchange contracts	10,399	-	10,399	-	-	10,399

				Related accounts not set-off in the Statement of Financial Position		
	Gross amounts of recognised financial liabilities JPY'000	Gross amounts of recognised financial assets set-off in the Statement of Financial Position JPY'000	Net amounts of financial liabilities presented in the Statement of Financial Position JPY'000	Financial instruments JPY'000	Cash collateral JPY'000	Net exposure JPY'000
2022						
Forward foreign exchange contracts	239,660	-	239,660	-	-	239,660

NIKKO AM JAPAN DIVIDEND EQUITY FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023***7. Units in issue**

During the financial year ended 31 December 2023 and 2022, the number of units issued, redeemed and outstanding were as follows:

<u>SGD Hedged Class</u>	2023 '000	2022 '000
Units at beginning of the financial year	84,878	72,886
Units created	76,425	31,676
Units cancelled	(41,215)	(19,684)
Units at end of the financial year	120,088	84,878
Net assets attributable to unitholders - JPY'000	20,569,738	10,312,127
Net asset value per unit - JPY	171.289	121.494
<u>USD Hedged Class</u>	2023 '000	2022 '000
Units at beginning of the financial year	26,186	27,732
Units created	5,461	5,162
Units cancelled	(21,914)	(6,708)
Units at end of the financial year	9,733	26,186
Net assets attributable to unitholders - JPY'000	2,261,673	4,384,112
Net asset value per unit - JPY	232.372	167.422
<u>SGD Class</u>	2023 '000	2022 '000
Units at beginning of the financial year	37,102	31,343
Units created	31,571	12,364
Units cancelled	(25,206)	(6,605)
Units at end of the financial year	43,467	37,102
Net assets attributable to unitholders - JPY'000	4,718,922	3,218,376
Net asset value per unit - JPY	108.563	86.744
<u>SGD Hedged Class B</u>	2023 '000	2022 '000
Units at beginning of the financial year	24,559	25,605
Units created	525	4,466
Units cancelled	(23,753)	(5,512)
Units at end of the financial year	1,331	24,559
Net assets attributable to unitholders - JPY'000	186,573	2,577,047
Net asset value per unit - JPY	140.175	104.933

NIKKO AM JAPAN DIVIDEND EQUITY FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023***7. Units in issue (continued)**

<u>JPY Class</u>	2023 '000	2022 '000
Units at beginning of the financial year	2,360	-
Units created	10,870	2,360
Units cancelled	(1,110)	-
Units at end of the financial year	12,120	2,360
Net assets attributable to unitholders - JPY'000	1,473,188	229,174
Net asset value per unit - JPY	121.550	97.108
<u>SGD Class B</u>	2023 '000	2022 '000
Units at beginning of the financial year	-	-
Units created	32,483	-
Units cancelled	(24,356)	-
Units at end of the financial year	8,127	-
Net assets attributable to unitholders - JPY'000	970,426	-
Net asset value per unit - JPY	119.408	-
<u>USD Class</u>	2023 '000	2022 '000
Units at beginning of the financial year	-	-
Units created	21,764	-
Units cancelled	(16,754)	-
Units at end of the financial year	5,010	-
Net assets attributable to unitholders - JPY'000	784,994	-
Net asset value per unit - JPY	156.685	-

NIKKO AM JAPAN DIVIDEND EQUITY FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023***7. Units in issue (continued)**

A reconciliation of the net asset value as reported in the Statement of Financial Position to the net asset value as determined for the purpose of processing unit subscription and redemption is provided below:

<u>SGD Hedged Class</u>	2023 JPY'000	2022 JPY'000
Net assets attributable to unitholders per financial statements per unit	171.289	121.494
Effects of distribution per unit	1.034	0.521
Effect for movement in the net assets value between the last dealing date and the end of the reporting period ^	(0.015)	(0.020)
Net assets attributable to unitholders for issuing/redeeming per unit	172.308	121.995
<u>USD Hedged Class</u>	2023 JPY'000	2022 JPY'000
Net assets attributable to unitholders per financial statements per unit	232.372	167.422
Effects of distribution per unit	1.403	0.726
Effect for movement in the net assets value between the last dealing date and the end of the reporting period ^	(0.063)	(0.015)
Net assets attributable to unitholders for issuing/redeeming per unit	233.712	168.133
<u>SGD Class</u>	2023 JPY'000	2022 JPY'000
Net assets attributable to unitholders per financial statements per unit	108.563	86.744
Effects of distribution per unit	0.631	0.364
Effect for movement in the net assets value between the last dealing date and the end of the reporting period ^	0.010	0.004
Net assets attributable to unitholders for issuing/redeeming per unit	109.204	87.112

NIKKO AM JAPAN DIVIDEND EQUITY FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023***7. Units in issue (continued)**

<u>SGD Hedged Class B</u>	2023 JPY'000	2022 JPY'000
Net assets attributable to unitholders per financial statements per unit	140.175	104.933
Effects of distribution per unit	0.838	0.453
Effect for movement in the net assets value between the last dealing date and the end of the reporting period ^	-	(0.020)
Net assets attributable to unitholders for issuing/redeeming per unit	141.013	105.366
<u>JPY Class</u>	2023 JPY'000	2022 JPY'000
Net assets attributable to unitholders per financial statements per unit	121.550	97.108
Effects of distribution per unit	0.719	0.421
Effect for movement in the net assets value between the last dealing date and the end of the reporting period ^	0.009	(0.005)
Net assets attributable to unitholders for issuing/redeeming per unit	122.278	97.524
<u>SGD Class B</u>	2023 JPY'000	2022 JPY'000
Net assets attributable to unitholders per financial statements per unit	119.408	-
Effects of distribution per unit	0.696	-
Effect for movement in the net assets value between the last dealing date and the end of the reporting period ^	0.013	-
Net assets attributable to unitholders for issuing/redeeming per unit	120.117	-
<u>USD Class</u>	2023 JPY'000	2022 JPY'000
Net assets attributable to unitholders per financial statements per unit	156.685	-
Effects of distribution per unit	0.911	-
Effect for movement in the net assets value between the last dealing date and the end of the reporting period ^	0.005	-
Net assets attributable to unitholders for issuing/redeeming per unit	157.601	-

^ The net asset value for the purposes of processing unit subscription and redemption was established in accordance with the methodology indicated in the Fund's Prospectus. This item reflects the movement in net asset value between the last dealing date and the end of reporting period due to accrual of operating expenses.

NIKKO AM JAPAN DIVIDEND EQUITY FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023***8. Distributions**

	2023 JPY'000	2022 JPY'000
January interim distribution of US\$0.52 (USD Hedged Class), S\$0.51 (SGD Hedged Class), S\$0.37 (SGD Class), S\$0.42 (SGD Hedged Class B) & JPY4.021 (JPY Class) per 100 units in respect of the financial year ended 31 December 2023	59,286	-
February interim distribution of US\$0.55 (USD Hedged Class), S\$0.54 (SGD Hedged Class), S\$0.37 (SGD Class), S\$0.43 (SGD Hedged Class B), JPY4.208 (JPY Class), S\$0.41 (SGD Class B) & US\$0.40 (USD Class) per 100 units in respect of the financial year ended 31 December 2023	82,057	-
March interim distribution of US\$0.54 (USD Hedged Class), S\$0.54 (SGD Hedged Class), S\$0.38 (SGD Class), S\$0.44 (SGD Hedged Class B), JPY4.184 (JPY Class), S\$0.42 (SGD Class B) & US\$0.41 (USD Class) per 100 units in respect of the financial year ended 31 December 2023	85,016	-
April interim distribution of US\$0.56 (USD Hedged Class), S\$0.55 (SGD Hedged Class), S\$0.38 (SGD Class), S\$0.45 (SGD Hedged Class B), JPY4.282 (JPY Class), S\$0.42 (SGD Class B) & US\$0.41 (USD Class) per 100 units in respect of the financial year ended 31 December 2023	86,776	-
May interim distribution of US\$0.60 (USD Hedged Class), S\$0.59 (SGD Hedged Class), S\$0.40 (SGD Class), S\$0.48 (SGD Hedged Class B), JPY4.579 (JPY Class), S\$0.44 (SGD Class B) & US\$0.43 (USD Class) per 100 units in respect of the financial year ended 31 December 2023	98,748	-
June interim distribution of US\$0.65 (USD Hedged Class), S\$0.64 (SGD Hedged Class), S\$0.42 (SGD Class), S\$0.52 (SGD Hedged Class B), JPY4.921 (JPY Class), S\$0.46 (SGD Class B) & US\$0.45 (USD Class) per 100 units in respect of the financial year ended 31 December 2023	107,647	-
July interim distribution of US\$0.63 (USD Hedged Class), S\$0.62 (SGD Hedged Class), S\$0.41 (SGD Class), S\$0.51 (SGD Hedged Class B), JPY 4.79 (JPY Class), S\$0.45 (SGD Class B) & US\$0.45 (USD Class) per 100 units in respect of the financial year ended 31 December 2023	108,593	-
August interim distribution of US\$0.66 (USD Hedged Class), S\$0.64 (SGD Hedged Class), S\$0.41 (SGD Class), S\$0.52 (SGD Hedged Class B), JPY4.948 (JPY Class), S\$0.45 (SGD Class B), US\$0.44 (USD Class) per 100 units in respect of the financial year ended 31 December 2023	118,704	-
September interim distribution of US\$0.70 (USD Hedged Class), S\$0.69 (SGD Hedged Class), S\$0.43 (SGD Class), S\$0.56 (SGD Hedged Class B), JPY5.253 (JPY Class), S\$0.48 (SGD Class B) & US\$0.46 (USD Class) per 100 units in respect of the financial year ended 31 December 2023	139,041	-
October interim distribution of US\$0.68 (USD Hedged Class), S\$0.67 (SGD Hedged Class), S\$0.42 (SGD Class), S\$0.55 (SGD Hedged Class B), JPY5.11 (JPY Class), S\$0.46 (SGD Class B) & US\$0.44 (USD Class) per 100 units in respect of the financial year ended 31 December 2023	145,798	-

NIKKO AM JAPAN DIVIDEND EQUITY FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023***8. Distributions (continued)**

	2023 JPY'000	2022 JPY'000
November interim distribution of US\$0.69 (USD Hedged Class), S\$0.68 (SGD Hedged Class), S\$0.41 (SGD Class), S\$0.55 (SGD Hedged Class B), JPY5.14 (JPY Class), S\$0.45 (SGD Class B) & US\$0.44 (USD Class) per 100 units in respect of the financial year ended 31 December 2023	125,597	-
December final distribution of US\$0.97 (USD Hedged Class), S\$0.95 (SGD Hedged Class), S\$0.58 (SGD Class), S\$0.77 (SGD Hedged Class B), JPY7.19 (JPY Class), S\$0.64 (SGD Class B) & US\$0.63 (USD Class) per 100 units in respect of the financial year ended 31 December 2023	185,276	-
January interim distribution of US\$0.53 (USD Hedged Class), S\$0.52 (SGD Hedged Class), S\$0.44 (SGD Class), S\$0.45 (SGD Hedged Class B) & US\$0.4 (USD Hedged Class B) per 100 units in respect of the financial year ended 31 December 2022	-	72,171
February interim distribution of US\$0.52 (USD Hedged Class), S\$0.51 (SGD Hedged Class), S\$0.43 (SGD Class), S\$0.44 (SGD Hedged Class B) & US\$0.39 (USD Hedged Class B) per 100 units in respect of the financial year ended 31 December 2022	-	72,250
March interim distribution of US\$0.50 (USD Hedged Class), S\$0.49 (SGD Hedged Class), S\$0.40 (SGD Class), S\$0.42 (SGD Hedged Class B) & US\$0.38 (USD Hedged Class B) per 100 units in respect of the financial year ended 31 December 2022	-	73,829
April interim distribution of US\$0.51 (USD Hedged Class), S\$0.50 (SGD Hedged Class), S\$0.39 (SGD Class), S\$0.43 (SGD Hedged Class B) & US\$0.39 (USD Hedged Class B) per 100 units in respect of the financial year ended 31 December 2022	-	76,310
May interim distribution of US\$0.52 (USD Hedged Class), S\$0.50 (SGD Hedged Class), S\$0.39 (SGD Class), S\$0.43 (SGD Hedged Class B) & US\$0.39 (USD Hedged Class B) per 100 units in respect of the financial year ended 31 December 2022	-	80,582
June interim distribution of US\$0.52 (USD Hedged Class), S\$0.50 (SGD Hedged Class), S\$0.37 (SGD Class), S\$0.43 (SGD Hedged Class B) & US\$0.39 (USD Hedged Class B) per 100 units in respect of the financial year ended 31 December 2022	-	82,577
July interim distribution of US\$0.51 (USD Hedged Class), S\$0.50 (SGD Hedged Class), S\$0.36 (SGD Class), S\$0.43 (SGD Hedged Class B) & US\$0.39 (USD Hedged Class B) per 100 units in respect of the financial year ended 31 December 2022	-	80,039
August interim distribution of US\$0.53 (USD Hedged Class), S\$0.52 (SGD Hedged Class), S\$0.38 (SGD Class), S\$0.45 (SGD Hedged Class B) & US\$0.40 (USD Hedged Class B) per 100 units in respect of the financial year ended 31 December 2022	-	91,621

NIKKO AM JAPAN DIVIDEND EQUITY FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023***8. Distributions (continued)**

	2023 JPY'000	2022 JPY'000
September interim distribution of US\$0.53 (USD Hedged Class), S\$0.52 (SGD Hedged Class), S\$0.36 (SGD Class), S\$0.45 (SGD Hedged Class B) & US\$0.40 (USD Hedged Class B) per 100 units in respect of the financial year ended 31 December 2022	-	93,436
October interim distribution of US\$0.53 (USD Hedged Class), S\$0.51 (SGD Hedged Class), S\$0.35 (SGD Class), S\$0.44 (SGD Hedged Class B) & JPY4.08 (JPY Class) per 100 units in respect of the financial year ended 31 December 2022	-	88,698
November interim distribution of US\$0.54 (USD Hedged Class), S\$0.52 (SGD Hedged Class), S\$0.36 (SGD Class), S\$0.45 (SGD Hedged Class B) & JPY4.137 (JPY Class) per 100 units in respect of the financial year ended 31 December 2022	-	89,997
December final distribution of US\$0.55 (USD Hedged Class), S\$0.53 (SGD Hedged Class), S\$0.37 (SGD Class), S\$0.46 (SGD Hedged Class B) & JPY4.214 (JPY Class) per 100 units in respect of the financial year ended 31 December 2022	-	88,888
	1,342,539	990,398

NIKKO AM JAPAN DIVIDEND EQUITY FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

9. Financial risk management

The Fund's activities expose it to a variety of risk, including but not limited to market risk (including price risk, interest rate risk and currency risk), liquidity risk and credit risk. The Manager is responsible for the implementation of the overall risk management programme, which seeks to minimise potential adverse effects on the Fund's financial performance. Specific guidelines on exposures to individual securities and certain industries and/or countries are in place as part of the overall financial risk management to reduce the Fund's exposures to these risks.

The Fund's primary objective is to provide a total return of capital growth and income over the medium to long-term by investing in equities listed and traded on the Tokyo Stock Exchange.

These financial instruments are held in accordance with the published investment policies of the Fund and managed accordingly to achieve the investment objectives.

(a) Market risk - Price risk

Price risk is the risk that arises from uncertainties about future prices of financial instruments.

The Fund's investment is substantially dependent on the changes of market prices. The Fund's overall market positions are monitored regularly so as to assess any deviation from the Fund's investment objective. However, events beyond reasonable control of the Manager could affect the prices of the underlying investments and hence the net asset value of the Fund.

The Fund is managed on a total return basis and as such, it does not seek to outperform any benchmark. The Fund's market price risk is managed through diversification of the investment portfolio across various industries in Japan. The Manager has assessed that the TOPIX Net Return Index (the "Index") will provide a suitable analysis of reasonable possible shifts of the fair value of the Fund's investments.

As at 31 December 2023, an increase/decrease of the index component within the Index by 18% (2022: 20%), with all other variables remaining constant, the net assets attributable to unitholders for the year would increase/decrease by approximately 15% (2022: 15%). The analysis was based on the assumptions that the index components within the Index increased/decreased by a reasonable possible shift, with all other variables held constant and that the fair value of Fund's investments moved according to the beta. Reasonable possible changes in market index percentage are revised annually depending on the Manager's current view on market volatility and other relevant factors.

NIKKO AM JAPAN DIVIDEND EQUITY FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

9. Financial risk management (continued)

(b) Market risk - Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates (fair value risk).

Investment funds that invest in equity securities may be subject to interest rate risk as any interest rate change may affect the equity risk premium though at varying degrees. To manage this risk, the Manager analyses how interest rate changes may affect different industries and securities and then seeks to adjust the Fund's portfolio investments accordingly.

However, the effects of changes in interest rates on the Fund's portfolio may not be quantified as the relationship between the interest rates and the value of equity securities is indirect. Hence, no sensitivity analysis has been presented separately.

(c) Market risk - Currency risk

Currency risk is the risk that the value of financial instrument will fluctuate due to changes in foreign exchange rates.

To minimise currency risk, the Fund mainly holds its excess cash in its functional currency. For hedging purposes, the Fund may also enter into forward foreign exchange contracts.

The tables below summarise the Fund's exposure to currency risks.

As at 31 December 2023	SGD JPY'000	JPY JPY'000	USD JPY'000	Total JPY'000
Assets				
Portfolio of investments	-	30,010,260	-	30,010,260
Receivables	247,961	86,994	2,673	337,628
Cash and cash equivalents	816,254	326,695	155,591	1,298,540
Total assets	1,064,215	30,423,949	158,264	31,646,428
Liabilities				
Payables	547,148	-	35,376	582,524
Purchases awaiting settlement	-	6,364	-	6,364
Distributions payable	158,341	8,714	18,221	185,276
Total liabilities	705,489	15,078	53,597	774,164
Net off-balance sheet derivative financial instruments	20,969,122	(23,148,236)	2,272,364	
Net currency exposure	21,327,848	7,260,635	2,377,031	

NIKKO AM JAPAN DIVIDEND EQUITY FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023***9. Financial risk management (continued)****(c) Market risk - Currency risk (continued)**

As at 31 December 2022	SGD JPY'000	JPY JPY'000	USD JPY'000	Total JPY'000
Assets				
Portfolio of investments	-	20,480,861	-	20,480,861
Sales awaiting settlement	-	25,615	-	25,615
Receivables	73,237	31,683	210	105,130
Cash and cash equivalents	399,736	257,573	103,034	760,343
Total assets	472,973	20,795,732	103,244	21,371,949
Liabilities				
Payables	122,983	-	1,666	124,649
Purchases awaiting settlement	-	29,596	-	29,596
Distributions payable	68,878	995	19,015	88,888
Total liabilities	191,861	30,591	20,681	243,133
Net off-balance sheet derivative financial instruments	13,063,288	(17,732,212)	4,260,944	
Net currency exposure	13,344,400	3,032,929	4,343,507	

Portfolio of investments, which is a significant item in the Statement of Financial Position is exposed to currency risk and other price risk. The Manager has considered the impact of currency risk sensitivity on non-monetary assets which include listed equities as part of the price risk sensitivity analysis.

The following table shows the Fund's sensitivity to major foreign currencies exposure, with respect to monetary assets and liabilities, with all other variables held constant. Changes in foreign currency rate are revised annually depending on the Manager's current view of market volatility and other relevant factors.

	Increase/decrease in foreign exchange rate (%)		Increase/decrease in net asset attributable to unitholders (%)	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
SGD	9	10	6	6
USD	10	11	1	2

NIKKO AM JAPAN DIVIDEND EQUITY FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

9. Financial risk management (continued)

(d) Liquidity risk

Liquidity risk is the risk of loss arising from the inability of the Fund to meet its obligations as and when they fall due without incurring unacceptable cost or losses.

The Fund is exposed to daily cash redemptions from unitholders. However, in accordance with the Fund's prospectus, minimum holdings and redemption size are set.

To manage the liquidity risk, a cash buffer is maintained in the Fund and monitored for minimum cash balances to prevent any extensive disposition of assets which may occur at lower prices and overdraft situations to meet trade settlements and obligations.

The Fund's securities are considered readily realisable, as the majority of the securities are listed on recognised stock exchanges.

The Fund's financial liabilities are analysed using contractual undiscounted cash flows for maturity groupings based on the remaining year at the Statement of Financial Position date to the contractual maturity date. As at 31 December 2023 and 2022, all liabilities are either payable upon demand or due in less than 3 months. The impact of discounting is not significant.

	<u>Less than 3 months</u>	
	As at	As at
	31 December	31 December
	2023	2022
	JPY'000	JPY'000
Payables	582,524	124,649
Purchases awaiting settlement	6,364	29,596
Distribution payable	185,276	88,888
Contractual cash outflows		
(excluding gross settled derivatives)	774,164	243,133

NIKKO AM JAPAN DIVIDEND EQUITY FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

9. Financial risk management (continued)

(d) Liquidity risk (continued)

The table below analyses the Fund's derivative financial instruments in a loss position that will be settled on a gross basis into relevant maturity groupings based on the period at the Statement of Financial Position date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Balances due within 3 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 3 months	
	As at	As at
	31 December	31 December
	2023	2022
	JPY'000	JPY'000
Currency forwards		
- Outflow	(3,457,437)	(17,732,212)
- Inflow	3,447,038	17,324,232
Net outflow	(10,399)	(407,980)

(e) Credit risk

Credit risk is the risk that a counterparty will be unable to fulfil its obligations to the Fund in part or in full as and when they fall due.

Concentrations of credit risk are minimised primarily by:

- ensuring counterparties as well as the respective credit limits are approved;
- ensuring there are controls in place to identify and assess the creditworthiness of counterparties and review such controls on a semi-annual basis; and
- ensuring that transactions are undertaken with a large number of counterparties.

The Fund is also exposed to counterparty credit risk on its financial assets held at amortised cost. As at 31 December 2023 and 2022, the Fund's financial assets held at amortised cost as disclosed in the Statement of Financial Position are realised within three months. The Manager considers the probability of default to be insignificant as the counterparties generally have a strong capacity to meet their contractual obligations in the near term. Hence, no loss allowance has been recognised based on the 12 month expected credit losses as any such impairment would be insignificant to the Fund.

All trade settlement with approved counterparties are on Delivery versus Payment and/or Receipt versus Payment basis, with the exception of initial public offerings, new issues and placement transactions.

Credit risk arises from cash and cash equivalents and outstanding and committed transactions from brokers. The table below summarises the credit rating of bank and custodian in which the Fund's assets are held as at 31 December 2023 and 2022.

NIKKO AM JAPAN DIVIDEND EQUITY FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

9. Financial risk management (continued)

(e) Credit risk (continued)

	Credit rating as at 31 December 2023	Credit rating as at 31 December 2022	Source of credit rating
Bank and custodian			
- BNP Paribas, acting through its Singapore Branch	Aa3	Aa3	Moody's
Counterparties of forward foreign exchange contracts			
- ANZ Bank	Aa3	Aa3	Moody's
- ING Bank	Baa1	N.A	Moody's
- JP Morgan Chase & Company	A1	A1	Moody's
- HSBC Bank	Aa3	A3	Moody's

The credit ratings are based on Local Long-Term Bank Deposits published by the rating agency.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial instruments.

(f) Capital management

The Fund's capital is represented by the net assets attributable to unitholders. The Fund strives to invest the subscriptions of redeemable participating units in investments that meet the Fund's investment objectives while maintaining sufficient liquidity to meet unitholder redemptions.

(g) Fair value estimation

The Fund classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

NIKKO AM JAPAN DIVIDEND EQUITY FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023***9. Financial risk management (continued)****(g) Fair value estimation (continued)**

The following table analyses within the fair value hierarchy the Fund's financial assets and liabilities (by class) measured at fair value at 31 December 2023 and 2022:

As at 31 December 2023	Level 1 JPY'000	Level 2 JPY'000	Level 3 JPY'000	Total JPY'000
Assets				
Portfolio of investments:				
- Quoted equities	30,010,260	-	-	30,010,260
Financial derivatives at fair value	-	103,649	-	103,649
	30,010,260	103,649	-	30,113,909
Liabilities				
Financial derivatives at fair value	-	10,399	-	10,399
As at 31 December 2022	Level 1 JPY'000	Level 2 JPY'000	Level 3 JPY'000	Total JPY'000
Assets				
Portfolio of investments:				
- Quoted equities	20,480,861	-	-	20,480,861
Liabilities				
Financial derivatives at fair value	-	407,980	-	407,980

Investments whose values are based on quoted market prices in active markets, and therefore classified within Level 1, include active listed equities. The Fund does not adjust the quoted price for these instruments.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. These include over-the-counter derivatives.

The assets and liabilities included in the Statement of Financial Position except portfolio of investments and financial derivatives are carried at amortised cost; their carrying values are reasonable approximation of fair value.

10. Related party transactions

In addition to related party information shown elsewhere in the financial statements, the following significant transactions took place during the financial year between the Fund and the related party at terms agreed between the parties and within the provisions of the Deeds:

	2023 JPY'000	2022 JPY'000
Bank balances held with related party of the Trustee	1,298,540	760,343

NIKKO AM JAPAN DIVIDEND EQUITY FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023***11. Financial ratios****Expense ratio****SGD Hedged Class**

		2023	2022
Total operating expenses	JPY'000	245,597	160,321
Average daily net asset value	JPY'000	14,547,577	9,358,039
Total expense ratio¹	%	1.69	1.71

USD Hedged Class

		2023	2022
Total operating expenses	JPY'000	35,836	78,253
Average daily net asset value	JPY'000	2,091,592	4,565,666
Total expense ratio¹	%	1.71	1.71

SGD Class

		2023	2022
Total operating expenses	JPY'000	50,933	51,823
Average daily net asset value	JPY'000	2,992,779	3,023,416
Total expense ratio¹	%	1.70	1.71

SGD Hedged Class B

		2023	2022
Total operating expenses	JPY'000	2,663	23,214
Average daily net asset value	JPY'000	274,060	2,578,828
Total expense ratio¹	%	0.97	0.90

USD Hedged Class B

		2023	2022
Total operating expenses	JPY'000	-	201
Average daily net asset value	JPY'000	-	30,215
Total expense ratio^{1,2} (annualised)	%	-	0.90

NIKKO AM JAPAN DIVIDEND EQUITY FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023***11. Financial ratios (continued)****Expense ratio (continued)**

		2023	2022
<u>JPY Class</u>			
Total operating expenses	JPY'000	12,093	1,101
Average daily net asset value	JPY'000	720,879	207,305
Total expense ratio¹ (annualised)	%	1.68	1.76
		2023	2022
<u>SGD Class B</u>			
Total operating expenses	JPY'000	25,221	-
Average daily net asset value	JPY'000	3,067,923	-
Total expense ratio¹ (annualised)	%	0.88	-
		2023	2022
<u>USD Class</u>			
Total operating expenses	JPY'000	37,991	-
Average daily net asset value	JPY'000	2,407,928	-
Total expense ratio¹ (annualised)	%	1.69	-

¹ The expense ratio has been computed based on the guidelines laid down by the Investment Management Association of Singapore ("IMAS"). The calculation of the expense ratio at financial year end was based on total operating expenses divided by the average net asset value for the year. The total operating expenses do not include (where applicable) brokerage and other transactions costs, performance fee, interest expense, distribution paid out to unitholders, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other funds and tax deducted at source or arising out of income received. The Fund does not pay any performance fee. The average net asset value is based on the daily balances.

² USD Hedged Class B was fully redeemed on 28 September 2022.

Turnover ratio

		2023	2022
Lower of total value of purchases or sales	JPY'000	18,258,316	7,478,142
Average daily net asset value	JPY'000	25,802,375	19,763,469
Total turnover ratio³	%	70.76	37.84

³ The portfolio turnover ratio is calculated in accordance with the formula stated in the Code on Collective Investment Schemes. The calculation of the portfolio turnover ratio was based on the lower of the total value of purchases or sales of the underlying investments, divided by the average daily net asset value.

NIKKO AM JAPAN DIVIDEND EQUITY FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

REPORT TO UNITHOLDERS

For the financial year ended 31 December 2023

The following contains additional information relating to the Fund.

1. Distribution of investments

Please refer to the Statement of Portfolio on pages 18 to 21.

2. Credit rating of debt securities

Nil.

3. Top 10 holdings

10 largest holdings at 31 December 2023

	Fair value JPY'000	Percentage of total net assets attributable to unitholders %
Mitsubishi UFJ Financial Group Incorporated	826,364	2.67
Toyota Motor Corporation	791,398	2.56
Sumitomo Mitsui Financial Group Incorporated	786,384	2.54
Tokio Marine Holdings Incorporated	784,850	2.53
Nitto Denko Corporation	780,700	2.52
Marui Group Company Limited	767,280	2.48
Nippon Telegraph & Telephone Corporation	764,323	2.47
Daiwa House Industry Company Limited	760,843	2.46
ORIX Corporation	756,694	2.44
Honda Motor Company Limited	749,859	2.42

10 largest holdings at 31 December 2022

	Fair value JPY'000	Percentage of total net assets attributable to unitholders %
Sumitomo Mitsui Financial Group Incorporated	528,011	2.55
Mitsubishi UFJ Financial Group Incorporated	521,310	2.52
Tokio Marine Holdings Incorporated	510,647	2.46
Astellas Pharma Incorporated	496,408	2.40
Kyocera Corporation	495,986	2.39
Itochu Corporation	495,862	2.39
Mitsui & Company Limited	494,340	2.39
Daiwa House Industry Company Limited	491,102	2.37
Nippon Telegraph & Telephone Corporation	490,565	2.37
KDDI Corporation	479,433	2.31

NIKKO AM JAPAN DIVIDEND EQUITY FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***REPORT TO UNITHOLDERS***For the financial year ended 31 December 2023***4. Exposure to financial derivatives**

	Fair value at 31 December 2023 JPY'000	Percentage of Total net assets attributable to unitholders at 31 December 2023 %	Unrealised gains/(losses) JPY'000	Realised gains/(losses) JPY'000
Forward foreign exchange contracts	93,250	0.30	93,250	1,492,298

5. Global exposure to financial derivatives

The global exposure to financial derivatives is computed using the commitment approach which is calculated as the sum of:

- a. the absolute value of the exposure of each individual financial derivative not involved in netting or hedging arrangements;
- b. the absolute value of the net exposure of each individual financial derivative after netting or hedging arrangements; and
- c. the sum of the values of cash collateral received pursuant to:
 - i. the reduction of exposure to counterparties of OTC financial derivatives; and
 - ii. EPM techniques relating to securities lending and repurchase transactions, and that are reinvested.

6. Collateral

Nil.

7. Securities lending or repurchase transactions

Nil.

8. Investment in unit trusts, mutual funds and collective investment schemes

Nil.

9. Borrowings

Nil.

10. Amount of units created and cancelled for the financial year ended 31 December 2023

	JPY'000
Units created	24,451,593
Units cancelled	(20,656,391)

NIKKO AM JAPAN DIVIDEND EQUITY FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

REPORT TO UNITHOLDERS

For the financial year ended 31 December 2023

11. Turnover ratio

Please refer to Note 11 of the Notes to the Financial Statements on page 44.

12. Expense ratio

Please refer to Note 11 of the Notes to the Financial Statements on page 43 to 44.

13. Related party transactions

Please refer to Note 10 of the Notes to the Financial Statements on page 42.

14. Any other material information that will adversely impact the valuation of the Fund

Nil.

15. Soft dollar commissions/arrangements

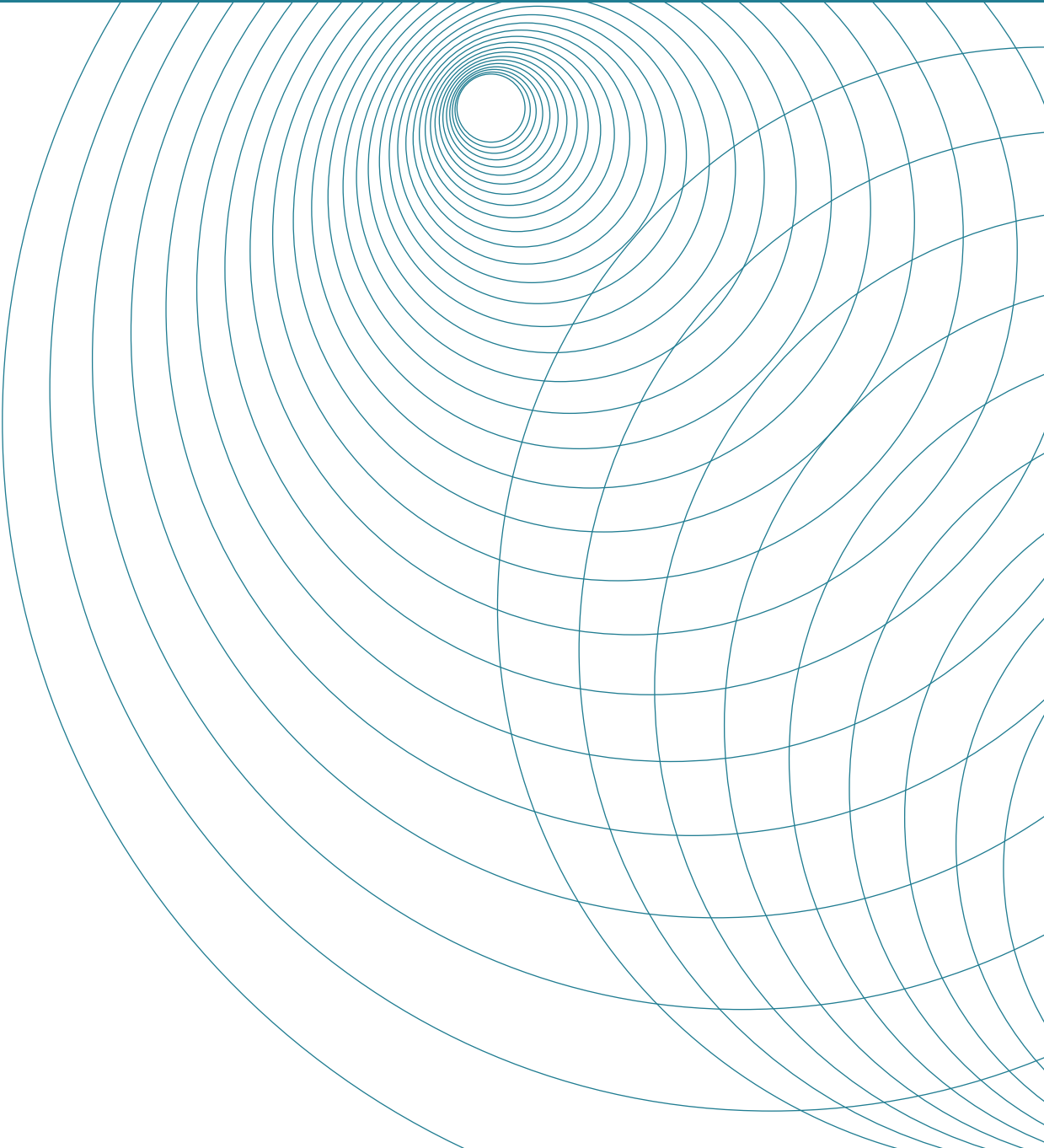
In their management of the Fund, the Managers and the Sub-Managers currently do not receive or enter into any soft dollar commissions or arrangements.

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SEMI-ANNUAL REPORT

Nikko AM Japan Dividend Equity Fund

Financial period ending 30 June 2023



MANAGERS

Nikko Asset Management Asia Limited
12 Marina View, #18-02, Asia Square Tower 2,
Singapore 018961
Company Registration No. 198202562H

DIRECTORS OF THE MANAGERS

Kiyotaka Ryu
Seet Oon Hui Eleanor

TRUSTEE & REGISTRAR

BNP Paribas Trust Services Singapore Limited
20 Collyer Quay, #01-01
Singapore 049319

AUDITORS

PricewaterhouseCoopers LLP
7 Straits View, Marina One,
East Tower, Level 12,
Singapore 018936

CUSTODIAN

BNP Paribas, acting through its Singapore Branch
20 Collyer Quay, #01-01
Singapore 049319

This report is also available on our website (www.nikkoam.com.sg)

PERFORMANCE SUMMARY

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Japan Dividend Equity Fund - SGD Hedged Class ¹	18.11	27.21	33.99	18.15	9.33	10.46	10.46

Source: Nikko Asset Management Asia Limited, returns as at 30 June 2023. Returns are calculated on a NAV-NAV basis, SGD, and based on the assumption that all dividends and distributions are reinvested, if any. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Japan Dividend Equity Fund - SGD Hedged Class ¹	12.21	20.85	27.29	16.15	8.21	9.89	9.89

Source: Nikko Asset Management Asia Limited, returns as at 30 June 2023. Returns are calculated on a NAV-NAV basis, SGD, and based on the assumption that all dividends and distributions are reinvested, if any, and take into account of maximum initial sales charge and a realisation charge, currently nil, as and where applicable. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Japan Dividend Equity Fund - USD Hedged Class ¹	18.54	26.15	33.33	18.12	9.74	10.67	10.67

Source: Nikko Asset Management Asia Limited, returns as at 30 June 2023. Returns are calculated on a NAV-NAV basis, USD, and based on the assumption that all dividends and distributions are reinvested, if any. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Japan Dividend Equity Fund - USD Hedged Class ¹	12.61	19.84	26.66	16.11	8.62	10.10	10.10

Source: Nikko Asset Management Asia Limited, returns as at 30 June 2023. Returns are calculated on a NAV-NAV basis, USD, and based on the assumption that all dividends and distributions are reinvested, if any, and take into account of maximum initial sales charge and a realisation charge, currently nil, as and where applicable. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

Inception date: 1 July 2013

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Japan Dividend Equity Fund - SGD Class	9.74	15.13	18.43	4.64	2.09	N/A	5.57

Source: Nikko Asset Management Asia Limited, returns as at 30 June 2023. Returns are calculated on a NAV-NAV basis, SGD, and based on the assumption that all dividends and distributions are reinvested, if any. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Japan Dividend Equity Fund - SGD Class	4.26	9.38	12.51	2.87	1.05	N/A	4.83

Source: Nikko Asset Management Asia Limited, returns as at 30 June 2023. Returns are calculated on a NAV-NAV basis, SGD, and based on the assumption that all dividends and distributions are reinvested, if any, and take into account of maximum initial sales charge and a realisation charge, currently nil, as and where applicable. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

Inception date: 1 April 2016

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Japan Dividend Equity Fund - SGD Hedged Class B	18.53	20.02	26.84	16.54	N/A	N/A	11.30

Source: Nikko Asset Management Asia Limited, returns as 30 June 2023. Returns are calculated on a NAV-NAV basis, SGD, and based on the assumption that all dividends and distributions are reinvested, if any. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Japan Dividend Equity Fund - SGD Hedged Class B	12.61	14.02	20.50	14.56	N/A	N/A	9.95

Source: Nikko Asset Management Asia Limited, returns as at 30 June 2023. Returns are calculated on a NAV-NAV basis, SGD, and based on the assumption that all dividends and distributions are reinvested, if any, and take into account of maximum initial sales charge and a realisation charge, currently nil, as and where applicable. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

Inception date: 17 April 2019

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Japan Dividend Equity Fund – JPY Class	17.09	24.92	N/A	N/A	N/A	N/A	22.84

Source: Nikko Asset Management Asia Limited, returns as at 30 June 2023. Returns are calculated on a NAV-NAV basis, JPY, and based on the assumption that all dividends and distributions are reinvested, if any. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Japan Dividend Equity Fund - JPY Class	11.24	18.67	N/A	N/A	N/A	N/A	16.69

Source: Nikko Asset Management Asia Limited, returns as at 30 June 2023. Returns are calculated on a NAV-NAV basis, JPY, and based on the assumption that all dividends and distributions are reinvested, if any, and take into account of maximum initial sales charge and a realisation charge, currently nil, as and where applicable. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

Inception date: 13 September 2022

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Japan Dividend Equity Fund - SGD Class B	10.04	N/A	N/A	N/A	N/A	N/A	10.83

Source: Nikko Asset Management Asia Limited, returns as at 30 June 2023. Returns are calculated on a NAV-NAV basis, SGD, and based on the assumption that all dividends and distributions are reinvested, if any. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Japan Dividend Equity Fund - SGD Class B	4.54	N/A	N/A	N/A	N/A	N/A	5.29

Source: Nikko Asset Management Asia Limited, returns as at 30 June 2023. Returns are calculated on a NAV-NAV basis, SGD, and based on the assumption that all dividends and distributions are reinvested, if any, and take into account of maximum initial sales charge and a realisation charge, currently nil, as and where applicable. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Japan Dividend Equity Fund - USD Class	7.86	N/A	N/A	N/A	N/A	N/A	7.76

Source: Nikko Asset Management Asia Limited, returns as at 30 June 2023. Returns are calculated on a NAV-NAV basis, USD, and based on the assumption that all dividends and distributions are reinvested, if any. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Japan Dividend Equity Fund - USD Class	2.46	N/A	N/A	N/A	N/A	N/A	2.37

Source: Nikko Asset Management Asia Limited, returns as at 30 June 2023. Returns are calculated on a NAV-NAV basis, USD, and based on the assumption that all dividends and distributions are reinvested, if any, and take into account of maximum initial sales charge and a realisation charge, currently nil, as and where applicable. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

Inception date: 26 January 2023

Note:

- (1) The investment objective of the Fund is to provide a total return of capital growth and income over the medium to long term by investing in equity investments listed and traded on the Tokyo Stock Exchange. The currency exposures of the "SGD Hedged Share Class" and the "USD Hedged Share Class" are hedged from the Fund's base currency – JPY to the share classes' currencies – SGD and USD respectively, to remove the currency conversion risk from the Fund's base currency to the respective share classes' currencies.
- (2) With effect from 1 June 2017, the benchmark has been removed and there will no longer be any benchmark for the Fund. This is because pursuant to the investment objective of the Fund, the Fund is managed on a total return basis and as such, it does not seek to outperform any benchmark. Prior to 1 June 2017, the benchmark against which the Fund's performance is measured is the TOPIX Total Return Index.
- (3) Nikko AM Japan Dividend Equity Fund - USD Hedged Class B was fully redeemed on 28 September 2022.

Portfolio Review and Activity

Fund rose in the first half of 2023 (1H23)

The Nikko AM Japan Dividend Equity Fund (SGD Hedged Class) (the “Fund”) returned 27.21% (in SGD terms, on a NAV-NAV basis) in the six months to 30 June 2023 and has returned 10.46% (annualised) since its inception on 1 July 2013. Overall, the Fund outperformed the broad-based market in the reporting period, as our holdings which announced dividend hikes and/or increased shareholder returns contributed positively, especially trading companies and semiconductor-related names later in the period.

Stocks that made large positive contributions during the period were primarily those which rose on strong earnings results and/or an increase in shareholder returns, including semiconductor-focused trading house Macnica Holdings, major trading house Mitsui & Co. and construction materials manufacturer Sanwa Holdings. Major automaker Honda Motor and Toyota-affiliated trading company Toyota Tsusho also contributed positively as they rose on expectations for auto production to recover.

On the other hand, stocks that contributed negatively during the period included names whose earnings results fell short of market expectations such as major bank Resona Holdings, packaging materials manufacturer Rengo, and electronic component maker Nissha, as well as those whose earnings momentum seems to be relatively lagging such as liquified petroleum gas company Nippon Gas. Eye medicine-focused drug maker Santen Pharmaceutical also contributed negatively as it declined on disappointing earnings stemming from sluggish sales in the Chinese and North American markets.

We maintained the portfolio's stock weighting during the period at around 97–99%. As of the end of June, the portfolio consisted of 53 issues.

Market Review

Japanese equity market rallied in 1H23 on weak yen and inflows from overseas investors

The Japanese equity market was solid overall in the January-June period, supported by signals that the Bank of Japan would maintain its current monetary easing policy, the continued weak yen which boosted the earnings of exporters, inflows from overseas investors and strong macroeconomic indicators out of the US. These positive factors were able to offset concerns regarding continued inflation and prolonged rate hikes in the US, in addition to anxieties arising from disruption in the global financial system in March. Over the period, the TOPIX (including dividends) rose 22.69%.

Overall, in terms of sector performance, all of the 33 TOPIX sectors rose during the period, with the highest gains seen by the Wholesale Trade, Iron & Steel, and Machinery sectors.

Market Outlook

Upside potential in light of solid corporate earnings and recovery in domestic demand

The Japanese equity market has climbed on the back of inflows from overseas investors as well as expectations for improvement in corporate earnings as the yen further depreciates. In the near term, it is possible that we may see periods of volatility based on profit-taking selling pressure and changes in domestic and international macroeconomic indicators. However, we believe continual upside in the market can be expected in light of the solid earnings of Japanese companies against a backdrop of a recovery in domestic demand and the easing of supply chain disruptions and of high raw material prices. Additionally, we believe Japanese companies will continue to seek ways to increase returns to shareholders, which also supports our overall bullish outlook for the Japanese

stock market. At the same time, with an eye to improving capital efficiency, Japanese companies are enhancing the efficiency of their operations by implementing business structure reforms, investing in future growth and prioritising returns to shareholders. The economy is also beginning to exit a deflationary period. We believe these factors will support a continued uptrend in Japanese equities in the medium term as well.

Investment Strategy

Portfolio is characterised by low volatility and low correlation relative to the market

In principle, we manage the portfolio based on an investment policy of making highly selective investments in companies with future dividend growth potential from among those whose projected dividend yield is higher than the market average. In making stock selections, we focus on bottom-up research, thoroughly scrutinising each company's corporate competitiveness, cash flow generation capacity, financial stability and stance on shareholder returns. We therefore carefully select firms that are able to continually grow their dividends, and invest from a medium- to long-term perspective. Since many of the holdings are in stable growth stocks with strong earnings power and sound financials, the portfolio is characterised by low volatility and low correlation with the market. Currently, many of the portfolio's holdings are in fields such as IT services, electronic components, telecommunications, trading firm business, automobiles, retail, construction and banking.

Following the introduction of Japan's Corporate Governance Code, Japanese firms have worked to improve dialogue with investors and are increasing the ratio of outside directors on their boards. As a result, there is a greater emphasis on improving returns on equity and the number of companies that are selling off unprofitable businesses or strategic shareholdings and putting their excess cash to use through dividend increases and share buybacks is growing. Since the start of the year, this shift is accelerating as Tokyo Stock Exchange has stepped up pressure on its listed stocks trading below their book value to disclose an analysis of the factors contributing to such low valuation and associated improvement measures.

Japanese companies are largely expected to produce strong results against a backdrop of a recovery in domestic demand, the easing of supply chain disruptions, and a cool-off in high raw material prices. Additionally, an increasing number of companies are raising their dividend payout ratio as a means of enhancing capital efficiency, leading to the possibility that dividend growth could outpace earnings growth. In light of this, we are investing in names that, in addition to providing stable dividend income, can offer capital gains as dividend hikes drive up their share prices.

Seek out stocks with highly stable dividends in cyclical sectors

In terms of stock selection, we will seek out names with ample cash reserves and/or strong earnings momentum that balance investment in future growth with providing returns to shareholders. In particular, we will focus on those names from which sustained dividend growth can be expected, paying close attention to firms where there are indications that management (via medium-term business plans or other directives) is changing its stance on shareholder returns, such as dividend hikes.

We will focus on primarily domestic demand-driven firms with stable growth prospects including IT services firms, network construction firms, and outsourcing companies that offer solutions to address the ongoing labour shortage and shift to remote work; home building, real estate, construction, and building materials firms which are expected to achieve stable earnings as they are less influenced by the external environment; and specialty retailers expected to see earnings growth driven by industry restructuring. Considering the possibility for a recovery in the economic

climate heading into the next year, we will seek out and gradually increase the weighting of stocks with highly stable dividends in cyclical sectors such as auto-related industries which are expected to increase their earnings as production recovers, as well as stocks of companies which hold a high global market share in industries such as electronic materials, electronic components and machinery.

Other areas we are focusing on include trading houses which are involved in increasingly essential energy provision, as well as banks and other firms likely to benefit from expected future changes to Japan's monetary policy. We will also look at names that are likely to increase dividends and proactively invest in high quality stocks that have lagged the market relative to their fundamentals. In this way, we will position our portfolio to achieve steady returns as investors factor in improving corporate earnings results and dividend hikes.

This document is purely for informational purposes only with no consideration given to the specific investment objective, financial situation and particular needs of any specific person. It should not be relied upon as financial advice. Any securities mentioned herein are for illustration purposes only and should not be construed as a recommendation for investment. **You should seek advice from a financial adviser before making any investment. In the event that you choose not to do so, you should consider whether the investment selected is suitable for you.** Investments in funds are not deposits in, obligations of, or guaranteed or insured by Nikko Asset Management Asia Limited ("Nikko AM Asia").

Past performance or any prediction, projection or forecast is not indicative of future performance. The Fund or any underlying fund may use or invest in financial derivative instruments. The value of units and income from them may fall or rise. Investments in the Fund are subject to investment risks, including the possible loss of principal amount invested. You should read the relevant prospectus (including the risk warnings) and product highlights sheet of the Fund, which are available and may be obtained from appointed distributors of Nikko AM Asia or our website (www.nikkoam.com.sg) before deciding whether to invest in the Fund.

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(Where relevant – for funds included under CPFIS) The Central Provident Fund ("CPF") Ordinary Account ("OA") interest rate is the legislated minimum 2.5% per annum, or the 3-month average of major local banks' interest rates, whichever is higher, reviewed quarterly. The interest rate for Special Account ("SA") is currently 4% per annum or the 12-month average yield of 10-year Singapore Government Securities plus 1%, whichever is higher, reviewed quarterly. Only monies in excess of \$20,000 in OA and \$40,000 in SA can be invested under the CPF Investment Scheme ("CPFIS"). Please refer to the website of the CPF Board for further information. Investors should note that the applicable interest rates for the CPF accounts and the terms of CPFIS may be varied by the CPF Board from time to time.

For Hong Kong Investors

The Fund may only be offered to professional investors in Hong Kong and is not authorised by the Securities and Futures Commission. The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to this document. If you are in any doubt about any of the contents, you should obtain independent professional advice.

Nikko Asset Management Asia Limited. Registration Number 198202562H

NIKKO AM JAPAN DIVIDEND EQUITY FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF TOTAL RETURN***For the financial period from 01 January 2023 to 30 June 2023 (unaudited)*

	30 June 2023 JPY'000	30 June 2022 JPY'000
Income		
Dividends	364,730	298,849
Interest on cash and cash equivalents	10,467	177
	375,197	299,026
Less: Expenses		
Management fee	145,631	124,678
Transfer agent fee	7,228	4,771
Trustee fee	3,171	2,749
Custody fee	1,287	932
Audit fee	887	820
Valuation fee	4,228	3,666
Transaction costs	20,814	11,859
Other expenses	7,224	2,871
	190,470	152,346
Net income	184,727	146,680
Net gains or losses on value of investments and financial derivatives		
Net gains/(losses) on investments	4,507,590	(173,626)
Net foreign exchange gains	112,229	58,943
Net gains on financial derivatives	1,337,488	2,222,730
	5,957,307	2,108,047
Total return for the financial period before income tax	6,142,034	2,254,727
Less: Income tax	(55,858)	(45,769)
Total return for the financial period after income tax	6,086,176	2,208,958

NIKKO AM JAPAN DIVIDEND EQUITY FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF FINANCIAL POSITION***As at 30 June 2023 (unaudited)*

	30 June 2023 JPY'000	31 December 2022 JPY'000
ASSETS		
Portfolio of investments	24,793,754	20,480,861
Sales awaiting settlement	-	25,615
Receivables	329,269	105,130
Cash and cash equivalents	1,386,190	760,343
Financial derivatives at fair value	247,257	-
Total assets	26,756,470	21,371,949
LIABILITIES		
Payables	215,601	124,649
Purchases awaiting settlement	233,306	29,596
Distributions payable	110,199	88,888
Financial derivatives at fair value	280	407,980
Total liabilities	559,386	651,113
EQUITY		
Net assets attributable to unitholders	26,197,084	20,720,836

NIKKO AM JAPAN DIVIDEND EQUITY FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF MOVEMENTS OF UNITHOLDERS' FUNDS***For the financial period from 01 January 2023 to 30 June 2023 (unaudited)*

	30 June 2023 JPY'000	31 December 2022 JPY'000
Net assets attributable to unitholders at the beginning of the financial period/year	20,720,836	16,773,949
Operations		
Change in net assets attributable to unitholders resulting from operations	6,086,176	3,216,349
Unitholders' contributions/(withdrawals)		
Creation of units	9,976,143	6,254,890
Cancellation of units	(10,063,988)	(4,533,954)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	(87,845)	1,720,936
Distributions	(522,083)	(990,398)
Total increases in net assets attributable to unitholders	5,476,248	3,946,887
Net assets attributable to unitholders at the end of the financial period/year	26,197,084	20,720,836

NIKKO AM JAPAN DIVIDEND EQUITY FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 30 June 2023 (unaudited)***By Industry (Primary)**

	Holdings at 30 June 2023	Fair value at 30 June 2023 JPY'000	Percentage of total net assets attributable to unitholders at 30 June 2023 %
Quoted Equities			
AUTO MANUFACTURERS			
Honda Motor Company Limited	151,100	655,925	2.50
Toyota Motor Corporation	286,400	661,154	2.52
Total AUTO MANUFACTURERS		1,317,079	5.02
AUTO PARTS & EQUIPMENT			
Denso Corporation	31,000	298,995	1.14
Toyoda Gosei Company Limited	192,500	523,985	2.00
Total AUTO PARTS & EQUIPMENT		822,980	3.14
BANKS			
Mitsubishi UFJ Financial Group Incorporated	625,300	665,945	2.54
Mizuho Financial Group Incorporated	250,500	550,850	2.10
Sumitomo Mitsui Financial Group Incorporated	104,200	641,768	2.45
Total BANKS		1,858,563	7.09
BUILDING MATERIALS			
AGC Incorporated	85,400	440,920	1.68
Fujimi Incorporated	72,300	255,581	0.98
Nichias Corporation	151,000	451,490	1.72
Sanwa Holdings Corporation	311,200	580,544	2.22
Total BUILDING MATERIALS		1,728,535	6.60
CHEMICALS			
Adeka Corporation	93,400	255,496	0.98
Aica Kogyo Company Limited	107,800	340,325	1.30
Air Water Incorporated	259,200	516,715	1.97
Lintec Corporation	78,900	179,182	0.69
Mitsui Chemicals Incorporated	138,400	585,294	2.23
Nitto Denko Corporation	47,300	502,799	1.92
Shin-Etsu Chemical Company Limited	88,400	421,491	1.61
Total CHEMICALS		2,801,302	10.70
COMPUTERS			
Biprogy Incorporated	81,700	288,646	1.10
NEC Networks & System Integration Corporation	259,100	514,054	1.96
Otsuka Corporation	98,500	550,320	2.11
Total COMPUTERS		1,353,020	5.17
DISTRIBUTION/WHOLESALE			
Itochu Corporation	113,300	644,337	2.46
Mitsui & Company Limited	117,400	635,251	2.42
Nippon Gas Company Limited	285,500	577,138	2.20
Toyota Tsusho Corporation	91,900	656,074	2.50
Total DISTRIBUTION/WHOLESALE		2,512,800	9.58
DIVERSIFIED FINANCIAL SERVICES			
Orix Corporation	234,000	611,325	2.33
Zenkoku Hosho Company Limited	106,000	529,788	2.02
Total DIVERSIFIED FINANCIAL SERVICES		1,141,113	4.35

NIKKO AM JAPAN DIVIDEND EQUITY FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 30 June 2023 (unaudited)***By Industry (Primary) (continued)**

	Holdings at 30 June 2023	Fair value at 30 June 2023 JPY'000	Percentage of total net assets attributable to unitholders at 30 June 2023 %
Quoted Equities (continued)			
ELECTRONICS			
Inaba Denki Sangyo Company Limited	93,700	306,868	1.17
Kyocera Corporation	73,600	573,418	2.19
Macnica Holdings Incorporated	82,200	488,268	1.86
Nissha Company Limited	88,200	148,000	0.57
Star Micronics Company Limited	153,800	276,225	1.05
Taiyo Holdings Company Limited	113,800	303,163	1.16
Total ELECTRONICS		2,095,942	8.00
ENGINEERING AND CONSTRUCTION			
Exeo Group Incorporated	103,100	297,856	1.14
Kumagai Gumi Company Limited	146,100	449,988	1.72
Total ENGINEERING AND CONSTRUCTION		747,844	2.86
HAND/MACHINE TOOLS			
Amada Company Limited	394,400	557,287	2.13
Total HAND/MACHINE TOOLS		557,287	2.13
HOME BUILDERS			
Daiwa House Industry Company Limited	157,300	596,482	2.28
Total HOME BUILDERS		596,482	2.28
INSURANCE			
Tokio Marine Holdings Incorporated	195,200	647,088	2.47
Total INSURANCE		647,088	2.47
MACHINERY-CONSTRUCTION & MINING			
Hitachi Limited	13,400	119,206	0.47
Total MACHINERY-CONSTRUCTION & MINING		119,206	0.47
MACHINERY-DIVERSIFIED			
Ebara Corporation	84,800	581,982	2.22
Total MACHINERY-DIVERSIFIED		581,982	2.22
MISCELLANEOUS MANUFACTURE			
Amano Corporation	120,600	365,177	1.39
Total MISCELLANEOUS MANUFACTURE		365,177	1.39
OFFICE/BUSINESS EQUIPMENT			
Sato Holdings Corporation	99,600	194,021	0.74
Total OFFICE/BUSINESS EQUIPMENT		194,021	0.74
PACKAGING & CONTAINERS			
Rengo Company Limited	298,300	264,264	1.01
Total PACKAGING & CONTAINERS		264,264	1.01
PHARMACEUTICALS			
Astellas Pharma Incorporated	251,200	539,829	2.06
Takeda Pharmaceutical Company Limited	128,600	582,172	2.22
Total PHARMACEUTICALS		1,122,001	4.28
REAL ESTATE			
Nomura Real Estate Holdings Incorporated	158,200	540,095	2.06
Total REAL ESTATE		540,095	2.06

NIKKO AM JAPAN DIVIDEND EQUITY FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 30 June 2023 (unaudited)***By Industry (Primary) (continued)**

	Holdings at 30 June 2023	Fair value at 30 June 2023 JPY'000	Percentage of total net assets attributable to unitholders at 30 June 2023 %
Quoted Equities (continued)			
RETAIL			
K'S Holdings Corporation	425,900	534,717	2.04
Marui Group Company Limited	249,200	624,994	2.39
Sundrug Company Limited	125,200	534,354	2.04
Total RETAIL		1,694,065	6.47
TELECOMMUNICATIONS			
KDDI Corporation	126,200	561,590	2.14
Nippon Telegraph & Telephone Corporation	3,654,400	623,075	2.38
Total TELECOMMUNICATIONS		1,184,665	4.52
TRANSPORTATION			
Kamigumi Company Limited	70,800	230,808	0.88
Senko Group Holdings Company Limited	306,700	317,435	1.21
Total TRANSPORTATION		548,243	2.09
Total Quoted Equities		24,793,754	94.64
Portfolio of investments		24,793,754	94.64
Other net assets		1,403,330	5.36
Net assets attributable to unitholders		26,197,084	100.00

NIKKO AM JAPAN DIVIDEND EQUITY FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 30 June 2023 (unaudited)*

By Industry (Summary)	Percentage of total net assets attributable to unitholders at 30 June 2023 %	Percentage of total net assets attributable to unitholders at 31 December 2022 %
Auto Manufacturers	5.02	4.55
Auto Parts & Equipment	3.14	4.09
Banks	7.09	7.27
Building Materials	6.60	7.26
Chemicals	10.70	10.98
Computers	5.17	6.40
Distribution/Wholesale	9.58	9.14
Diversified Financial Services	4.35	4.26
Electronics	8.00	8.36
Engineering and Construction	2.86	3.88
Hand/Machine Tools	2.13	2.03
Home Builders	2.28	2.37
Insurance	2.47	2.46
Internet	-	0.96
Machinery-Construction & Mining	0.47	1.90
Machinery-Diversified	2.22	-
Miscellaneous Manufacture	1.39	1.28
Office/Business Equipment	0.74	1.18
Packaging & Containers	1.01	2.03
Pharmaceuticals	4.28	2.60
Real Estate	2.06	1.94
Retail	6.47	5.80
Semiconductors	-	1.96
Telecommunications	4.52	4.68
Transportation	2.09	1.46
Portfolio of investments	94.64	98.84
Other net assets	5.36	1.16
Net assets attributable to unitholders	100.00	100.00

As the Fund invests wholly into Japanese equities, it is not meaningful to classify the investments into geography.

NIKKO AM JAPAN DIVIDEND EQUITY FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

REPORT TO UNITHOLDERS

For the financial period from 01 January 2023 to 30 June 2023 (unaudited)

The following contains additional information relating to the Fund.

1. Distribution of investments

Please refer to the Statement of Portfolio on pages 13 to 16.

2. Credit rating of debt securities

Nil.

3. Top 10 holdings

10 Largest holdings at 30 June 2023

	Fair value JPY'000	Percentage of total net assets attributable to unitholders %
Mitsubishi UFJ Financial Group Incorporated	665,945	2.54
Toyota Motor Corporation	661,154	2.52
Toyota Tsusho Corporation	656,074	2.50
Honda Motor Company Limited	655,925	2.50
Tokio Marine Holdings Incorporated	647,088	2.47
Itochu Corporation	644,337	2.46
Sumitomo Mitsui Financial Group Incorporated	641,768	2.45
Mitsui & Company Limited	635,251	2.42
Marui Group Company Limited	624,994	2.39
Nippon Telegraph & Telephone Corporation	623,075	2.38

10 Largest holdings at 30 June 2022

	Fair value JPY'000	Percentage of total net assets attributable to unitholders %
Toyota Motor Corporation	474,600	2.44
Itochu Corporation	471,210	2.42
Nippon Telegraph & Telephone Corporation	469,858	2.42
Daiwa House Industry Company Limited	458,490	2.36
Honda Motor Company Limited	449,165	2.31
Tokio Marine Holdings Incorporated	447,310	2.30
BIPROGY Incorporated	444,420	2.28
Shin-Etsu Chemical Company Limited	443,700	2.28
Sanwa Holdings Corporation	440,700	2.27
Mitsui & Company Limited	440,192	2.26

NIKKO AM JAPAN DIVIDEND EQUITY FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***REPORT TO UNITHOLDERS***For the financial period from 01 January 2023 to 30 June 2023 (unaudited)***4. Exposure to financial derivatives**

	Fair value at 30 June 2023 JPY'000	Percentage of total net assets attributable to unitholders 30 June 2023 %	Unrealised gains/(losses) JPY'000	Realised gains/(losses) JPY'000
Forward foreign exchange contracts	246,977	0.94	246,977	1,090,511

5. Global exposure to financial derivatives

The global exposure to financial derivatives is computed using the commitment approach which is calculated as the sum of:

- a. the absolute value of the exposure of each individual financial derivative not involved in netting or hedging arrangements;
- b. the absolute value of the net exposure of each individual financial derivative after netting or hedging arrangements; and
- c. the sum of the values of cash collateral received pursuant to:
 - i. the reduction of exposure to counterparties of OTC financial derivatives; and
 - ii. EPM techniques relating to securities lending and repurchase transactions, and that are reinvested.

6. Collateral

Nil.

7. Securities lending or repurchase transactions

Nil.

8. Investment in unit trusts, mutual funds and collective investment schemes

Nil.

9. Borrowings

Nil.

NIKKO AM JAPAN DIVIDEND EQUITY FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***REPORT TO UNITHOLDERS***For the financial period from 01 January 2023 to 30 June 2023 (unaudited)***10. Amount of units created and cancelled for the financial period ended 30 June 2023**

	JPY'000
Units created	9,976,143
Units cancelled	(10,063,988)

11. Turnover ratio

		30 June 2023	30 June 2022
Lower of total value of purchases or sales	JPY'000	10,641,955	3,878,778
Average daily net asset value	JPY'000	21,841,343	17,838,749
Total turnover ratio¹	%	48.72	21.74

¹ The portfolio turnover ratio is calculated in accordance with the formula stated in the Code on Collective Investment Schemes. The calculation of the portfolio turnover ratio was based on the lower of the total value of purchases or sales of the underlying investments, divided by the average daily net asset value.

12. Expense ratio

		30 June 2023	30 June 2022
<u>SGD Hedged Class</u>			
Total operating expenses	JPY'000	187,518	134,382
Average daily net asset value	JPY'000	10,822,436	7,878,291
Total expense ratio²	%	1.73	1.71

		30 June 2023	30 June 2022
<u>USD Hedged Class</u>			
Total operating expenses	JPY'000	58,496	67,125
Average daily net asset value	JPY'000	3,370,526	3,935,828
Total expense ratio²	%	1.74	1.71

		30 June 2023	30 June 2022
<u>SGD Class</u>			
Total operating expenses	JPY'000	48,332	45,775
Average daily net asset value	JPY'000	2,788,583	2,683,281
Total expense ratio²	%	1.73	1.71

		30 June 2023	30 June 2022
<u>SGD Hedged Class B</u>			
Total operating expenses	JPY'000	14,191	20,053
Average daily net asset value	JPY'000	1,542,644	2,241,156
Total expense ratio²	%	0.92	0.89

NIKKO AM JAPAN DIVIDEND EQUITY FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***REPORT TO UNITHOLDERS***For the financial period from 01 January 2023 to 30 June 2023 (unaudited)***12. Expense ratio (continued)**

		30 June 2023	30 June 2022
<u>USD Hedged Class B</u>			
Total operating expenses	JPY'000	74	194
Average daily net asset value	JPY'000	32,968	28,177
Total expense ratio^{2,3} (annualised)	%	0.91	0.89
		30 June 2023	30 June 2022
<u>JPY Class</u>			
Total operating expenses	JPY'000	4,264	-
Average daily net asset value	JPY'000	307,770	-
Total expense ratio² (annualised)	%	1.74	-
		30 June 2023	30 June 2022
<u>SGD Class B</u>			
Total operating expenses	JPY'000	12,531	-
Average daily net asset value	JPY'000	3,192,903	-
Total expense ratio² (annualised)	%	0.92	-
		30 June 2023	30 June 2022
<u>USD Class</u>			
Total operating expenses	JPY'000	18,454	-
Average daily net asset value	JPY'000	2,499,429	-
Total expense ratio² (annualised)	%	1.73	-

² The expense ratio has been computed based on the guidelines laid down by the Investment Management Association of Singapore ("IMAS"). The calculation of the expense ratio at financial period end was based on total operating expenses divided by the average net asset value for the year. The total operating expenses do not include (where applicable) brokerage and other transactions costs, performance fee, interest expense, distribution paid out to unitholders, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other funds and tax deducted at source or arising out of income received. The Fund does not pay any performance fee. The average net asset value is based on the daily balances.

³ USD Hedged Class B was fully redeemed on 28 September 2022.

NIKKO AM JAPAN DIVIDEND EQUITY FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

REPORT TO UNITHOLDERS

For the financial period from 01 January 2023 to 30 June 2023 (unaudited)

13. Related party transactions

The Manager of the Fund is Nikko Asset Management Asia Limited, a subsidiary of Nikko Asset Management International Limited. The Trustee of the Fund is BNP Paribas Trust Services Singapore Limited (the "Trustee").

Management fee is payable to the Manager. Trustee fee is payable to the Trustee. Custody fee and valuation fee are payable to a related company of the Trustee, BNP Paribas acting through its Singapore Branch. Transfer agent fee is payable to BNP Paribas, acting through its Singapore Branch with effect from 1 April 2023.

In addition to related party information shown elsewhere in the financial statements (including the Statement of Portfolio), the following significant transactions took place during the financial period between the Fund and a related party at terms agreed between the parties and within the provisions of the Deeds:

	30 June 2023 JPY'000	31 December 2022 JPY'000
Bank balances held with related party of the Trustee	1,386,190	760,343

14. Any other material information that will adversely impact the valuation of the Fund

Nil.

15. Soft dollar commissions/arrangements

In their management of the Fund, the Managers and the Sub-Managers, Nikko Asset Management Co., Ltd, currently do not receive or enter into any soft dollar commissions or arrangements.

ANNUAL REPORT

For the financial year ended 31 December 2022

Nikko AM
Japan Dividend Equity Fund

MANAGERS

Nikko Asset Management Asia Limited
12 Marina View, #18-02, Asia Square Tower 2,
Singapore 018961
Company Registration No. 198202562H

DIRECTORS OF THE MANAGERS

Kiyotaka Ryu
Seet Oon Hui Eleanor
Hiroki Tsujimura

TRUSTEE & REGISTRAR

BNP Paribas Trust Services Singapore Limited
20 Collyer Quay, #01-01
Singapore 049319

AUDITORS

PricewaterhouseCoopers LLP
7 Straits View, Marina One,
East Tower, Level 12,
Singapore 018936

CUSTODIAN

BNP Paribas, operating through its Singapore Branch
20 Collyer Quay, #01-01
Singapore 049319

This report is also available on our website (www.nikkoam.com.sg)

PERFORMANCE SUMMARY

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Japan Dividend Equity Fund - SGD Hedged Class ¹	4.72	5.33	5.40	4.49	3.30	N/A	8.26

Source: Nikko Asset Management Asia Limited, returns as at 31 December 2022. Returns are calculated on a NAV-NAV basis, SGD, and based on the assumption that all dividends and distributions are reinvested, if any. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Japan Dividend Equity Fund - SGD Hedged Class ¹	-0.52	0.06	0.13	2.71	2.25	N/A	7.67

Source: Nikko Asset Management Asia Limited, returns as at 31 December 2022. Returns are calculated on a NAV-NAV basis, SGD, and based on the assumption that all dividends and distributions are reinvested, if any, and take into account of maximum initial sales charge and a realisation charge, currently nil, as and where applicable. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Japan Dividend Equity Fund - USD Hedged Class ¹	4.97	5.69	6.08	5.07	3.97	N/A	8.57

Source: Nikko Asset Management Asia Limited, returns as at 31 December 2022. Returns are calculated on a NAV-NAV basis, USD, and based on the assumption that all dividends and distributions are reinvested, if any. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Japan Dividend Equity Fund - USD Hedged Class ¹	-0.28	0.40	0.77	3.28	2.91	N/A	7.99

Source: Nikko Asset Management Asia Limited, returns as at 31 December 2022. Returns are calculated on a NAV-NAV basis, USD, and based on the assumption that all dividends and distributions are reinvested, if any, and take into account of maximum initial sales charge and a realisation charge, currently nil, as and where applicable. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

Inception date: 1 July 2013

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Japan Dividend Equity Fund - SGD Class	6.42	2.87	-10.46	-2.87	-0.97	N/A	3.80

Source: Nikko Asset Management Asia Limited, returns as at 31 December 2022. Returns are calculated on a NAV-NAV basis, SGD, and based on the assumption that all dividends and distributions are reinvested, if any. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Japan Dividend Equity Fund - SGD Class	1.10	-2.28	-14.94	-4.52	-1.98	N/A	3.02

Source: Nikko Asset Management Asia Limited, returns as at 31 December 2022. Returns are calculated on a NAV-NAV basis, SGD, and based on the assumption that all dividends and distributions are reinvested, if any, and take into account of maximum initial sales charge and a realisation charge, currently nil, as and where applicable. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

Inception date: 1 April 2016

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Japan Dividend Equity Fund - SGD Hedged Class B	4.88	5.68	6.06	5.29	N/A	N/A	7.49

Source: Nikko Asset Management Asia Limited, returns as 31 December 2022. Returns are calculated on a NAV-NAV basis, SGD, and based on the assumption that all dividends and distributions are reinvested, if any. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Japan Dividend Equity Fund - SGD Hedged Class B	-0.36	0.40	0.76	3.50	N/A	N/A	6.01

Source: Nikko Asset Management Asia Limited, returns as at 31 December 2022. Returns are calculated on a NAV-NAV basis, SGD, and based on the assumption that all dividends and distributions are reinvested, if any, and take into account of maximum initial sales charge and a realisation charge, currently nil, as and where applicable. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

Inception date: 17 April 2019

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Japan Dividend Equity Fund - JPY Class	3.82	N/A	N/A	N/A	N/A	N/A	-1.67

Source: Nikko Asset Management Asia Limited, returns as at 31 December 2022. Returns are calculated on a NAV-NAV basis, JPY, and based on the assumption that all dividends and distributions are reinvested, if any. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Japan Dividend Equity Fund - JPY Class	-1.37	N/A	N/A	N/A	N/A	N/A	-6.58

Source: Nikko Asset Management Asia Limited, returns as at 31 December 2022. Returns are calculated on a NAV-NAV basis, JPY, and based on the assumption that all dividends and distributions are reinvested, if any, and take into account of maximum initial sales charge and a realisation charge, currently nil, as and where applicable. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

Inception date: 13 September 2022

Note:

- (1) The investment objective of the Fund is to provide a total return of capital growth and income over the medium to long term by investing in equity investments listed and traded on the Tokyo Stock Exchange. The currency exposures of the "SGD Hedged Share Class" and the "USD Hedged Share Class" are hedged from the Fund's base currency – JPY to the share classes' currencies – SGD and USD respectively, to remove the currency conversion risk from the Fund's base currency to the respective share classes' currencies.
- (2) With effect from 1 June 2017, the benchmark has been removed and there will no longer be any benchmark for the Fund. This is because pursuant to the investment objective of the Fund, the Fund is managed on a total return basis and as such, it does not seek to outperform any benchmark. Prior to 1 June 2017, the benchmark against which the Fund's performance is measured is the TOPIX Total Return Index.
- (3) Nikko AM Japan Dividend Equity Fund - USD Hedged Class B was fully redeemed on 28 September 2022.

Portfolio Review and Activity

Fund rose in 2022

The Nikko AM Japan Dividend Equity Fund (SGD Hedged Class) (the "Fund") returned 5.40% (in SGD terms, on a NAV-NAV basis) in the year to 31 December 2022 and has returned 8.26% (annualised) since its inception on 1 July 2013. The low beta and low volatility characteristics of the strategy provided stability and downside resistance during periods of market correction and risk-off sentiment, especially near the beginning of the year as the portfolio's greatest outperformance was in January and April, both months where the TOPIX declined on-month. Closer to the end of the year, the portfolio also benefitted from our holdings in Financials including banks which rose

when high dividend yield names came into favour in November and then were further boosted in December following the Bank of Japan's monetary policy changes.

Stocks that made large positive contributions during the period included major banks Resona Holdings and Sumitomo Mitsui Financial Group, which are expected to benefit from the Bank of Japan's expansion of the acceptable range for long-term yields, and shoe store chain ABC-Mart, which is expected to benefit from increased demand from inbound tourism. Major trading company Mitsui & Co also contributed positively as it rose on strong earnings and expectations to benefit from rising commodity prices. Another top contributor was non-life insurer Tokio Marine Holdings which rose on investors' positive view of its stable earnings.

In contrast, stocks that contributed negatively were primarily stocks affected by concerns regarding the impact on earnings of a global economic slowdown, including automotive components manufacturer Denso, electronic materials makers Taiyo Holdings, major glassmaker AGC, and industrial component maker Nichias. IT services firm Otsuka also contributed negatively as it declined on disappointing earnings results.

We maintained the portfolio's stock weighting during the period at around 96–99%. As of the end of December, the portfolio consisted of 54 issues.

Market Review

Japanese equity market see-sawed over 2022

The market see-sawed throughout the year, weighed down by concerns regarding inflation and a global economic downturn, and then in turn boosted by signals that the US Federal Reserve may slow the pace of its interest rate hikes as inflation indicators eased. Additionally, the stocks of exporters benefitted from a weak yen for the majority of the year, although the currency began to appreciate toward the end of the period. Japanese equities particularly rallied in October after the Japanese government's announcement of plans to further ease the border entry restrictions in place throughout the pandemic. However, the continuation of monetary tightening by central banks around the world and other downward pressures held more sway throughout 2022 overall. As a result, the TOPIX (including dividends) ended the year down 2.45%.

Overall, in terms of sector performance, 21 of 33 TOPIX sectors rose during the period, with sectors such as Mining, Banks, and Marine Transportation posting the highest gains. In contrast, 12 sectors declined, including Electric Appliances, Precision Instruments, and Services.

Market Outlook

Continual upside in the market can be expected

The Japanese equity market remains strong on the back of receding concerns regarding US inflation and higher expectations for economic reopening in China. In the near term, it is possible that we may see periods of volatility based on changes in inflation, macroeconomic indicators and monetary policy. However, we believe continual upside in the market can be expected in light of the solid earnings of Japanese companies against a backdrop of a recovery in domestic demand and the easing of both supply chain disruptions and the impact of high raw material prices. Additionally, Japanese equities are strongly undervalued relative to their peers and an increasing number of companies are enhancing returns to shareholders, which in combination also supports our overall bullish outlook for the Japanese stock market. At the same time, with an eye to improving capital efficiency, Japanese companies are enhancing the efficiency of their operations by reshaping their business portfolios, investing in future growth, and prioritising returns to shareholders. We believe these factors will support a continued uptrend in Japanese equities in the medium term as well.

Investment Strategy

Portfolio is characterised by low volatility and low correlation relative to the market

In principle, we manage the portfolio based on an investment policy of making highly selective investments in companies with future dividend growth potential from among those whose projected dividend yield is higher than the market average. In making stock selections, we focus on bottom-up research, thoroughly scrutinising each company's corporate competitiveness, cash flow generation capacity, financial stability and stance on shareholder returns. We therefore carefully select firms that are able to continually grow their dividends, and invest from a medium- to long-term perspective. Since many of the holdings are in stable growth stocks with strong earnings power and sound financials, the portfolio is characterized by low volatility and low correlation with the market. Currently, many of the portfolio's holdings are in fields such as IT services, electronic components, telecommunications, trading firm business, automobiles, retail, construction and banking.

Following the introduction of Japan's Corporate Governance Code, Japanese firms have worked to improve dialogue with investors and are increasing the ratio of outside directors on their boards. As a result, there is a greater emphasis on improving returns on equity (ROE). The number of companies that are selling off unprofitable businesses or strategic shareholdings and putting their excess cash to use through dividend increases and share buybacks is also growing. Japanese companies are largely expected to produce strong results despite the highly uncertain operating environment against a backdrop of a recovery in domestic demand, the easing of supply chain disruptions, and a cool off in high raw material prices. In light of this, we are seeing a good number of opportunities to invest in names that, in addition to providing stable dividend income, can offer capital gains as dividend hikes drive up their share prices.

Focus on names with investment in growth future and shareholder returns

In terms of stock selection, we will seek out names with ample cash reserves and/or strong earnings momentum that balance investment in future growth with providing returns to shareholders. In particular, we will focus on those names from which sustained dividend growth can be expected, paying close attention to firms where there are indications that management (via medium-term business plans or other directives) is changing its stance on shareholder returns, such as dividend hikes. We will focus on primarily domestic demand-driven firms including IT services firms, network construction firms, and outsourcing companies that offer solutions to address the ongoing labour shortage and shift to remote work; home building, real estate, construction, and building materials firms which are expected to achieve stable earnings as they are less influenced by the external environment; and specialty retailers expected to see earnings growth driven by industry restructuring.

As for export-related names, we are gradually increasing the weighting of stocks whose dividend yields look now more promising following a recent correction of their share prices, including electronic materials-related firms which boast high global market share, and auto sector names where earnings are expected to increase due to a recovery in production output. Other areas we are focusing on include trading houses which are involved in increasingly essential energy provision, as well as banks and other firms likely to benefit from expected future changes to Japan's monetary policy. We will also look at names that are likely to increase dividends and proactively invest in high quality stocks that have lagged the market relative to their fundamentals. In this way, we will position our portfolio to achieve steady returns as investors factor in improving corporate earnings results and dividend hikes.

This document is purely for informational purposes only with no consideration given to the specific investment objective, financial situation and particular needs of any specific person. It should not be relied upon as financial advice. Any securities mentioned herein are for illustration purposes only and should not be construed as a recommendation for investment. **You should seek advice from a financial adviser before making any investment. In the event that you choose not to do so, you should consider whether the investment selected is suitable for you.** Investments in funds are not deposits in, obligations of, or guaranteed or insured by Nikko Asset Management Asia Limited ("Nikko AM Asia").

Past performance or any prediction, projection or forecast is not indicative of future performance. The Fund or any underlying fund may use or invest in financial derivative instruments. The value of units and income from them may fall or rise. Investments in the Fund are subject to investment risks, including the possible loss of principal amount invested. You should read the relevant prospectus (including the risk warnings) and product highlights sheet of the Fund, which are available and may be obtained from appointed distributors of Nikko AM Asia or our website (www.nikkoam.com.sg) before deciding whether to invest in the Fund.

The information contained herein may not be copied, reproduced or redistributed without the express consent of Nikko AM Asia. While reasonable care has been taken to ensure the accuracy of the information as at the date of publication, Nikko AM Asia does not give any warranty or representation, either express or implied, and expressly disclaims liability for any errors or omissions. Information may be subject to change without notice. Nikko AM Asia accepts no liability for any loss, indirect or consequential damages, arising from any use of or reliance on this document.

(Where relevant – for funds included under CPFIS) The Central Provident Fund ("CPF") Ordinary Account ("OA") interest rate is the legislated minimum 2.5% per annum, or the 3-month average of major local banks' interest rates, whichever is higher, reviewed quarterly. The interest rate for Special Account ("SA") is currently 4% per annum or the 12-month average yield of 10-year Singapore Government Securities plus 1%, whichever is higher, reviewed quarterly. Only monies in excess of \$20,000 in OA and \$40,000 in SA can be invested under the CPF Investment Scheme ("CPFIS"). Please refer to the website of the CPF Board for further information. Investors should note that the applicable interest rates for the CPF accounts and the terms of CPFIS may be varied by the CPF Board from time to time.

For Hong Kong Investors

The Fund may only be offered to professional investors in Hong Kong and is not authorised by the Securities and Futures Commission. The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to this document. If you are in any doubt about any of the contents, you should obtain independent professional advice.

Nikko Asset Management Asia Limited. Registration Number 198202562H

NIKKO AM JAPAN DIVIDEND EQUITY FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

REPORT OF THE TRUSTEE

For the financial year ended 31 December 2022

The Trustee is under a duty to take into custody and hold the assets of Nikko AM Japan Dividend Equity Fund (the “Fund”) in trust for the unitholders. In accordance with the Securities and Futures Act 2001, its subsidiary legislation and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of the Manager for compliance with the limitations imposed on the investment and borrowing powers as set out in the Trust Deed in each annual accounting year and report thereon to unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Fund during the financial year covered by these financial statements, set out on pages 13 to 42, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee
BNP Paribas Trust Services Singapore Limited

Authorised signatory
29 March 2023

NIKKO AM JAPAN DIVIDEND EQUITY FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

STATEMENT BY THE MANAGER

For the financial year ended 31 December 2022

In the opinion of Nikko Asset Management Asia Limited, the accompanying financial statements set out on pages 13 to 42, comprising the Statement of Total Return, Statement of Financial Position, Statement of Movements of Unitholders' Funds, Statement of Portfolio and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial position and the portfolio holdings of Nikko AM Japan Dividend Equity Fund (the "Fund") as at 31 December 2022, and the financial performance and movements in unitholders' funds for the year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Investment Funds" issued by the Institute of Singapore Chartered Accountants. At the date of this statement, there are reasonable grounds to believe that the Fund will be able to meet its financial obligations as and when they materialise.

For and on behalf of the Manager
Nikko Asset Management Asia Limited

Authorised signatory
29 March 2023

INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF NIKKO AM JAPAN DIVIDEND EQUITY FUND
(Constituted under a Trust Deed registered in the Republic of Singapore)

Our Opinion

In our opinion, the accompanying financial statements of Nikko AM Japan Dividend Equity Fund (the "Fund"), are properly drawn up in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Investment Funds" issued by the Institute of Singapore Chartered Accountants, so as to present fairly, in all material respects, the financial position and portfolio holdings of the Fund as at 31 December 2022, and the financial performance and movements of unitholders' funds for the financial year ended on that date.

What we have audited

The financial statements of the Fund comprise:

- the Statement of Total Return for the financial year ended 31 December 2022;
- the Statement of Financial Position as at 31 December 2022;
- the Statement of Movements of Unitholders' Funds for the financial year ended 31 December 2022;
- the Statement of Portfolio as at 31 December 2022; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

We are independent of the Fund in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Other Information

The Fund's Manager (the "Manager") is responsible for the other information. The other information comprises all sections of the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF NIKKO AM JAPAN DIVIDEND EQUITY FUND
(Constituted under a Trust Deed registered in the Republic of Singapore)

Responsibilities of the Manager for the Financial Statements

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Investment Funds" issued by the Institute of Singapore Chartered Accountants and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to terminate the Fund or to cease the Fund's operations, or has no realistic alternative but to do so.

The Manager's responsibilities include overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF NIKKO AM JAPAN DIVIDEND EQUITY FUND
(Constituted under a Trust Deed registered in the Republic of Singapore)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 29 March 2023

NIKKO AM JAPAN DIVIDEND EQUITY FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF TOTAL RETURN***For the financial year ended 31 December 2022*

	Note	2022 JPY'000	2021 JPY'000
Income			
Dividends		655,256	423,132
Interest on cash and cash equivalents		4,708	-
		659,964	423,132
Less: Expenses			
Management fee		278,089	207,220
Registrar fee		10,551	7,493
Trustee fee		6,081	4,449
Custody fee		2,011	1,507
Audit fee		1,534	1,251
Valuation fee		8,108	5,932
Transaction costs		23,302	23,387
Other expenses		9,199	8,442
		338,875	259,681
Net income		321,089	163,451
Net gains or losses on value of investments and financial derivatives			
Net gains on investments		469,944	1,326,564
Net foreign exchange gains		73,782	38,412
Net gains on financial derivatives		2,451,886	1,183,674
		2,995,612	2,548,650
Total return for the financial year before income tax		3,316,701	2,712,101
Less: Income tax	3	(100,352)	(64,803)
Total return for the financial year after income tax		3,216,349	2,647,298

The accompanying notes form an integral part of these financial statements

NIKKO AM JAPAN DIVIDEND EQUITY FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF FINANCIAL POSITION***As at 31 December 2022*

	Note	2022 JPY'000	2021 JPY'000
ASSETS			
Portfolio of investments		20,480,861	15,922,890
Sales awaiting settlement		25,615	6,022
Receivables	4	105,130	56,477
Cash and cash equivalents		760,343	708,130
Financial derivatives at fair value	6	-	255,890
Total assets		21,371,949	16,949,409
LIABILITIES			
Payables	5	124,649	85,540
Purchases awaiting settlement		29,596	21,164
Distributions payable	8	88,888	68,756
Financial derivatives at fair value	6	407,980	-
Total liabilities		651,113	175,460
EQUITY			
Net assets attributable to unitholders	7	20,720,836	16,773,949

The accompanying notes form an integral part of these financial statements

NIKKO AM JAPAN DIVIDEND EQUITY FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF MOVEMENTS OF UNITHOLDERS' FUNDS***For the financial year ended 31 December 2022*

	Note	2022 JPY'000	2021 JPY'000
Net assets attributable to unitholders at the beginning of the financial year		16,773,949	11,521,236
Operations			
Change in net assets attributable to unitholders resulting from operations		3,216,349	2,647,298
Unitholders' contributions/(withdrawals)			
Creation of units		6,254,890	7,898,655
Cancellation of units		(4,533,954)	(4,544,051)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units		1,720,936	3,354,604
Distributions	8	(990,398)	(749,189)
Total increases in net assets attributable to unitholders		3,946,887	5,252,713
Net assets attributable to unitholders at the end of the financial year	7	20,720,836	16,773,949

The accompanying notes form an integral part of these financial statements

NIKKO AM JAPAN DIVIDEND EQUITY FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 31 December 2022***By Industry (Primary)**

	Holdings at 31 December 2022	Fair value at 31 December 2022 JPY'000	Percentage of total net assets attributable to unitholders at 31 December 2022 %
Quoted Equities			
AUTO MANUFACTURERS			
Honda Motor Company Limited	155,700	472,082	2.28
Toyota Motor Corporation	259,700	470,706	2.27
Total AUTO MANUFACTURERS		942,788	4.55
AUTO PARTS & EQUIPMENT			
Denso Corporation	65,800	430,069	2.08
Toyoda Gosei Company Limited	203,000	416,759	2.01
Total AUTO PARTS & EQUIPMENT		846,828	4.09
BANKS			
Mitsubishi UFJ Financial Group Incorporated	586,400	521,310	2.52
Resona Holdings Incorporated	633,300	458,003	2.21
Sumitomo Mitsui Financial Group Incorporated	99,700	528,011	2.55
Total BANKS		1,507,324	7.28
BUILDING MATERIALS			
AGC Incorporated	89,000	391,155	1.89
Fujimi Incorporated	44,600	278,750	1.34
Nichias Corporation	171,900	406,028	1.96
Sanwa Holdings Corporation	350,900	428,449	2.07
Total BUILDING MATERIALS		1,504,382	7.26
CHEMICALS			
Adeka Corporation	71,400	154,510	0.75
AICA Kogyo Company Limited	99,800	312,374	1.51
Air Water Incorporated	301,100	462,189	2.23
LINTEC Corporation	83,400	179,060	0.86
Mitsui Chemicals Incorporated	126,800	377,230	1.82
Nitto Denko Corporation	52,000	397,800	1.92
Shin-Etsu Chemical Company Limited	24,100	391,023	1.89
Total CHEMICALS		2,274,186	10.98
COMPUTERS			
Biprogy Incorporated	125,500	419,798	2.02
NEC Networks & System Integration Corporation	264,400	436,789	2.11
Otsuka Corporation	113,100	469,931	2.27
Total COMPUTERS		1,326,518	6.40
DISTRIBUTION/WHOLESALE			
Itochu Corporation	119,600	495,862	2.39
Kanematsu Corporation	61,800	92,700	0.44
Mitsui & Company Limited	128,300	494,340	2.39
Nippon Gas Company Limited	223,600	465,535	2.25
Toyota Tsusho Corporation	70,500	344,393	1.66
Total DISTRIBUTION/WHOLESALE		1,892,830	9.13

The accompanying notes form an integral part of these financial statements

NIKKO AM JAPAN DIVIDEND EQUITY FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 31 December 2022***By Industry (Primary) (continued)**

	Holdings at 31 December 2022	Fair value at 31 December 2022 JPY'000	Percentage of total net assets attributable to unitholders at 31 December 2022 %
Quoted Equities (continued)			
DIVERSIFIED FINANCIAL SERVICES			
ORIX Corporation	200,100	423,912	2.04
Zenkoku Hosho Company Limited	91,000	459,550	2.22
Total DIVERSIFIED FINANCIAL SERVICES		883,462	4.26
ELECTRONICS			
Inaba Denki Sangyo Company Limited	93,500	253,479	1.22
Kyocera Corporation	75,700	495,986	2.39
Macnica Holdings Incorporated	121,300	381,489	1.84
Nissha Company Limited	61,800	113,094	0.55
Star Micronics Company Limited	159,000	257,421	1.24
Taiyo Holdings Company Limited	103,500	231,530	1.12
Total ELECTRONICS		1,732,999	8.36
ENGINEERING AND CONSTRUCTION			
Exeo Group Incorporated	180,700	406,214	1.96
Kumagai Gumi Company Limited	151,500	398,597	1.92
Total ENGINEERING AND CONSTRUCTION		804,811	3.88
HAND/MACHINE TOOLS			
Amada Company Limited	406,400	420,218	2.03
Total HAND/MACHINE TOOLS		420,218	2.03
HOME BUILDERS			
Daiwa House Industry Company Limited	161,600	491,102	2.37
Total HOME BUILDERS		491,102	2.37
INSURANCE			
Tokio Marine Holdings Incorporated	180,600	510,647	2.46
Total INSURANCE		510,647	2.46
INTERNET			
Arteria Networks Corporation	159,400	198,134	0.96
Total INTERNET		198,134	0.96
MACHINERY-CONSTRUCTION & MINING			
Hitachi Limited	58,700	392,762	1.90
Total MACHINERY-CONSTRUCTION & MINING		392,762	1.90
MISCELLANEOUS MANUFACTURE			
Amano Corporation	109,100	265,440	1.28
Total MISCELLANEOUS MANUFACTURE		265,440	1.28
OFFICE/BUSINESS EQUIPMENT			
Sato Holdings Corporation	128,600	244,083	1.18
Total OFFICE/BUSINESS EQUIPMENT		244,083	1.18

The accompanying notes form an integral part of these financial statements

NIKKO AM JAPAN DIVIDEND EQUITY FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 31 December 2022***By Industry (Primary) (continued)**

	Holdings at 31 December 2022	Fair value at 31 December 2022 JPY'000	Percentage of total net assets attributable to unitholders at 31 December 2022 %
Quoted Equities (continued)			
PACKAGING & CONTAINERS			
Rengo Company Limited	463,600	420,949	2.03
Total PACKAGING & CONTAINERS		420,949	2.03
PHARMACEUTICALS			
Astellas Pharma Incorporated	247,400	496,408	2.40
Santen Pharmaceutical Company Limited	38,900	41,779	0.20
Total PHARMACEUTICALS		538,187	2.60
REAL ESTATE			
Nomura Real Estate Holdings Incorporated	142,100	402,143	1.94
Total REAL ESTATE		402,143	1.94
RETAIL			
ABC-Mart Incorporated	51,000	380,970	1.84
K's Holdings Corporation	390,700	440,710	2.13
Sundrug Company Limited	97,000	379,755	1.83
Total RETAIL		1,201,435	5.80
Semiconductors			
Tokyo Ohka Kogyo Company Limited	67,900	406,721	1.96
Total Semiconductors		406,721	1.96
Telecommunications			
KDDI Corporation	120,400	479,433	2.31
Nippon Telegraph & Telephone Corporation	130,400	490,565	2.37
Total Telecommunications		969,998	4.68
Transportation			
Senko Group Holdings Company Limited	313,900	302,914	1.46
Total Transportation		302,914	1.46
Total Quoted Equities		20,480,861	98.84
Portfolio of investments		20,480,861	98.84
Other net assets		239,975	1.16
Net assets attributable to unitholders		20,720,836	100.00

The accompanying notes form an integral part of these financial statements

NIKKO AM JAPAN DIVIDEND EQUITY FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 31 December 2022***By Industry (Summary)**

	Percentage of total net assets attributable to unitholders at 31 December 2022 %	Percentage of total net assets attributable to unitholders at 31 December 2021 %
Advertising	-	0.11
Auto Manufacturers	4.55	4.14
Auto Parts & Equipment	4.09	3.69
Banks	7.28	4.73
Building Materials	7.26	5.24
Chemicals	10.98	6.61
Commercial Services	-	2.06
Computers	6.40	6.22
Cosmetics/Personal Care	-	1.83
Distribution/Wholesale	9.13	7.73
Diversified Financial Services	4.26	3.87
Electronics	8.36	8.00
Engineering and Construction	3.88	4.42
Food	-	1.91
Hand/Machine Tools	2.03	2.04
Home Builders	2.37	2.32
Insurance	2.46	1.92
Internet	0.96	2.64
Machinery-Construction & Mining	1.90	1.99
Miscellaneous Manufacture	1.28	1.22
Office/Business Equipment	1.18	1.48
Packaging & Containers	2.03	1.94
Pharmaceuticals	2.60	3.98
Real Estate	1.94	2.09
Real Estate Investment Trusts (REITS)	-	1.14
Retail	5.80	5.58
Semiconductors	1.96	
Telecommunications	4.68	4.10
Transportation	1.46	1.93
Portfolio of investments	98.84	94.93
Other net assets	1.16	5.07
Net assets attributable to unitholders	100.00	100.00

As the Fund invests wholly into Japanese equities, it is not meaningful to classify the investments into geography.

The accompanying notes form an integral part of these financial statements

NIKKO AM JAPAN DIVIDEND EQUITY FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General

Nikko AM Japan Dividend Equity Fund (the "Fund") is a Singapore domiciled fund constituted under a Trust Deed dated 21 May 2013 as amended by Supplemental Deeds and Amended and Restated Deeds (collectively referred to as the "Deeds"). The Deeds are governed by the laws of the Republic of Singapore. The Trustee of the Fund is BNP Paribas Trust Services Singapore Limited (the "Trustee"). The Manager of the Fund is Nikko Asset Management Asia Limited (the "Manager"). The sub-manager of the Fund is Nikko Asset Management Co., Ltd., domiciled in Japan (the "Sub-Manager").

There are currently thirteen classes of units established within the Fund, namely the United States Dollar ("USD" or "US\$") Class (denominated in USD), the USD (Acc) Class (denominated in USD), the USD Hedged Class (denominated in USD), the USD Hedged Class B (denominated in USD), the USD Hedged (Acc) Class (denominated in USD), the Singapore Dollar ("SGD" or "S\$") Class (denominated in SGD), the SGD Hedged (Acc) Class (denominated in SGD), the SGD Class B (denominated in SGD), the SGD Hedged Class (denominated in SGD), the SGD Hedged Class B (denominated in SGD), the Renminbi ("RMB") Class (denominated in RMB), the JPY Class Units (denominated in JPY) and the JPY Class B Units (denominated in JPY).

For the USD Hedged Class, the USD Hedged Class B and the USD Hedged (Acc) Class, the Manager intends to hedge the currency exposure of the assets of the Fund attributable to the USD Hedged Class, the USD Hedged Class B and to the USD Hedged (Acc) Class respectively, into USD through the use of currency forwards. The net asset value ("NAV") per unit of each of the USD Hedged Class, the USD Hedged Class B and the USD Hedged (Acc) Class will take into account any gains or losses arising from the use of the currency forwards in respect of the USD Hedged Class, the USD Hedged Class B and the USD Hedged (Acc) Class respectively.

For the SGD Hedged (Acc) Class, SGD Hedged Class and the SGD Hedged Class B, the Manager intends to hedge the currency exposure of the assets of the Fund attributable to the SGD Hedged (Acc) Class, SGD Hedged Class and the SGD Hedged Class B respectively into SGD through the use of currency forwards. The NAV per unit of each of the SGD Hedged (Acc) Class, SGD Hedged Class and the SGD Hedged Class B will take into account any gains or losses arising from the use of the currency forwards in respect of the SGD Hedged (Acc) Class, SGD Hedged Class and the SGD Hedged Class B respectively.

The USD Class, the USD Hedged Class, the USD Hedged Class B, the SGD Class, the SGD Hedged Class, the SGD Class B, the SGD Hedged Class B, the RMB Class, the JPY Class and the JPY Class B each intends to make distributions to the unitholders. However, the USD (Acc) Class, the USD Hedged (Acc) Class and the SGD Hedged (Acc) Class will each not make any distributions to the unitholders of the relevant class.

There are no material differences between the Classes of units save for (i) the currency of denomination of each Class; (ii) the hedging features of the USD Hedged Class, the USD Hedged Class B, the USD Hedged (Acc) Class, the SGD Hedged (Acc) Class, the SGD Hedged Class and the SGD Hedged Class B; (iii) the annual management fee payable by each Class; (iv) the distribution policies applicable to the classes as described above and (v) the minimum initial and subsequent investment amounts and the minimum holding for the classes.

NIKKO AM JAPAN DIVIDEND EQUITY FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

1. General (continued)

As of 31 December 2022 and 2021, units in the SGD Hedged Class, USD Hedged Class, SGD Class, SGD Hedged Class B, USD Hedged Class B and JPY Class have been issued.

2. Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below:

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets held at fair value through profit or loss, and in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Investment Funds" ("RAP 7") issued by the Institute of Singapore Chartered Accountants.

(b) Recognition of income

Dividend income from investments is recognised when the right to receive payment is established.

Interest income is recognised on a time-proportion basis using the effective interest rate method.

(c) Distributions

The Manager has the absolute discretion to determine whether a distribution is to be made. In such an event, an appropriate amount will be transferred to a distribution account to be paid on the distribution date. The amount shall not be treated as part of the property of the Fund. Distributions are accrued for at the reporting date if the necessary approvals have been obtained and a legal or constructive obligation has been created.

(d) Investments

Investments are classified as financial assets at fair value through profit or loss.

(i) *Initial recognition*

Purchases of investments are recognised on the trade date. Investments are recorded at fair value on initial recognition.

(ii) *Subsequent measurement*

Investments are subsequently carried at fair value. Net change in fair value on investments is included in the Statement of Total Return in the year in which they arise.

(iii) *Derecognition*

Investments are derecognised on the trade date of disposal. The resultant realised gains and losses on the sales of investments are computed on the basis of the difference between the weighted average cost and selling price gross of transaction costs, and are taken up in the Statement of Total Return.

NIKKO AM JAPAN DIVIDEND EQUITY FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. Significant accounting policies (continued)

(e) Basis of valuation of investments

The fair value of financial assets and liabilities traded in active markets is based on quoted market prices at the close of trading on the reporting date. The quoted market price used for investments held by the Fund is the last traded market price for both financial assets and financial liabilities where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager will determine the point within the bid-ask spread that is most representative of fair value.

(f) Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables are initially recognised at their fair value and subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

(g) Sales and purchases awaiting settlement

Sales and purchases awaiting settlement represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered on the Statement of Financial Position date respectively. These amounts are recognised initially at fair value and subsequently measured at amortised cost.

(h) Payables

Accrued expenses are recognised initially at fair value and subsequently stated at amortised cost using the effective interest method.

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash at banks which are subject to an insignificant risk of changes in value.

(j) Foreign currency translation

(i) *Functional and presentation currency*

The Fund qualifies as an authorised scheme under the Securities and Futures Act 2001 ("SFA") of Singapore and is offered to retail investors in Singapore. The Fund's activities are substantially based in Singapore, with subscriptions and redemptions of the units of the Fund denominated in United States Dollar ("USD"), Singapore Dollar ("SGD") and Japanese Yen ("JPY").

NIKKO AM JAPAN DIVIDEND EQUITY FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. Significant accounting policies (continued)

(j) Foreign currency translation (continued)

(i) *Functional and presentation currency* (continued)

The performance of the Fund is measured and reported to the investors in Japanese Yen. The Manager considers the Japanese Yen as the currency which most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are expressed in Japanese Yen, which is the Fund's functional and presentation currency.

(ii) *Transactions and balances*

Foreign currency monetary assets and liabilities are translated into Japanese Yen at the rates of exchange prevailing at the date of the Statement of Financial Position. The net unrealised gain or loss is taken to the Statement of Total Return. Transactions during the year are recorded in Japanese Yen at the rates of exchange ruling on transaction dates. All realised gains or losses are recognised in the Statement of Total Return.

(k) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Fund or the counterparty.

(l) Financial derivatives

Financial derivatives are entered into for the purposes of efficient portfolio management, tactical asset allocation or specific hedging of financial assets held as determined by the Manager and in accordance with the provisions of the Deeds.

Financial derivatives outstanding at the end of the financial year are valued at forward rates or at current market prices using the "mark-to-market" method, as applicable, and the resultant gains and losses are taken up in the Statement of Total Return.

NIKKO AM JAPAN DIVIDEND EQUITY FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

3. Income tax

The Manager and Trustee of the Fund have assessed and are satisfied that the Fund has met the requisite conditions under the Designated Unit Trust (DUT) scheme for the current financial year. The Manager and Trustee of the Fund will ensure that the Fund fulfils its reporting obligations under the DUT Scheme.

Under the DUT Scheme, certain income of the DUT fund is not taxable in accordance to Sections 35(12) and 35(12A) of the Income Tax Act 1947. Such income includes:

- (a) gains or profits derived from Singapore or elsewhere from the disposal of securities;
- (b) interest (other than interest for which tax has been deducted under section 45 of the Income Tax Act 1947);
- (c) dividends derived from outside Singapore and received in Singapore;
- (d) gains or profits derived from foreign exchange transactions, transactions in futures contracts, transactions in interest rate or currency forwards, swaps or option contracts and transactions in forwards, swaps or option contracts relating to any securities or financial index;
- (e) discount prepayment fees, redemption premium and break cost from qualifying debt securities issued during the prescribed period; and
- (f) distributions from foreign unit trusts derived from outside Singapore and received in Singapore.

Income tax for the financial year ended 31 December 2022 and 2021 comprises:

	2022	2021
	JPY'000	JPY'000
Overseas income tax	100,352	64,803

The overseas income tax represents tax deducted at source on dividends derived from outside Singapore.

NIKKO AM JAPAN DIVIDEND EQUITY FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2022***4. Receivables**

	2022 JPY'000	2021 JPY'000
Receivable from unitholders for creation of units	73,446	34,768
Dividends receivable	31,684	21,709
	105,130	56,477

5. Payables

	2022 JPY'000	2021 JPY'000
Payable to unitholders for cancellation of units	35,425	19,697
Amount due to the Manager	82,739	60,865
Amount due to the Trustee	1,766	1,306
Valuation fee payable	2,355	1,741
Registrar fee payable	69	57
Provision for audit fee	1,438	1,234
Custody fee payable	857	640
	124,649	85,540

Amount due to the Manager comprises management fee payable to Nikko Asset Management Asia Limited. Trustee fee and registrar fee are payable to BNP Paribas Trust Services Singapore Limited. Valuation fee and custody fee are payable to BNP Paribas, operating through its Singapore Branch.

6. Financial derivatives

Financial derivatives comprise of forward foreign exchange contracts for purchases and sales of foreign currencies. The year-end positive and negative fair values represent the unrealised gains and losses respectively on revaluation of forward foreign exchange contracts at the Statement of Financial Position date. The contract or underlying principal amounts of these financial derivatives and their corresponding gross positive or negative fair values at Statement of Financial Position date are analysed below.

	Contract or underlying principal amount		Year-end positive fair value		Year-end negative fair value	
	2022	2021	2022	2021	2022	2021
	JPY'000	JPY'000	JPY'000	JPY'000	JPY'000	JPY'000
Forward foreign exchange contracts	17,498,802	13,884,782	-	255,890	407,980	-

The Fund also restricts its exposure to credit losses on the trading derivative instruments it holds by entering into master netting arrangements with approved brokers with whom it undertakes a significant volume of transactions. Master netting arrangements do not result in an offset of Statement of Financial Position assets and liabilities, as transactions are usually settled on a gross basis. However, the credit risk is reduced by a master netting arrangement to the extent that if an event of default occurs, all amounts with the counterparty are terminated and settled on a net basis. The Fund's overall exposure to credit risk on derivative instruments, subject to a master netting arrangement, can change substantially within a short period as it is affected by each transaction subject to the arrangement.

NIKKO AM JAPAN DIVIDEND EQUITY FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2022***6. Financial derivatives (continued)**

Financial assets and financial liabilities which are subject to enforceable master netting agreements or similar agreements for the year ended 31 December 2022 and 2021 are detailed in the following table.

(i) Offsetting financial assets

	Gross amounts of recognised financial assets JPY'000	Gross amounts of recognised financial liabilities set-off in the Statement of Financial Position JPY'000	Net amounts of financial assets presented in the Statement of Financial Position JPY'000	Related accounts not set-off in the Statement of Financial Position		
				Financial instruments JPY'000	Cash collateral JPY'000	Net exposure JPY'000
2022						
Forward foreign exchange contracts	-	-	-	-	-	-

	Gross amounts of recognised financial assets JPY'000	Gross amounts of recognised financial liabilities set-off in the Statement of Financial Position JPY'000	Net amounts of financial assets presented in the Statement of Financial Position JPY'000	Related accounts not set-off in the Statement of Financial Position		
				Financial instruments JPY'000	Cash collateral JPY'000	Net exposure JPY'000
2021						
Forward foreign exchange contracts	34,919	-	34,919	-	-	34,919

NIKKO AM JAPAN DIVIDEND EQUITY FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2022***6. Financial derivatives (continued)****(ii) Offsetting financial liabilities**

	Gross amounts of recognised financial liabilities JPY'000	Gross amounts of recognised financial assets set-off in the Statement of Financial Position JPY'000	Net amounts of financial liabilities presented in the Statement of Financial Position JPY'000	Related accounts not set-off in the Statement of Financial Position		
				Financial instruments JPY'000	Cash collateral JPY'000	Net exposure JPY'000
2022						
Forward foreign exchange contracts	239,660	-	239,660	-	-	239,660

	Gross amounts of recognised financial liabilities JPY'000	Gross amounts of recognised financial assets set-off in the Statement of Financial Position JPY'000	Net amounts of financial liabilities presented in the Statement of Financial Position JPY'000	Related accounts not set-off in the Statement of Financial Position		
				Financial instruments JPY'000	Cash collateral JPY'000	Net exposure JPY'000
2021						
Forward foreign exchange contracts	-	-	-	-	-	-

NIKKO AM JAPAN DIVIDEND EQUITY FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2022***7. Units in issue**

During the year ended 31 December 2022 and 2021, the number of units issued, redeemed and outstanding were as follows:

<u>SGD Hedged Class</u>	2022 '000	2021 '000
Units at beginning of the financial year	72,886	76,809
Units created	31,676	25,215
Units cancelled	(19,684)	(29,138)
Units at end of the financial year	84,878	72,886
Net assets attributable to unitholders - JPY'000	10,312,127	7,661,226
Net asset value per unit - JPY	121.494	105.112
<u>USD Hedged Class</u>	2022 '000	2021 '000
Units at beginning of the financial year	27,732	16,982
Units created	5,162	14,844
Units cancelled	(6,708)	(4,094)
Units at end of the financial year	26,186	27,732
Net assets attributable to unitholders - JPY'000	4,384,112	4,013,718
Net asset value per unit - JPY	167.422	144.732
<u>SGD Class</u>	2022 '000	2021 '000
Units at beginning of the financial year	31,343	19,937
Units created	12,364	20,327
Units cancelled	(6,605)	(8,921)
Units at end of the financial year	37,102	31,343
Net assets attributable to unitholders - JPY'000	3,218,376	2,760,636
Net asset value per unit - JPY	86.744	88.078
<u>SGD Hedged Class B</u>	2022 '000	2021 '000
Units at beginning of the financial year	25,605	11,457
Units created	4,466	16,727
Units cancelled	(5,512)	(2,579)
Units at end of the financial year	24,559	25,605
Net assets attributable to unitholders - JPY'000	2,577,047	2,311,145
Net asset value per unit - JPY	104.933	90.261

NIKKO AM JAPAN DIVIDEND EQUITY FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2022***7. Units in issue (continued)**

<u>USD Hedged Class B</u>	2022 '000	2021 '000
Units at beginning of the financial year	250	-
Units created	-	250
Units cancelled	(250)	-
Units at end of the financial year	-	250
Net assets attributable to unitholders - JPY'000	-	27,224
Net asset value per unit - JPY	-	108.896
<u>JPY Class</u>	2022 '000	2021 '000
Units at beginning of the financial year	-	-
Units created	2,360	-
Units cancelled	-	-
Units at end of the financial year	2,360	-
Net assets attributable to unitholders - JPY'000	229,174	-
Net asset value per unit - JPY	97.108	-

A reconciliation of the net asset value as reported in the Statement of Financial Position to the net asset value as determined for the purpose of processing unit subscription and redemption is provided below:

<u>SGD Hedged Class</u>	2022 JPY	2021 JPY
Net assets attributable to unitholders per financial statements per unit	121.494	105.112
Effects of distribution per unit	0.521	0.429
Effect for movement in the net assets value between the last dealing date and the end of the reporting period ^	(0.020)	(0.318)
Net assets attributable to unitholders for issuing/redeeming per unit	121.995	105.223
<u>USD Hedged Class</u>	2022 JPY	2021 JPY
Net assets attributable to unitholders per financial statements per unit	167.422	144.732
Effects of distribution per unit	0.726	0.592
Effect for movement in the net assets value between the last dealing date and the end of the reporting period ^	(0.015)	(0.004)
Net assets attributable to unitholders for issuing/redeeming per unit	168.133	145.320

NIKKO AM JAPAN DIVIDEND EQUITY FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2022***7. Units in issue (continued)**

<u>SGD Class</u>	2022 JPY	2021 JPY
Net assets attributable to unitholders per financial statements per unit	86.744	88.078
Effects of distribution per unit	0.364	0.369
Effect for movement in the net assets value between the last dealing date and the end of the reporting period ^	0.004	(0.001)
Net assets attributable to unitholders for issuing/redeeming per unit	87.112	88.446
<u>SGD Hedged Class B</u>	2022 JPY	2021 JPY
Net assets attributable to unitholders per financial statements per unit	104.933	90.261
Effects of distribution per unit	0.453	0.369
Effect for movement in the net assets value between the last dealing date and the end of the reporting period ^	(0.020)	(0.276)
Net assets attributable to unitholders for issuing/redeeming per unit	105.366	90.354
<u>USD Hedged Class B</u>	2022 JPY	2021 JPY
Net assets attributable to unitholders per financial statements per unit	-	108.896
Effects of distribution per unit	-	0.441
Effect for movement in the net assets value between the last dealing date and the end of the reporting period ^	-	(0.005)
Net assets attributable to unitholders for issuing/redeeming per unit	-	109.332
<u>JPY Class</u>	2022 JPY	2021 JPY
Net assets attributable to unitholders per financial statements per unit	97.108	108.896
Effects of distribution per unit	0.421	0.441
Effect for movement in the net assets value between the last dealing date and the end of the reporting period ^	(0.005)	(0.005)
Net assets attributable to unitholders for issuing/redeeming per unit	97.524	109.332

^ The net asset value for the purposes of processing unit subscription and redemption was established in accordance with the methodology indicated in the Fund's Prospectus. This item reflects the movement in net asset value between the last dealing date and the end of reporting period due to accrual of operating expenses.

NIKKO AM JAPAN DIVIDEND EQUITY FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2022***8. Distributions**

	2022 JPY'000	2021 JPY'000
January interim distribution of US\$0.53 (USD Hedged Class), S\$0.52 (SGD Hedged Class), S\$0.44 (SGD Class), S\$0.45 (SGD Hedged Class B) & US\$0.40 (USD Hedged Class B) per 100 units in respect of the financial year ended 31 December 2022	72,171	-
February interim distribution of US\$0.52 (USD Hedged Class), S\$0.51 (SGD Hedged Class), S\$0.43 (SGD Class), S\$0.44 (SGD Hedged Class B) & US\$0.39 (USD Hedged Class B) per 100 units in respect of the financial year ended 31 December 2022	72,250	-
March interim distribution of US\$0.50 (USD Hedged Class), S\$0.49 (SGD Hedged Class), S\$0.40 (SGD Class), S\$0.42 (SGD Hedged Class B) & US\$0.38 (USD Hedged Class B) per 100 units in respect of the financial year ended 31 December 2022	73,829	-
April interim distribution of US\$0.51 (USD Hedged Class), S\$0.50 (SGD Hedged Class), S\$0.39 (SGD Class), S\$0.43 (SGD Hedged Class B) & US\$0.39 (USD Hedged Class B) per 100 units in respect of the financial year ended 31 December 2022	76,310	-
May interim distribution of US\$0.52 (USD Hedged Class), S\$0.50 (SGD Hedged Class), S\$0.39 (SGD Class), S\$0.43 (SGD Hedged Class B) & US\$0.39 (USD Hedged Class B) per 100 units in respect of the financial year ended 31 December 2022	80,582	-
June interim distribution of US\$0.52 (USD Hedged Class), S\$0.50 (SGD Hedged Class), S\$0.37 (SGD Class), S\$0.43 (SGD Hedged Class B) & US\$0.39 (USD Hedged Class B) per 100 units in respect of the financial year ended 31 December 2022	82,577	-
July interim distribution of US\$0.51 (USD Hedged Class), S\$0.50 (SGD Hedged Class), S\$0.36 (SGD Class), S\$0.43 (SGD Hedged Class B) & US\$0.39 (USD Hedged Class B) per 100 units in respect of the financial year ended 31 December 2022	80,039	-
August interim distribution of US\$0.53 (USD Hedged Class), S\$0.52 (SGD Hedged Class), S\$0.38 (SGD Class), S\$0.45 (SGD Hedged Class B) & US\$0.40 (USD Hedged Class B) per 100 units in respect of the financial year ended 31 December 2022	91,621	-
September interim distribution of US\$0.53 (USD Hedged Class), S\$0.52 (SGD Hedged Class), S\$0.36 (SGD Class), S\$0.45 (SGD Hedged Class B) & US\$0.40 (USD Hedged Class B) per 100 units in respect of the financial year ended 31 December 2022	93,436	-
October interim distribution of US\$0.53 (USD Hedged Class), S\$0.51 (SGD Hedged Class), S\$0.35 (SGD Class), S\$0.44 (SGD Hedged Class B) & JPY4.08 (JPY Class) per 100 units in respect of the financial year ended 31 December 2022	88,698	-

NIKKO AM JAPAN DIVIDEND EQUITY FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2022***8. Distributions (continued)**

	2022 JPY'000	2021 JPY'000
November interim distribution of US\$0.54 (USD Hedged Class), S\$0.52 (SGD Hedged Class), S\$0.36 (SGD Class), S\$0.45 (SGD Hedged Class B) & JPY4.137 (JPY Class) per 100 units in respect of the financial year ended 31 December 2022	89,997	-
December final distribution of US\$0.55 (USD Hedged Class), S\$0.53 (SGD Hedged Class), S\$0.37 (SGD Class), S\$0.46 (SGD Hedged Class B) & JPY4.214 (JPY Class) per 100 units in respect of the financial year ended 31 December 2022	88,888	-
January interim distribution of US\$0.50 (USD Hedged Class), S\$0.49 (SGD Hedged Class), S\$0.45 (SGD Class) & S\$0.42 (SGD Hedged Class B) per 100 units in respect of the financial year ended 31 December 2021	-	51,755
February interim distribution of US\$0.52 (USD Hedged Class), S\$0.51 (SGD Hedged Class), S\$0.46 (SGD Class) & S\$0.44 (SGD Hedged Class B) per 100 units in respect of the financial year ended 31 December 2021	-	55,768
March interim distribution of US\$0.54 (USD Hedged Class), S\$0.53 (SGD Hedged Class), S\$0.47 (SGD Class) & S\$0.45 (SGD Hedged Class B) per 100 units in respect of the financial year ended 31 December 2021	-	57,824
April interim distribution of US\$0.54 (USD Hedged Class), S\$0.53 (SGD Hedged Class), S\$0.47 (SGD Class) & S\$0.45 (SGD Hedged Class B) per 100 units in respect of the financial year ended 31 December 2021	-	59,077
May interim distribution of US\$0.53 (USD Hedged Class), S\$0.52 (SGD Hedged Class), S\$0.45 (SGD Class) & S\$0.44 (SGD Hedged Class B) per 100 units in respect of the financial year ended 31 December 2021	-	59,652
June interim distribution of US\$0.54 (USD Hedged Class), S\$0.53 (SGD Hedged Class), S\$0.46 (SGD Class) & S\$0.45 (SGD Hedged Class B) per 100 units in respect of the financial year ended 31 December 2021	-	61,385
July interim distribution of US\$0.54 (USD Hedged Class), S\$0.53 (SGD Hedged Class), S\$0.47 (SGD Class) & S\$0.45 (SGD Hedged Class B) per 100 units in respect of the financial year ended 31 December 2021	-	63,409
August interim distribution of US\$0.54 (USD Hedged Class), S\$0.52 (SGD Hedged Class), S\$0.46 (SGD Class) & S\$0.45 (SGD Hedged Class B) per 100 units in respect of the financial year ended 31 December 2021	-	63,932
September interim distribution of US\$0.56 (USD Hedged Class), S\$0.55 (SGD Hedged Class), S\$0.48 (SGD Class) & S\$0.47 (SGD Hedged Class B) per 100 units in respect of the financial year ended 31 December 2021	-	70,028

NIKKO AM JAPAN DIVIDEND EQUITY FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2022***8. Distributions (continued)**

	2022 JPY'000	2021 JPY'000
October interim distribution of US\$0.54 (USD Hedged Class), S\$0.53 (SGD Hedged Class), S\$0.45 (SGD Class) & S\$0.45 (SGD Hedged Class B) & US\$0.41 (USD Hedged Class B) per 100 units in respect of the financial year ended 31 December 2021	-	68,276
November interim distribution of US\$0.54 (USD Hedged Class), S\$0.53 (SGD Hedged Class), S\$0.45 (SGD Class) & S\$0.45 (SGD Hedged Class B) & US\$0.40 (USD Hedged Class B) per 100 units in respect of the financial year ended 31 December 2021	-	69,327
December final distribution of US\$0.51 (USD Hedged Class), S\$0.50 (SGD Hedged Class), S\$0.43 (SGD Class) & S\$0.43 (SGD Hedged Class B) & US\$0.38 (USD Hedged Class B) per 100 units in respect of the financial year ended 31 December 2021	-	68,756
	990,398	749,189

NIKKO AM JAPAN DIVIDEND EQUITY FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

9. Financial risk management

The Fund's activities expose it to a variety of risk, including but not limited to market risk (including price risk, interest rate risk and currency risk), liquidity risk and credit risk. The Manager is responsible for the implementation of the overall risk management programme, which seeks to minimise potential adverse effects on the Fund's financial performance. Specific guidelines on exposures to individual securities and certain industries and/or countries are in place as part of the overall financial risk management to reduce the Fund's exposures to these risks.

The Fund's primary objective is to provide a total return of capital growth and income over the medium to long-term by investing in equities listed and traded on the Tokyo Stock Exchange.

These financial instruments are held in accordance with the published investment policies of the Fund and managed accordingly to achieve the investment objectives.

(a) Market risk - Price risk

Price risk is the risk that arises from uncertainties about future prices of financial instruments.

The Fund's investment is substantially dependent on the changes of market prices. The Fund's overall market positions are monitored regularly so as to assess any deviation from the Fund's investment objective. However, events beyond reasonable control of the Manager could affect the prices of the underlying investments and hence the net asset value of the Fund.

The Fund is managed on a total return basis and as such, it does not seek to outperform any benchmark. The Fund's market price risk is managed through diversification of the investment portfolio across various industries in Japan. The Manager has assessed that the TOPIX Net Return Index (the "Index") will provide a suitable analysis of reasonable possible shifts of the fair value of the Fund's investments.

As at 31 December 2022, an increase/decrease of the index component within the Index by 20% (2021: 17%), with all other variables remaining constant, the net assets attributable to unitholders for the year would increase/decrease by approximately 15% (2021: 15%). The analysis was based on the assumptions that the index components within the Index increased/decreased by a reasonable possible shift, with all other variables held constant and that the fair value of Fund's investments moved according to the beta. Reasonable possible changes in market index percentage are revised annually depending on the Manager's current view on market volatility and other relevant factors.

NIKKO AM JAPAN DIVIDEND EQUITY FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2022***9. Financial risk management (continued)****(b) Market risk - Interest rate risk**

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates (fair value risk).

Investment funds that invest in equity securities may be subject to interest rate risk as any interest rate change may affect the equity risk premium though at varying degrees. To manage this risk, the Manager analyses how interest rate changes may affect different industries and securities and then seeks to adjust the Fund's portfolio investments accordingly.

However, the effects of changes in interest rates on the Fund's portfolio may not be quantified as the relationship between the interest rates and the value of equity securities is indirect. Hence, no sensitivity analysis has been presented separately.

(c) Market risk - Currency risk

Currency risk is the risk that the value of financial instrument will fluctuate due to changes in foreign exchange rates.

To minimise currency risk, the Fund mainly holds its excess cash in its functional currency. For hedging purposes, the Fund may also enter into forward foreign exchange contracts.

The tables below summarise the Fund's exposure to currency risks.

As at 31 December 2022	SGD JPY'000	JPY JPY'000	USD JPY'000	Total JPY'000
Assets				
Portfolio of investments	-	20,480,861	-	20,480,861
Sales awaiting settlement	-	25,615	-	25,615
Receivables	73,237	31,683	210	105,130
Cash and cash equivalents	399,736	257,573	103,034	760,343
Total assets	472,973	20,795,732	103,244	21,371,949
Liabilities				
Payables	122,983	-	1,666	124,649
Purchases awaiting settlement	-	29,596	-	29,596
Distributions payable	68,878	995	19,015	88,888
Total liabilities	191,861	30,591	20,681	243,133
Net off-balance sheet derivative financial instruments	13,063,288	(17,732,212)	4,260,944	
Net currency exposure	13,344,400	3,032,929	4,343,507	

NIKKO AM JAPAN DIVIDEND EQUITY FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2022***9. Financial risk management (continued)****(c) Market risk - Currency risk (continued)**

As at 31 December 2021	SGD JPY'000	JPY JPY'000	USD JPY'000	Total JPY'000
Assets				
Portfolio of investments	-	15,922,890	-	15,922,890
Sales awaiting settlement	-	6,022	-	6,022
Receivables	34,168	21,709	600	56,477
Cash and cash equivalents	358,022	204,721	145,387	708,130
Total assets	392,190	16,155,342	145,987	16,693,519
Liabilities				
Payables	82,896	-	2,644	85,540
Purchases awaiting settlement	-	21,164	-	21,164
Distributions payable	52,222	-	16,534	68,756
Total liabilities	135,118	21,164	19,178	175,460
Net off-balance sheet derivative financial instruments	9,882,253	(13,625,362)	3,998,999	
Net currency exposure	10,139,325	2,508,816	4,125,808	

Portfolio of investments, which is a significant item in the Statement of Financial Position is exposed to currency risk and other price risk. The Manager has considered the impact of currency risk sensitivity on non-monetary assets, which include listed equities, as part of the price risk sensitivity analysis.

The following table shows the Fund's sensitivity to major foreign currencies exposure, with respect to monetary assets and liabilities, with all other variables held constant. Changes in foreign currency rate are revised annually depending on the Manager's current view of market volatility and other relevant factors.

	Increase/decrease in foreign exchange rate (%)		Increase/decrease in net asset attributable to unitholders (%)	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
SGD	10	6	6	4
USD	11	7	2	2

NIKKO AM JAPAN DIVIDEND EQUITY FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

9. Financial risk management (continued)

(d) Liquidity risk

Liquidity risk is the risk of loss arising from the inability of the Fund to meet its obligations as and when they fall due without incurring unacceptable cost or losses.

The Fund is exposed to daily cash redemptions from unitholders. However, in accordance with the Fund's prospectus, minimum holdings and redemption size are set.

To manage the liquidity risk, a cash buffer is maintained in the Fund and monitored for minimum cash balances to prevent any extensive disposition of assets which may occur at lower prices and overdraft situations to meet trade settlements and obligations.

The Fund's securities are considered readily realisable, as the majority of the securities are listed on recognised stock exchanges.

The Fund's financial liabilities are analysed using contractual undiscounted cash flows for maturity groupings based on the remaining year at the Statement of Financial Position date to the contractual maturity date. As at 31 December 2022 and 2021, all liabilities are either payable upon demand or due in less than 3 months. The impact of discounting is not significant.

	<u>Less than 3 months</u>	
	As at	As at
	31 December	31 December
	2022	2021
	JPY'000	JPY'000
Payables	124,649	85,540
Purchases awaiting settlement	29,596	21,164
Distribution payable	88,888	68,756
Contractual cash outflows		
(excluding gross settled derivatives)	243,133	175,460

NIKKO AM JAPAN DIVIDEND EQUITY FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

9. Financial risk management (continued)

(d) Liquidity risk (continued)

The table below analyses the Fund's derivative financial instruments in a loss position that will be settled on a gross basis into relevant maturity groupings based on the period at the Statement of Financial Position date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Balances due within 3 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 3 months	
	As at	As at
	31 December	31 December
	2022	2021
	JPY'000	JPY'000
Currency forwards		
- Outflow	(17,732,212)	-
- Inflow	17,324,232	-
Net outflow	(407,980)	-

(e) Credit risk

Credit risk is the risk that a counterparty will be unable to fulfil its obligations to the Fund in part or in full as and when they fall due.

Concentrations of credit risk are minimised primarily by:

- ensuring counterparties as well as the respective credit limits are approved;
- ensuring there are controls in place to identify and assess the creditworthiness of counterparties and review such controls on a semi-annual basis; and
- ensuring that transactions are undertaken with a large number of counterparties.

The Fund is also exposed to counterparty credit risk on its financial assets held at amortised cost. As at 31 December 2022 and 2021, the Fund's financial assets held at amortised cost as disclosed in the Statement of Financial Position are realised within three months. The Manager considers the probability of default to be insignificant as the counterparties generally have a strong capacity to meet their contractual obligations in the near term. Hence, no loss allowance has been recognised based on the 12 month expected credit losses as any such impairment would be insignificant to the Fund.

All trade settlement with approved counterparties are on Delivery versus Payment and/or Receipt versus Payment basis, with the exception of initial public offerings, new issues and placement transactions.

Credit risk arises from cash and cash equivalents and outstanding and committed transactions from brokers. The table below summarises the credit rating of bank and custodian in which the Fund's assets are held as at 31 December 2022 and 2021.

NIKKO AM JAPAN DIVIDEND EQUITY FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

9. Financial risk management (continued)

(e) Credit risk (continued)

	Credit rating as at 31 December 2022	Credit rating as at 31 December 2021
Bank and custodian		
- BNP Paribas, operating through its Singapore Branch	Aa3	A+
Counterparties of forward foreign exchange contracts		
- ANZ Bank	Aa3	AA-
- ING Bank	N.A.	A-
- JP Morgan Chase & Company	A1	A-
- HSBC Bank	A3	N.A.

As at 31 December 2022, the credit ratings are based on Local Long-Term Bank Deposits from Moody's (2021: Long-Term Local Issuer Ratings from a well-known rating agency).

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets.

(f) Capital management

The Fund's capital is represented by the net assets attributable to unitholders. The Fund strives to invest the subscriptions of redeemable participating units in investments that meet the Fund's investment objectives while maintaining sufficient liquidity to meet unitholder redemptions.

(g) Fair value estimation

The Fund classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

NIKKO AM JAPAN DIVIDEND EQUITY FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2022***9. Financial risk management (continued)****(g) Fair value estimation (continued)**

The following table analyses within the fair value hierarchy the Fund's financial assets and liabilities (by class) measured at fair value at 31 December 2022 and 2021:

As at 31 December 2022	Level 1 JPY'000	Level 2 JPY'000	Level 3 JPY'000	Total JPY'000
Assets				
Financial assets designated at fair value through profit or loss at inception:				
- Quoted equities	20,480,861	-	-	20,480,861
Liabilities				
Financial liabilities designated at fair value through profit or loss at inception:				
- Financial derivatives at fair value	-	407,980	-	407,980
As at 31 December 2021	Level 1 JPY'000	Level 2 JPY'000	Level 3 JPY'000	Total JPY'000
Assets				
Financial assets designated at fair value through profit or loss at inception:				
- Quoted equities	15,731,763	-	-	15,731,763
- Quoted real estate investment trusts	191,127	-	-	191,127
- Financial derivatives at fair value	-	255,890	-	255,890
	15,922,890	255,890	-	16,178,780

Investments whose values are based on quoted market prices in active markets, and therefore classified within Level 1, include active listed equities and real estate investment trusts. The Fund does not adjust the quoted price for these instruments.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. These include over-the-counter derivatives.

Except for cash and cash equivalents which are classified as Level 1, the Fund's assets and liabilities not measured at fair value at 31 December 2022 and 2021 have been classified as Level 2. The carrying amounts of these assets and liabilities approximate their fair values as at the Statement of Financial Position date.

10. Related party transactions

In addition to related party information shown elsewhere in the financial statements, the following significant transactions took place during the financial year between the Fund and the related party at terms agreed between the parties and within the provisions of the Deeds:

	2022 JPY'000	2021 JPY'000
Bank balances held with related party of the Trustee	760,343	708,130

NIKKO AM JAPAN DIVIDEND EQUITY FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2022***11. Financial ratios****Expense ratio****SGD Hedged Class**

		2022	2021
Total operating expenses	JPY'000	160,321	127,691
Average daily net asset value	JPY'000	9,358,039	7,488,652
Total expense ratio¹	%	1.71	1.71

USD Hedged Class

		2022	2021
Total operating expenses	JPY'000	78,253	54,140
Average daily net asset value	JPY'000	4,565,666	3,186,791
Total expense ratio¹	%	1.71	1.70

SGD Class

		2022	2021
Total operating expenses	JPY'000	51,823	38,400
Average daily net asset value	JPY'000	3,023,416	2,259,735
Total expense ratio¹	%	1.71	1.70

SGD Hedged Class B

		2022	2021
Total operating expenses	JPY'000	23,214	15,668
Average daily net asset value	JPY'000	2,578,828	1,749,407
Total expense ratio¹	%	0.90	0.90

USD Hedged Class B

		2022	2021
Total operating expenses	JPY'000	201	68
Average daily net asset value	JPY'000	30,215	27,109
Total expense ratio^{1,2} (annualised)	%	0.90	0.89

JPY Class

		2022	2021
Total operating expenses	JPY'000	1,101	-
Average daily net asset value	JPY'000	207,305	-
Total expense ratio¹ (annualised)	%	1.76	-

¹ The expense ratio has been computed based on the guidelines laid down by the Investment Management Association of Singapore ("IMAS"). The calculation of the expense ratio at financial year end was based on total operating expenses divided by the average net asset value for the year. The total operating expenses do not include (where applicable) brokerage and other transactions costs, performance fee, interest expense, distribution paid out to unitholders, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other funds and tax deducted at source or arising out of income received. The Fund does not pay any performance fee. The average net asset value is based on the daily balances.

² USD Hedged Class B was fully redeemed on 28 September 2022.

NIKKO AM JAPAN DIVIDEND EQUITY FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

11. Financial ratios (continued)

Turnover ratio

		2022	2021
Lower of total value of purchases or sales	JPY'000	7,478,142	7,662,981
Average daily net asset value	JPY'000	19,763,469	14,711,694
Total turnover ratio³	%	37.84	52.09

³ The portfolio turnover ratio is calculated in accordance with the formula stated in the Code on Collective Investment Schemes. The calculation of the portfolio turnover ratio was based on the lower of the total value of purchases or sales of the underlying investments, divided by the average daily net asset value.

NIKKO AM JAPAN DIVIDEND EQUITY FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

REPORT TO UNITHOLDERS

For the financial year ended 31 December 2022

The following contains additional information relating to the Fund.

1. Distribution of investments

Please refer to the Statement of Portfolio on pages 16 to 19.

2. Credit rating of debt securities

Nil.

3. Top 10 holdings

10 largest holdings at 31 December 2022

	Fair value JPY'000	Percentage of total net assets attributable to unitholders %
Sumitomo Mitsui Financial Group Incorporated	528,011	2.55
Mitsubishi UFJ Financial Group Incorporated	521,310	2.52
Tokio Marine Holdings Incorporated	510,647	2.46
Astellas Pharma Incorporated	496,408	2.40
Kyocera Corporation	495,986	2.39
Itochu Corporation	495,862	2.39
Mitsui & Company Limited	494,340	2.39
Daiwa House Industry Company Limited	491,102	2.37
Nippon Telegraph & Telephone Corporation	490,565	2.37
KDDI Corporation	479,433	2.31

10 largest holdings at 31 December 2021

	Fair value JPY'000	Percentage of total net assets attributable to unitholders %
Toyota Motor Corporation	413,520	2.47
Mitsui & Company Limited	410,159	2.45
Sumitomo Mitsui Financial Group Incorporated	401,397	2.39
Otsuka Corporation	397,476	2.37
Astellas Pharma Incorporated	391,683	2.34
Resona Holdings Incorporated	391,654	2.34
Daiwa House Industry Company Limited	389,682	2.32
Nippon Telegraph & Telephone Corporation	383,985	2.29
Air Water Incorporated	375,269	2.24
Zenkoku Hosho Company Limited	373,245	2.23

NIKKO AM JAPAN DIVIDEND EQUITY FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***REPORT TO UNITHOLDERS***For the financial year ended 31 December 2022***4. Exposure to financial derivatives**

	Fair value at 31 December 2022 JPY'000	Percentage of total net assets attributable to unitholders 31 December 2022 %	Unrealised gains/(losses) JPY'000	Realised gains/(losses) JPY'000
Forward foreign exchange contracts	(407,980)	(1.97)	(407,980)	2,859,866

5. Global exposure to financial derivatives

The global exposure to financial derivatives is computed using the commitment approach which is calculated as the sum of:

- a. the absolute value of the exposure of each individual financial derivative not involved in netting or hedging arrangements;
- b. the absolute value of the net exposure of each individual financial derivative after netting or hedging arrangements; and
- c. the sum of the values of cash collateral received pursuant to:
 - i. the reduction of exposure to counterparties of OTC financial derivatives; and
 - ii. EPM techniques relating to securities lending and repurchase transactions, and that are reinvested.

6. Collateral

Nil.

7. Securities lending or repurchase transactions

Nil.

8. Investment in unit trusts, mutual funds and collective investment schemes

Nil.

9. Borrowings

Nil.

10. Amount of units created and cancelled for the financial year ended 31 December 2022

	JPY'000
Units created	6,254,890
Units cancelled	(4,533,954)

NIKKO AM JAPAN DIVIDEND EQUITY FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

REPORT TO UNITHOLDERS

For the financial year ended 31 December 2022

11. Turnover ratio

Please refer to Note 11 of the Notes to the Financial Statements on page 42.

12. Expense ratio

Please refer to Note 11 of the Notes to the Financial Statements on page 41.

13. Related party transactions

Please refer to Note 10 of the Notes to the Financial Statements on page 40.

14. Any other material information that will adversely impact the valuation of the Fund

Nil.

15. Soft dollar commissions/arrangements

In their management of the Fund, the Managers and the Sub-Managers currently do not receive or enter into any soft dollar commissions or arrangements.

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12 Marina View, #18-02 Asia Square Tower 2, Singapore 018961
Intermediaries Hotline: 1800 535 8025 / 65 6535 8025
Website: www.nikkoam.com.sg

Company registration number 198202562H