

# NIKKO AM NEW ASIA FUND

## Fund Update

### Fund Performance

	1 Month (%)	3 Months (%)	6 Months (%)	1 Year (%)	2 Years p.a. (%)	3 Years p.a. (%)	5 Years p.a. (%)	Since Inception p.a. (%)
Fund growth return	-4.89	-11.77	-19.88	-29.18	-19.96	-7.98	-3.28	2.85
Fund distribution return	0.14	0.13	5.17	4.57	10.61	9.07	5.83	2.93
Total Fund return (net)	-4.76	-11.64	-14.71	-24.61	-9.35	1.09	2.55	5.78
Benchmark	-5.59	-10.62	-13.72	-22.47	-9.57	-2.41	0.24	6.11
<b>Excess return</b>	<b>0.83</b>	<b>-1.02</b>	<b>-0.98</b>	<b>-2.14</b>	<b>0.22</b>	<b>3.50</b>	<b>2.31</b>	<b>-0.33</b>

Source: BNP Paribas. Net returns are post fees, pre tax using redemption prices and assume reinvestment of distributions. Distribution return equals Total Fund (Net) minus Growth return. Past performance is not an indicator of future performance. Benchmark: MSCI All Country Asia ex Japan Index. Inception date: 24 November 2005.

The Fund outperformed the benchmark during the month in AUD terms.

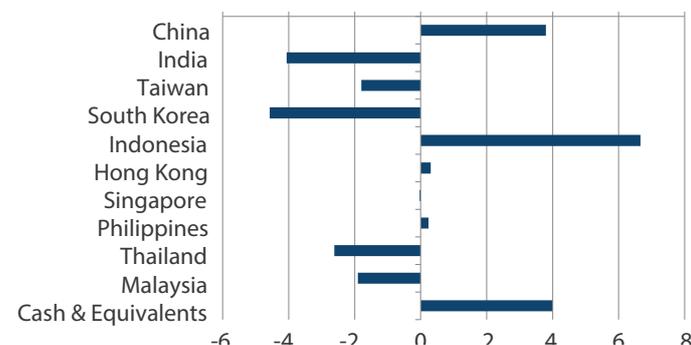
Key contributors to relative performance:

- At the country level, **China** and **Philippines** contributed to performance.
- At the sector level, **healthcare** and **industrials** contributed to performance.
- **Yonyou Network Technology**, which rallied 35% in the month on positive read-through for domestic substitution from the China Party Congress.
- **Hundsun Technologies** rallied around 20% on strong quarterly results.

Key detractors from relative performance:

- At the country level, an underweight allocation to **India** and **Korea** detracted from performance.
- At the sector level, **consumer discretionary** detracted from performance.
- Holdings in Chinese internet company **Baidu** and e-commerce company **JD.com** underperformed, detracting from performance.

### Country Active Exposure (%)



### Country Exposure

Sector	Fund %	Index %	Relative %
China	35.51	31.72	3.80
India	15.05	19.12	-4.06
Taiwan	14.15	15.94	-1.79
South Korea	9.48	14.05	-4.58
Indonesia	9.36	2.70	6.66
Hong Kong	7.21	6.90	0.31
Singapore	4.08	4.11	-0.03
Philippines	1.17	0.93	0.23
Thailand	--	2.62	-2.62
Malaysia	--	1.91	-1.91
Cash & Equivalents	3.99	--	3.99
Total	100.00	100.00	0.00

### Top 10 Holdings

Name	Fund %
AIA Group Ltd	5.85
Taiwan Semiconductor - SP ADR	5.61
Reliance Industries	5.28
Samsung Electronics Co Ltd	4.79
Bank Central Asia	4.45
Kotak Mahindra Bank	3.66
Jiangsu Hengrui Medicine	3.11
DBS Group Holdings	3.08
Proya Cosmetics Co. Ltd.	2.90
UFIDA Software Co.	2.84

### Market Commentary

The MSCI AC Asia Pacific ex Japan Index fell in October, returning -4.2% in US dollar (USD) terms, despite a better-than-expected earnings season and cautious optimism that the US Federal Reserve would slow its pace of interest rate hikes helping broader market sentiment. This is because inflation remains high around the world,

with the annual US inflation rate hitting 8.2% year-on-year (YoY) in September. Most Asian markets turned in gains during the month, though Hong Kong and Taiwan stocks were volatile, and the China market continued its slide.

China slumped 16.8% as the Communist Party Congress did not result in much fresh market impetus, especially for the embattled property sector. President Xi Jinping, who further consolidated power following a Politburo shake-up, stood by China's zero-COVID policy. The country's delayed economic data release showed a mixed recovery in the third quarter (3Q), with unemployment rising and retail sales weakening in September despite GDP picking up in 3Q. The People's Bank of China kept its benchmark lending rates steady for a second month. Hong Kong (-12.2%) booked a larger trade deficit in September and saw its headline CPI rose 4.4%.

Taiwan's (-5.1%) industrial production posted a surprise 4.8% YoY decline in September, the worst performance since March 2019. Exports also fell in September for the first time in more than two years. Adding to these woes is the impact of new US curbs on supply chains linked to China's semiconductor industry. Meanwhile, South Korea (+8.3%) pledged around USD 35 billion to prop up credit markets, easing concerns about rising default risks in key sectors including real estate. The Bank of Korea raised its benchmark policy rate to 3%, nearing the terminal rate of around 3.5% that the policy committee sees.

India rose 2.6%, despite retail inflation accelerating to a five-month high of 7.4% YoY in September. The Indian rupee also fell to its lowest on record against the dollar during the month, and the weakness has triggered concerns about the rising costs to import commodities, including crude oil.

The ASEAN region fared better on the whole. Singapore ended the month flat as the Monetary Authority of Singapore tightened monetary policy for the fifth time in a year, allowing a further strengthening in the Singapore dollar to help dampen inflation. Indonesia (+0.3%) enjoyed a trade surplus of around USD 5 billion in September, which beat forecasts. Bank Indonesia also hiked its seven-day reverse repurchase rate by 50 bps to 4.75%. Thailand (+1.2%) and Malaysia (+2.9%) saw inflation easing slightly. Malaysia's parliament was dissolved, paving the way for elections in November. The Philippine (+9.1%) national government's budget deficit in September narrowed slightly by 0.6% YoY, as growth in revenues outpaced that of expenses.

## Sector Exposure

Sector	Fund %	Benchmark %
Information Technology	22.92	22.43
Financials	20.83	21.67
Health Care	12.85	4.22
Industrials	11.36	7.01
Consumer Discretionary	7.13	13.57
Energy	5.28	4.25
Communication Services	5.18	8.53
Materials	4.60	5.84
Consumer Staples	2.90	5.55
Real Estate	1.79	3.64
Utilities	1.17	3.30
Cash & Equivalents	3.99	--
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

## Fund Objective

To outperform the MSCI All Country Asia ex Japan Index (in Australian dollar terms) over the long term after fees and expenses but before taxes.

### Key Facts

#### Responsible Entity

Yarra Investment Management Limited

#### APIR Code

TGP0006AU

#### ARSN

116 556 113

#### Fund Size

AUD 4.05 million

#### Minimum Investment

AUD 10,000

#### Buy/Sell Spread

0.25/0.25

#### Asset Allocation

Asian securities (ex Japan)\*  
80 – 100

Cash & short-term securities\*\* 0 – 20

#### Distribution Frequency

Annually

#### Benchmark

MSCI All Country Asia – ex Japan Index (in Australian Dollar terms)

\* Investments in Asian securities include ADRs and GDRs of Asian domiciled companies listed in the US and Europe.

\*\* Investments in cash includes cash equivalents such as other investment grade interest bearing securities.

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