

16 February 2021

Dear Unitholder,

**NIKKO AM ASIA INVESTMENT FUNDS – NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND
(THE “FUND”)**

(1) INTRODUCTION OF SWING PRICING POLICY BY THE FUND

Thank you for your support for the Nikko Asset Management Asia Limited family of funds.

We, Nikko Asset Management Asia Limited, are writing to you in our capacity as the managers of the Fund to inform you that we will be introducing swing pricing policy in respect of the Fund with effect from 22 April 2021 (or such other date as we may subsequently advise) (the “**Effective Date**”).

Dilution

The Fund is single priced and the value of the Fund may fall as a result of amongst others the transaction costs (such as broker commissions, custody transaction costs, stamp duties or sales taxes) incurred in the purchase and/or sale of its underlying investments caused by subscriptions, realisations, switches and/or exchanges of units in the Fund and the spread between the buying and selling prices of such underlying investments. This effect is known as “dilution”.

Swing Pricing

With effect from the Effective Date, to protect the interest of existing investors, we, in consultation with the trustee, may apply a technique known as “dilution adjustment” or “swing pricing” (“**Swing Pricing**”) in certain circumstances that we deem appropriate. Swing Pricing involves adjusting the net asset value (“**NAV**”) per unit of the Fund so that such transaction costs and dealing spread in respect of the underlying investments are, as far as practicable, passed on to the relevant investors who are subscribing, realising, switching and/or exchanging units on a particular dealing day.

Typically, the NAV is adjusted if the net subscription or realisation (including switches and/or exchanges) on a dealing day reaches or exceeds a certain percentage (the “**Swing Threshold**”) of the size of the Fund as of the previous dealing day. The NAV will swing upwards for a net subscription and downwards for a net realisation. In relation to the classes of units in the Fund, the NAV of each class will be calculated separately but any adjustment will, in percentage terms, affect the NAV of each class in an equal manner. The need to apply Swing Pricing will depend upon various factors, including but not limited to: (i) the amount of subscriptions and/or realisations of units on that dealing day, (ii) the impact of any transaction costs incurred in the purchase and/or sale of underlying investments of the Fund, (iii) the spread between the buying and selling prices of underlying investments of the Fund, and (iv) market conditions such as situations of financial turmoil provided that, any adjustments made shall be on a fair and equitable basis and with a view to protecting the interests of investors. You should note however that applying Swing Pricing when the Swing Threshold is reached or exceeded, only reduces the effect of dilution and does not eliminate it entirely. Where the net subscription or realisation is below the Swing Threshold, no Swing Pricing will be applied and dilution will not be reduced.

The swing pricing policy for the Fund will be subject to regular review and may change from time to time. Accordingly, you should note that our decision to apply Swing Pricing and the level of adjustment made to the NAV per unit of the Fund in particular circumstances may not result in the same decision in similar circumstances arising in the future.

Performance and Fees Calculation

You should also note that:

- (a) the Fund’s performance returns will be calculated based on the NAV of the Fund after the Swing Pricing adjustment has been applied and therefore, the returns of the Fund may be influenced by the level of subscription and/or realisation activity;
- (b) Swing Pricing could increase the variability of the returns of the Fund since the returns are calculated based on the adjusted NAV per unit; and
- (c) the fees and charges applicable to the Fund (including fees based on the NAV of the Fund, where applicable) will be based on the NAV of the Fund before the Swing Pricing adjustment is applied.

Maximum Adjustment

The amount of adjustment at any future point in time may vary depending on inter alia market conditions, but will under normal circumstances not exceed 2% of the NAV per unit on the relevant dealing day (the “**Maximum Adjustment**”). We reserve the right to apply an adjustment of an amount not exceeding the Maximum Adjustment on the relevant dealing day where we deem appropriate and have the discretion to vary the amount of adjustment up to the Maximum Adjustment, in consultation with the trustee, from time to time without giving notice to the relevant investors.

Subject to the trust deed and the applicable laws and regulations, we may, in exceptional circumstances (including but not limited to volatile market conditions, market turmoil and illiquidity in the market, extraordinary market circumstances or significant unexpected changes in general market conditions) and in consultation with the trustee temporarily apply an adjustment beyond the Maximum Adjustment on the relevant dealing day if, in our opinion, it is in the best interest of investors to do so. In such cases, if so required by the Monetary Authority of Singapore and/or the trustee, we shall give notice to the relevant investors as soon as practicable in such manner as we and the trustee may agree.

(2) Removal from the Central Provident Fund Investment Scheme (“CPFIS”)

As you may be aware, the Fund is currently included under the CPFIS scheme but had ceased to accept new or further subscription for units (including Regular Savings Plan subscriptions and requests for exchanges for or conversions into units) using Central Provident Fund (“**CPF**”) monies with effect from 30 September 2016.

We have decided to remove the Fund from the CPFIS and wish to inform you that the Fund will no longer be included under the CPFIS with effect from 22 March 2021. The Fund will continue to be available for subscription via cash or supplementary retirement scheme (“**SRS**”) monies.

For the avoidance of doubt, please note that the current investment objective, focus and approach of the Fund will remain unchanged. However, as the Fund will no longer be included under the CPFIS, it will no longer be required to comply with the Central Provident Fund Investment Guidelines with effect from 22 March 2021.

For all holders of units in the Fund, you will have the following three options for consideration prior to 22 March 2021:

Option 1 – Stay invested

You may continue to stay invested in the Fund and in such case, **no action is required** on your part.

Option 2 – Switch before 22 March 2021

Subject to the provisions of the trust deed of the Fund, as amended (the “**Deed**”) and the trust deed of the relevant fund, and to any terms and conditions imposed by the distributor from whom you purchased your units, you may switch your units to units in any other fund managed by us which is available from the same distributor from whom you purchased your units from now until **5pm (Singapore time) on 19 March 2021**. You will be assured to know that we will not impose any switching fee in respect of such switches. However, you should check with your distributor if there is any other fee or charge payable in connection with the switch.

If you had invested in the Fund using CPF ordinary account (“**OA**”) monies or SRS monies, please note that you may only switch your units to units in another fund managed by us which is included under the CPFIS for the OA or which is available for investment using SRS monies respectively. Our funds which are included under the CPFIS and that are currently accepting subscriptions using CPF OA monies are as follows:

- Nikko AM Shenton Thrift Fund – SGD Class;
- Nikko AM Shenton Short Term Bond Fund (S\$) (a sub-fund of Nikko AM Shenton Short Term Bond Funds) – S\$ Class;
- Nikko AM Shenton Japan Fund – SGD Class;
- Nikko AM Shenton Global Opportunities Fund – SGD Class; and
- Nikko AM Japan Dividend Equity Fund – SGD Class and SGD Hedged Class.

Before deciding to switch your units, you should read the prospectus(es) of the relevant fund(s) carefully and assess the suitability of the relevant fund(s) for your personal needs. Electronic copies of the prospectus(es) are available at <http://www.nikkoam.com.sg>, and you may obtain hard copies of the same from our approved distributors. Please note that as compared to the Fund, each of the other funds managed by us may have a different exposure and/or asset allocation bias to certain asset classes, countries and/or sectors. In this regard, you should seek appropriate advice on your specific objectives, financial situation and particular needs before making any investment decision to subscribe for units in any of those funds

Option 3 – Realisation before 22 March 2021

You may realise your units by submitting a duly signed and completed realisation form which may be obtained from the distributor from whom you purchased your units from now until **5pm (Singapore time) on 19 March 2021**. Upon receipt of your realisation request, your units will be realised at the prevailing net asset value of the Fund determined in accordance with the terms of the Deed. You will be pleased to know that currently, no realisation charge is payable for the realisation of units. However, you should check with your distributor if there are any applicable charges that may be payable.

If you have invested in the Fund using CPF OA monies or SRS monies, you will be assured to note that we will not be imposing any charges nor will you be required to bear any CPF agent bank charges (for investment using CPF OA monies) or SRS operator charges (for investment using SRS monies) for Option 2 and Option 3 above from now until **5pm (Singapore time) on 19 March 2021**.

The prospectus and the trust deed (as amended) of the Fund will be updated in due course to reflect the changes set out above. Copies of the updated prospectus will be available from our appointed distributors once available. Electronic copies of the prospectus may also be obtained at www.nikkoam.com.sg.

Please feel free to contact the distributor from whom you bought your units in the Fund if you have any queries in respect of your investment in the Fund.

We thank you again for your continued support, and we look forward to serving you.

Yours sincerely,
Nikko Asset Management Asia Limited



Eleanor Seet
President

IMPORTANT INFORMATION:

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.

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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