

Monthly Outlook

January 2012

After a dismal 2011, Asia's risk markets returned with a vengeance in the new year, with equities, credits and currencies staging a convincing rally across the board. Risk aversion receded as economic data from the U.S. continued to point to a sustained recovery, and the situation in the Eurozone stabilized further on the back of more convincing efforts by European leaders to tackle the sovereign debt crisis. In Asia ex-Japan, generally better economic data and cooling inflation continued to affirm a soft landing.

Equities emerged the best-performing asset class within Asia ex-Japan in January, while credits, local currency government bonds and currencies also ended the month stronger. The MSCI Asia ex-Japan Index gained 7.2% in SGD terms, significantly outperforming developed market peers in the risk-on environment.

In the coming month, we are cautiously optimistic that the Asia ex-Japan markets will continue to hold up well given that valuations remain at attractive levels despite the January rally. We are also hopeful that the EU crisis will stabilize further following the recent move by the European Central Bank (ECB) to inject liquidity into the financial system, though we acknowledge that core problems may be a long way from being resolved.

Asian Rates: IndoGBs again outperformed after another upgrade

Europe saw mass downgrades; U.S. pledged to keep rates low for longer

The Eurozone debt crisis continued to dominate headlines in January, led by rating downgrades of nine Eurozone countries including France, Italy and Spain by Standard and Poor's (S&P), and Greece struggling to reach a private sector involvement (PSI) deal in a second bailout. Following S&P's move, Fitch Ratings also cut the ratings of five EU nations including Italy and Spain. However, most of the negative news seemed to have already been priced in, as government bond auctions in Spain and France conducted after the downgrades still yielded positive results. Meanwhile, in the U.S., the Fed in the latest Federal Open Market Committee (FOMC) statement pledged to keep interest rates "exceptionally low" till at least late 2014, more than a year longer than its previous guidance, citing concerns over the sluggish growth outlook. This surprised many as economic data has continued to point to a slow but sustained recovery in recent months.

Asian government bonds stronger on improved sentiment, rate cuts and rating upgrades

A return of risk appetite on the back of continued signs of a recovery in the U.S. and more convincing efforts by European policymakers in tackling the debt crisis saw investors piling back into the Asian markets in January. Asian government bonds rallied across the board, with Indonesian Government Bonds (IndoGBs) outperforming on the back of another rating upgrade to investment grade (following Fitch's in December), this time by Moody's. Inflation continued to ease in the regional economies, and Thailand and the Philippines cut interest rates during the month. Thailand reduced its policy rate by 25bp in an effort to help spur a recovery from the severe flooding that hit the country last year, while the Philippines cut both its policy repo and reverse repo rates by 25bp, citing downside risks to the economy from the Eurozone debt crisis. Indonesia, however, continued to pause on its monetary easing, keeping rates unchanged for the second month in a row, on the back of concerns that the weaker rupiah and the government's plans to contain fuel subsidies could raise inflation.

Favour the government bonds from the Philippines, Indonesia and Malaysia

While we remain wary that downside risks persist, we expect the situation in the Eurozone to stabilize further in the coming month. We are cautiously optimistic that Asian government bonds will remain supported given the region's moderating inflation and expectation of policy easing. We are especially positive on government bonds from the Philippines given the country's improving macroeconomic fundamentals and attractive yields. We are also optimistic that the Philippines will see further rating upgrades given its strong economic growth, improving fiscal position as well as robust external payments position. In addition, we expect the country's moderating inflation and central bank's dovish stance, as well as the low level of foreign ownership (5%) in its bond market to keep Philippines bonds well supported. We also increasingly favour the government bonds from Indonesia on the back of the consecutive upgrades by Fitch and Moody's to investment grade. We expect inflows into the Indonesian bond market to gather pace as fund managers and investors with strict investment-grade mandates can now allocate money into Indonesia. Moreover, as Indonesian bonds are gradually included into benchmark bond indices, we expect demand from benchmark-tracking funds to increase. We also remain positive on Malaysian government bonds on the benign new supply outlook, stable inflation and rate cut expectations.

Asian FX: Strengthened against USD as risk appetite returned***Asian currencies appreciated against USD, except for CNY***

In January, except for the CNY, all the Asia ex-Japan currencies strengthened against the USD on the back of an improvement in risk sentiment. The INR outperformed the regional currencies, appreciating a spectacular 6.8% against the USD, on the back of cooling inflation and the central bank's signal of a shift to policy easing. Meanwhile, the CNY slid after outperforming in the previous month, and ended the month 0.2% softer against the USD.

Asian Credits: High-yield again outperformed high-grade***Asian credits rallied strongly, with high-yield outperforming high-grade***

Asian credits staged a strong rally in January as risk appetite returned on the back of better-than-expected U.S. economic data and improved outlook towards Europe's sovereign debt crisis. Asian high-yield credits rose a spectacular 5.52% on a total return basis, with spreads narrowing 81bp, again outperforming Asian high-grade peers, which gained 1.22% as spreads tightened only 2bp. Compared to developed market peers, Asian high-yield credits outperformed while high-grade credits underperformed. Primary activity in the Asian credit markets spiked with more than USD8b of high-grade bonds coming to the market. High-yield corporate issuance activity remained subdued given the relatively high level of all-in yields demanded by investors.

Chinese and Indonesian bonds led high-yield rally

The strong performance in Asian high-yield credits over the month was led by Chinese real estate and industrial bonds and Indonesian corporate bonds. In addition to easing concerns over the U.S. and Eurozone, sentiment in China was further lifted during the month by expectations of policy easing and abating fears over a hard landing, and Chinese risk markets outperformed most Asian peers in January. In particular, Chinese high-yield real estate bonds rebounded strongly as concerns over a rapid deterioration in the Chinese property sector receded over the month, while the lack of new supply also boosted Chinese high-yield industrial bonds. Meanwhile in Indonesia, Moody's upgrade of the country's sovereign credit rating to investment grade sparked a sharp rally in Indonesian high-yield corporate bonds.

Maintain cautious stance with preference for high-grade over high-yield

While we are turning more positive on the outlook for the Eurozone and U.S., we remain wary of short-term risks, as we believe core problems related to the EU debt crisis have yet to be resolved, and the U.S. recovery remains fragile at this stage. In China, we continue to expect further moderation in growth in the near term unless the government eases policy aggressively, which we do not think is likely at this time. Given this backdrop, we will maintain a defensive portfolio stance in the near term, favouring Asian high-grade credits over high-yield peers, as the former will likely provide superior risk-adjusted returns. Having said that, we are turning more positive on high-yield credits as market technicals remain sound given new supply has been limited since mid-2011.

Asian Equities: Started 2012 with a bang

Asia ex-Japan markets rebounded strongly as risk appetite returned

Asian stocks started 2012 with a bang, with the MSCI Asia ex-Japan Index rising a strong 7.2% in SGD terms and significantly outperforming developed market peers. Investors were seen piling back into the Asian markets amid attractive stock valuations, and as risk aversion receded on the back of an improved outlook over the U.S. economy and Eurozone debt crisis. In Asia ex Japan, economic data continued to point to a soft landing, particularly with China's benign 4.1% YOY consumer price index (CPI) increase in December, and the declining inflation trend in India. India led the gainers among the regional markets, with the MSCI India Index rebounding a spectacular 17.1% in SGD terms on the back of an unexpected 50bp cut in the cash reserve ratio (CRR), strong economic data and a credit rating upgrade by Moody's to investment grade. Chinese stocks were also among Asia's top performers in January, with the Hang Seng China Enterprise Index (HSCEI) gaining 10.3% in SGD terms, as further easing in inflation and weaker trade data raised expectation that the government will loosen monetary policy to boost growth. Meanwhile, other economic data like the official Purchasing Managers Index (PMI) – which rebounded to 50.3% in December – and 4Q11 GDP growth of 8.9% YOY continued to affirm that China remained on track for a soft landing.

Cautiously optimistic on Asia ex-Japan markets will hold up well in coming month

In the coming month, we remain cautiously optimistic on the Asia ex Japan markets, and expect they will continue to hold up well given that valuations remain at attractive levels which are supportive of further re-ratings despite the January rally. Moreover, economic fundamentals in Asia ex-Japan, including healthy sovereign and corporate balance sheets, continue to suggest that there are significant buffers to cope with the potential impact of the EU debt crisis should it worsen further. Inflationary pressures in Asia have also continued to moderate, which will provide scope for policy action to stimulate growth, though we do not think that such stimulus is necessary at this stage given the encouraging set of economic indicators that were released for the month of December. Our main investment themes include: 1) urbanization, soft-landing and policy-loosening in China; 2) rising wages and changing consumer patterns in Asia; 3) stable cashflow generation, especially via REITs; 4) energy supply development and logistics, and clean energy usage; 5) agricultural themes related to global food shortages and supply-chain dynamics.

In light of this, we reviewed performance and provide our Investment Managers' strategy and outlook for the following funds:

- Nikko AM Shenton Thrift Fund
- Nikko AM Shenton Twin City Fund
- Nikko AM Shenton Income Fund
- Nikko AM Shenton Global Opportunities Fund
- Nikko AM Shenton Asia Pacific Fund
- Nikko AM Shenton Asia Bond Fund
- Nikko AM Shenton Asia Knowledge Fund
- Nikko AM Shenton Global Property Securities Fund
- Nikko AM Shenton Short Term Bond Fund S\$
- MyHome Fund – HomeBalanced
- MyHome Fund – HomeGrowth
- MyHome Fund – HomeSteady

FUND PERFORMANCE UPDATE

January 2012

Nikko AM Shenton Thrift Fund

Highlights

- In January, the Fund rose 11.30%, outperforming the benchmark by 5.57%.
- We are cautiously optimistic that Singapore stocks to remain well supported given that valuations remain attractive despite the January rally, and on expectation that the situation in the Eurozone will stabilize further. We continue to emphasize the theme of resilient cash flows in the coming months.
- The FTSE Straits Times Index (FSSTI) gained 9.84% in January, against the MSCI Asia Pacific ex-Japan Index's return of 6.72% (SGD terms). Singapore was the second top-performing market in Asia Pacific ex-Japan, after India. Markets in Asia Pacific ex-Japan rebounded strongly and outperformed developed market peers, as risk appetite returned on the back of continued signs of a recovery in the U.S. and more convincing efforts by European policymakers in tackling the debt crisis.

Performance Review

	Currency	Performance		
		January 2012 (% change)	Year-to-Date (% change)	Since Inception (annualised)
Nikko AM Shenton Thrift Fund (Net of fees)	SGD	+11.30%	+11.30%	+5.30%
Nikko AM Shenton Thrift Fund (Net of fees and charges ¹)	SGD	+5.73%	+5.73%	+5.08%
Benchmark (FSSTI Index)	SGD	+9.84%	+9.84%	+2.88%

Source: ©2012 Morningstar & Nikko Asset Management Asia Limited as of 31 January 2012. All returns are calculated on a NAV-NAV basis and on the assumption that all dividends and distributions are re-invested if any.

¹Takes into account sales and realization charges, where applicable.

Since inception: 31 Aug 1987

Fund rose 11.30% and outperformed benchmark

In January, the Fund rose 11.30%, outperforming the benchmark by 5.57%, as Singapore stocks rebounded strongly during the month. Risk aversion receded on the back of a confluence of global factors, including better U.S. economic data and more convincing efforts by European policymakers in tackling the sovereign debt crisis. The bulk of the outperformance can be attributed to our overweights in selected cyclical sectors that were sold down heavily over the last few months. Stocks with Hong Kong/China exposure were also among the portfolio's best performers during the month.

Market Outlook & Strategy*

Remain cautiously optimistic on Singapore market in coming month

In the coming month, we expect Singapore stocks to remain well supported given that valuations remain attractive despite the January rally, while acknowledging that sentiment will likely remain vulnerable to developments in the Eurozone. However, we are optimistic that situation there will stabilize further, given the European Central Bank's (ECB's) move to inject liquidity into the financial system in December, and the pledge by European leaders at the recent EU Summit to focus more on stimulating growth and creating jobs, rather than exclusively on austerity measures. Nonetheless, we remain wary of downside risks in the near term, particularly the potential of a disorderly default in Greece should ongoing negotiations on a private sector involvement (PSI) deal be unsuccessful, or the EU/IMF subsequently

refuse to sanction the second bailout package by 20 March. Moreover, notwithstanding early signs of a U.S. recovery, we expect global macroeconomic uncertainties to persist in the near term.

Seek value opportunities which offer attractive cash-flow returns

Against this backdrop, we will maintain a cautiously optimistic stance, and continue to emphasize the theme of resilient cash flows in the coming months. We look to take advantage of the current risk-on sentiment and seek value opportunities in stocks which have been sold down to prices which present attractive tangible returns, like multiple-year dividend streams. Such stocks include property landlords and other companies that have resilient market share and stable margins. On the other hand, we will underweight the defensive sectors like utilities and telcos that are likely to lag in a market upturn.

Market Review

% Change^	Month	YTD
STI Index	9.84%	9.84%
FTSE ST Mid-Cap Index	10.52%	10.52%
FTSE ST Small-Cap Index	10.68%	10.68%
FTSE ST China Index	12.09%	12.09%

Source: Bloomberg, 31 Jan 2012 (^In SGD, price return basis)

Singapore stocks outperformed most Asian peers

The FTSE Straits Times Index (FSSTI) gained 9.84% in January, outperforming most Asia ex-Japan peers (except for India), as risk appetite returned on the back of continued signs of a recovery in the U.S., more convincing efforts by European policymakers in tackling the debt crisis, and expectation of policy easing in China. On Singapore’s economic front, data pointed to a continued slowing in growth, with advance estimates of 4Q11 GDP coming at a lower-than-expected 3.6% YOY versus expectations of 4.3% and 3Q11’s 6.1%. Inflation moderated slightly in December, rising 5.5% YOY (versus 5.7% in November), in line with market consensus. Singapore’s Purchasing Managers Index (PMI) improved to 49.5 in December (versus 48.7 in November) but continued to point to a contraction. In his New Year’s address, Prime Minister Lee said that Singapore’s economy is expected to grow 1-3% in 2012.

Asian stocks rebounded strongly as risk appetite returned

The MSCI Asia Pacific ex-Japan Index rose 6.72% in SGD terms in January, outperforming global peers as risk aversion receded. Investors were seen piling back into the Asian stock markets amid attractive stock valuations, and as the outlook for the U.S. economy and Eurozone debt crisis turned more positive. In Asia ex Japan, economic data continued to point to a soft landing, particularly with China’s benign 4.2% YOY consumer price index (CPI) increase in December, and the declining inflation trend in India. During the month, Indonesia was upgraded to investment grade status by Moody’s Ratings. Among the regional markets, India led the gainers, with the MSCI India Index up 12.52% (17.05% in SGD terms), on the back of an unexpected 50bp cut in the cash reserve ratio (CRR), an upgrade of its short term foreign currency rating to investment grade, and strong economic data.

FUND PERFORMANCE UPDATE

January 2012

Nikko AM Shenton Twin City Fund

Highlights

- The Fund's NAV gained 8.82% in January, outperforming the benchmark by 15bp.
- In the coming month, we expect the stock markets in Singapore and Hong Kong to continue to hold up well given valuations remain attractive. We continue to emphasize sector and tactical allocation and have further increased our weighting in the cyclical sectors during the month.
- Market sentiment was markedly improved in January as risk aversion receded on the back of continued signs of a U.S. recovery, improved sentiment over Europe, and expectation of monetary easing in China. Singapore stocks, as measured by the FSSTI, rose 9.8% in January, outperforming Asia ex-Japan peers except for India. Hong Kong stocks also performed strongly, with the HSI gaining 7.3% in SGD terms.

Performance Review

	Currency	Performance		
		January 2012 (% change)	Year-to-Date (% change)	Since Inception (annualised)
Nikko AM Shenton Twin City Fund (Net of fees)	SGD	+8.82%	+8.82%	+5.33%
Nikko AM Shenton Twin City Fund (Net of fees and charges ¹)	SGD	-2.07%	-2.07%	+4.75%
Benchmark (FSSTI + HSI Composite Index)	SGD	+8.67%	+8.67%	+4.79%

Source: ©2012 Morningstar & Nikko Asset Management Asia Limited as of 31 January 2012. All returns are calculated on a NAV-NAV basis and on the assumption that all dividends and distributions are re-invested if any.

¹Takes into account sales and realization charges, where applicable.

Since inception: 5 Mar 1993

Fund outperformed due to favourable sector allocation

The Fund's NAV gained 8.82% in January, outperforming the benchmark by 15bp. The Fund's outperformance can be mainly attributed to favourable sector allocation. In particular, our sizeable underweight in Singapore and China telco sectors contributed significantly, as these sectors, being defensive, underperformed in the market rally. Our overweight in the Singapore consumer discretionary and China basic materials sectors also added value.

Market Outlook & Strategy*

Remain cautiously optimistic on Singapore and Hong Kong stocks in coming month

In the coming month, we expect the stock markets in Singapore and Hong Kong to continue to hold up well given that valuations remain attractive despite the January rally, while acknowledging that sentiment will likely remain vulnerable to developments in the Eurozone. However, we are optimistic that situation there will stabilize further, given the European Central Bank's (ECB's) move to inject liquidity into the financial system in December, and the pledge by European leaders at the recent EU Summit to focus more on stimulating growth and creating jobs, rather than exclusively on austerity measures. Meanwhile, the outlook for the U.S. economy is also looking brighter given continued signs of a sustained recovery and the Fed's recent pledge to keep interest rates low until late 2014. Nonetheless, we remain wary of short-term risks, as core problems related to the EU debt crisis have yet to be resolved, and the U.S. recovery remains fragile at this stage.

Continue to emphasize sector and tactical allocation; added to cyclical sectors

We continue to emphasize sector allocation and rotation in managing the portfolio. We expect volatility to remain elevated in the near term, and will tactically trade our stock positions while continuing to look out for opportunities to enter at attractive prices. During the month, we further increased our weighting in the cyclical sectors, mainly selected industrial stocks, as valuations remained attractive despite the rally. These additions were partially funded by proceeds from our profit taking in the technology sector, while our cash level was also further reduced as we put cash to work in the risk-on environment.

Market Review*

Singapore

% Change^	Month	YTD
STI Index	9.84%	9.84%
MSCI Small-Cap Index	7.49%	7.49%

Singapore stocks outperformed most Asian peers

The FTSE Straits Times Index (FSSTI) gained 9.8% in January, outperforming most Asia ex-Japan peers (except for India), as risk appetite returned on the back of continued signs of a recovery in the U.S., more convincing efforts by European policymakers in tackling the debt crisis, and expectation of policy easing in China. On Singapore's economic front, data pointed to a continued slowing in growth, with advance estimates of 4Q11 GDP coming at a lower-than-expected 3.6% YOY versus expectations of 4.3% and 3Q11's 6.1%. Inflation moderated slightly in December, rising 5.5% YOY (versus 5.7% in November), in line with market consensus. Singapore's Purchasing Managers Index (PMI) improved to 49.5 in December (versus 48.7 in November) but continued to point to a contraction. In his New Year's address, Prime Minister Lee said that Singapore's economy is expected to grow 1-3% in 2012.

Hong Kong

% Change^	Month	YTD
HSI Index	7.30%	7.30%
HSCEI Index	10.31%	10.31%

Hong Kong stocks headed higher on better data and improved global sentiment

The Hang Seng Index (HSI) gained 7.3% in SGD terms in January as risk aversion receded on the back of continued signs of a U.S. recovery, improved sentiment over Europe, and expectation of monetary easing in China. Data releases out of Hong Kong were also generally better than expected, and further lifted sentiment. Total exports jumped 7.4% YOY from 2.0% YOY in November, and retail sales for November surged 23.5% YOY in value terms, exceeding consensus forecast of 21.6% and October's 23.0%. Hong Kong's Consumer Price Index (CPI) rose 5.7% YOY in December, unchanged from November but slightly higher than consensus forecast of 5.6%. Meanwhile in China, the continued downtrend in inflation to 4.1% YOY in December (from 4.2% in November) and better-than-expected 4Q11 GDP further assured investors that the Chinese economy is headed for a soft landing.

* Data Source: Bloomberg as of end January 2012.

FUND PERFORMANCE UPDATE

January 2012

Nikko AM Shenton Income Fund

Highlights

- The Fund started the year strong with gain of 1.08% in January, as risk appetite returned on the back of better U.S. economic data and an improvement over the outlook for the Eurozone debt crisis. Asian financial markets, including government bonds, currencies and credits, generally posted decent gains.
- We are cautiously optimistic that the Eurozone situation will continue to stabilize. We are turning more positive on Philippines government bonds and have started to include them in the portfolio. We are also increasing our allocation to Indonesia to an overweight following its upgrades by Fitch and Moody's to investment grade. We remain cautious on credits in the near term, with a preference for high-grade over high-yield.
- Risk aversion receded in January following continued signs of a recovery in the U.S. and further stabilization in the EU debt crisis. Asian government bonds and currencies rallied, with IndoGBs and the MYR outperforming regional peers, respectively. Asian credits also performed well, particularly high-yield bonds.

Performance Review

	Currency	Performance		
		January 2012 (% change)	Year-to-Date (% change)	Since Inception (annualised)
Nikko AM Shenton Income Fund (Net of fees)	SGD	+1.08%	+1.08%	+4.59%
Nikko AM Shenton Income Fund (Net of fees and charges ¹)	SGD	-3.97%	-3.97%	+4.36%
Benchmark (DBS 12m SGD Fixed Deposit Rate for 20k to 50k)	SGD	+0.01%	+0.01%	+2.31%

Source: ©2012 Morningstar & Nikko Asset Management Asia Limited as of 31 January 2012. All returns are calculated on a NAV-NAV basis and on the assumption that all dividends and distributions are re-invested if any.

¹Takes into account sales and realization charges, where applicable.

Since inception: 31 Jan 1989

Fund gained in January

The Fund started the year strong with gain of 1.08% in January, as risk appetite returned on the back of better U.S. economic data and an improvement over the outlook for the Eurozone debt crisis. Policy easing by several Asian central banks supported the local currency bond markets, while the resumption of inflows helped to push Asian currencies higher against the USD. Asian credits also performed well, particularly high-yield bonds.

Market Outlook & Strategy*

Cautiously optimistic that Eurozone situation will continue to stabilize

In the coming months, we continue to expect market direction for Asian government bonds and credits to remain vulnerable to developments in the Eurozone. However, we are turning more positive that the situation there will continue to stabilize, given the European Central Bank's (ECB's) move to inject liquidity into the financial system in December, and the pledge by European leaders at the recent EU Summit to focus more on stimulating growth and creating jobs, rather than exclusively on austerity measures. However, we remain wary of short-term risks, particularly the likelihood of a disorderly default in Greece should ongoing negotiations on a PSI deal be unsuccessful, or the EU/IMF subsequently refuse to sanction the EUR130b bailout package by 20 March.

Increase exposure Philippines and Indonesia government bonds; remain cautious on credits for now. We are turning more positive on government bonds from the Philippines given the country's improving macroeconomic fundamentals and attractive yields. We have started to include these in the portfolio while switching out of global peso notes issued by the Philippines government. We have also started to increase our exposure to Indonesia to an overweight, on the back of the consecutive upgrades by Fitch and Moody's to investment grade. We expect inflows into the Indonesian bond market to gather pace, as fund managers and investors with strict investment-grade mandates can now allocate money into Indonesia. Meanwhile, we remain cautious in the near term on credits due to lingering uncertainty over the situation in the Eurozone and global macro outlook. We continue to favour Asian high-grade credits over high-yield counterparts, as believe the former will hold up better in volatile market conditions and provide superior risk-adjusted returns.

Market Review*

Asia Rates & FX

Europe saw mass downgrades; U.S. pledged to keep rates low for longer

The Eurozone debt crisis continued to dominate headlines in January, led by S&P's rating downgrades of nine Eurozone countries including France, Italy and Spain, and Greece struggling to reach a private sector involvement (PSI) deal in a second bailout. Following the S&P downgrades, Fitch Ratings also cut the ratings of five EU nations including Italy and Spain. However, market reaction to the rating cuts was rather muted as the actions had been largely priced in; consequently, government bond auctions in Spain and France subsequent to the S&P downgrades still yielded positive results. Meanwhile, in the U.S., the Fed in its latest Federal Open Market Committee (FOMC) statement pledged to keep interest rates "exceptionally low" till at least late 2014, more than a year longer than its previous guidance, citing concerns over the sluggish growth outlook. This surprised many as economic data has continued to point to a slow but sustained recovery in recent months. The more benign policy stance supported U.S. Treasuries (USTs), with the 5-year UST yield dropping 8bp while the 10-year yield remained relatively unchanged over the month.

Asian government bonds and currencies performed well; Thailand and Philippines cut rates

A return of risk appetite on the back of continued signs of a recovery in the U.S. and more convincing efforts by European policymakers in tackling the debt crisis saw investors piling back into the Asian markets in January. Asian government bonds rallied, with Indonesian Government Bonds (IndoGBs) outperforming, and Asian currencies strengthened against the USD, led by the MYR. During the month, the Bank of Thailand (BoT) reduced its policy rate by 25bp to 3.00%, in an effort to help spur a recovery from the severe flooding that hit the country last year. Citing downside growth risks from the Eurozone, the Philippines too cut both its policy repo and reverse repo rates by 25bp to 6.25% and 4.25%, respectively, as benign inflation provided the leeway to ease monetary policy.

Indonesia paused on monetary easing; IndoGBs outperformed on Moody's upgrade

On the back of concerns that the weaker rupiah and the government's plans to contain fuel subsidies could raise inflation, Bank Indonesia (BI) extended its pause on monetary easing at its January Monetary Policy Meeting, keeping interest rates unchanged for the second month in a row. However, it widened the interest rate corridor for interbank funding (the deposit facility rate) to 200bp from 150bp, in an effort to encourage banks to transact with one another, instead of parking their excess funds with the Central Bank. During the month, Moody's upgraded Indonesia's sovereign rating to investment grade (Baa3) with a stable outlook, This followed a similar upgrade by Fitch Ratings in December. Consequently, IndoGBs continued December's rally into January, again outperforming ASEAN peers with yields falling about 60-70bp across the curve.

Asian Credits

Asian credits rallied strongly in January; high-yield outperformed high-grade

Asian credits staged a strong rally in January as risk appetite returned on the back of better-than-expected U.S. economic data and improved outlook towards Europe's sovereign debt crisis. Asian high-yield credits rose a spectacular 5.52% on a total return basis in January, with spreads narrowing 81bp, outperforming Asian high-grade peers, which gained 1.22% as spreads tightened only 2bp. Compared to developed market peers, Asian high-grade credits underperformed, while high-yield credits outperformed. Primary activity in the Asian credit markets spiked with more than USD8b of high-grade bonds coming to the market. High-yield corporate issuance activity remained subdued given the relatively high level of all-in yields demanded by investors.

Chinese and Indonesian bonds led high-yield rally

The strong performance in Asian high-yield credits over the month was led by Chinese real estate and industrial bonds and Indonesian corporate bonds. China's risk markets outperformed most Asian peers in January as expectations of policy easing continued to grow, and concerns of a hard landing continued to abate. Meanwhile in Indonesia, an upgrade by Moody's of the country's sovereign credit rating to investment grade – which came on the back of a similar upgrade by Fitch in December, sparked a sharp rally in Indonesian high-yield corporate bonds.

**Data Source: Bloomberg as of end January 2012.*

FUND PERFORMANCE UPDATE

January 2012

Nikko AM Shenton Global Opportunities Fund

Highlights

- The Fund gained 2.25% in January.
- We expect the global stock markets to remain well supported into February given risk-on market environment, and on expectation that the situation in the Eurozone will stabilize further. However, we are wary that near-term downside risks remain, and will continue to maintain a cautious portfolio stance.
- Risk aversion receded in January on the back of continued signs of improvement in the U.S. economy and more convincing efforts by European leaders in tackling the debt crisis. In SGD terms, the MSCI World Index gained 1.6%, while the MSCI Asia ex-Japan Index gained 7.1%, as Asian stocks strongly outperformed developed peers.

Performance Review

	Currency	Performance		
		January 2012 (% change)	Year-to-Date (% change)	Since Inception (annualised)
Nikko AM Shenton Global Opportunities Fund (Net of fees)	SGD	+2.25%	+2.25%	+0.49%
Nikko AM Shenton Global Opportunities Fund (Net of fees and charges ¹)	SGD	-2.86%	-2.86%	+0.10%
Benchmark (MSCI World Free Index)	SGD	+1.63%	+1.63%	-1.92%

Source: ©2012 Morningstar & Nikko Asset Management Asia Limited as of 31 January 2012. All returns are calculated on a NAV-NAV basis and on the assumption that all dividends and distributions are re-invested if any.

¹Takes into account sales and realization charges, where applicable.

Since inception: 5 Mar 1999

Fund gained 2.25% in January

The Fund gained 2.25% in the month of January, outperforming the benchmark by 0.62%. Our strategy to increase our allocation into cyclical sectors like financials and basic materials, while reducing weightage in defensive sectors like consumer staples and utilities, worked out well and contributed to the bulk of the gains. The Fund's three best-performing sectors in January were financials, basic materials and energy, while the three worst-performing ones were utilities, communications and consumer staples.

Market Outlook & Strategy*

Remain cautiously optimistic on global stocks in coming month

In the coming month, we are optimistic that global stock markets will remain well supported amid the risk-on market environment, though we remain cautious that market sentiment and direction will continue to be driven by developments in the Eurozone. However, we are optimistic that situation there will stabilize further, given the European Central Bank's (ECB's) move to inject liquidity into the financial system in December, and the pledge by European leaders at the recent EU Summit to focus more on stimulating growth and creating jobs, rather than exclusively on austerity measures. Nonetheless, we remain wary of downside risks in the near term, particularly the potential of a disorderly default in Greece, as well as the possibility that other troubled Eurozone countries like Italy

could face difficulties in refinancing the huge amount of debt expiring in the coming months. Moreover, notwithstanding early signs of a U.S. recovery, we expect global macroeconomic uncertainties to persist in the near term.

Maintain cautious portfolio stance in the near term

Against this backdrop, we will continue to maintain a cautious portfolio stance, with a bias towards stocks which exhibit defensive characteristics like stable growth, quality earnings and low risk. We will also increase our sector allocation to cyclical sectors which stand to benefit from a sustained recovery of the U.S. economy (e.g. consumer discretionary, financials and industrials), as well as policy easing in China and Asia ex-Japan (e.g. materials and industrials).

Market Review*

% Change^	Month	YTD
S&P 500 Index	1.08%	1.08%
MSCI Europe Index	1.27%	1.27%
MSCI Japan Index	1.23%	1.23%
MSCI Asia ex Japan	7.19%	7.19%

Source: Bloomberg, 31 Jan 2012 (^In SGD, price return basis)

Global stocks rose on continued signs of a U.S. recovery

Global stocks, as measured by the MSCI World Index, rose 1.6% in SGD terms in January 2012, as risk appetite returned on the back of continued signs of improvement in the U.S. economy and more convincing efforts by European leaders in tackling the debt crisis. The U.S. Gross Domestic Product (GDP) grew at an annualised pace of 2.8% in 4Q11, the fastest pace in more than a year and a half, up from 1.8% in 3Q. In Europe too, sentiment remained relatively buoyant throughout most of the month following the ECB’s liquidity-producing operation in December. Market reaction to Standard & Poor’s rating downgrade of nine Eurozone countries including France, Italy and Spain was rather muted, as most of the bad news appeared to have already been priced in. At month end, the pledge by European leaders at the EU Summit to focus more on stimulating growth and creating jobs, rather than exclusively on austerity measures, further boosted investor sentiment.

Asian stocks rebounded strongly as risk appetite returned

The MSCI Asia ex-Japan Index rose 7.2% in SGD terms in January, outperforming developed market peers as risk aversion receded. Investors were seen piling back into the Asian markets and emerging markets in general amid attractive stock valuations, and as the outlook for the U.S. economy and Eurozone debt crisis turned more positive. In Asia ex Japan, economic data continued to point to a soft landing, particularly with China’s benign 4.1% YOY consumer price index (CPI) increase in December, and the declining inflation trend in India. During the month, Indonesia was upgraded to investment grade status by Moody’s Ratings. India led the gainers among the regional markets, with the MSCI India Index up 17.1% in SGD terms on the back of an unexpected 50bp cut in the cash reserve ratio (CRR), strong economic data and an upgrade of its short term foreign currency rating to investment grade.

FUND PERFORMANCE UPDATE

January 2012

Nikko AM Shenton Asia Pacific Fund

Highlights

- The Fund gained 9.64%, outperforming the benchmark by 2.86% in January.
- We expect the Asia ex-Japan markets to remain well supported given that valuations remain supportive of further re-ratings despite the January rally, and on expectation that the Eurozone debt crisis will stabilize further.
- The Asia ex-Japan stock markets rebounded strongly and outperformed developed market peers in January, as risk appetite returned on the back of continued signs of a recovery in the U.S. and more convincing efforts by European policymakers in tackling the debt crisis.

Performance Review

	Currency	Performance		
		January 2012 (% change)	Year-to-Date (% change)	Since Inception (annualised)
Nikko AM Shenton Asia Pacific Fund (Net of fees)	SGD	+9.64%	+9.64%	+4.59%
Nikko AM Shenton Asia Pacific Fund (Net of fees and charges ¹)	SGD	+4.16%	+4.16%	+4.31%
Benchmark (MSCI AC Daily TR Net Asia Pacific ex-Japan Index)	SGD	+6.78%	+6.78%	+3.41%

Source: ©2012 Morningstar & Nikko Asset Management Asia Limited as of 31 January 2012. All returns are calculated on a NAV-NAV basis and on the assumption that all dividends and distributions are re-invested if any.

¹Takes into account sales and realization charges, where applicable.

Since inception: 31 Aug 1992

In January, the Fund gained 9.64%, outperforming the benchmark by 2.86%. Australian commodities stocks Santos, Atlas Iron and Newcrest posted double-digit returns and contributed significantly to performance. Resource stocks in Asia also delivered strong returns, with some in double digits, while Chinese banks and Hong Kong property stocks rebounded strongly on easing expectations and continued signs of a China soft landing. In Taiwan, the election victory by President Ma also lifted Taiwanese stocks, particularly those linked to the domestic economy there.

Market Outlook & Strategy*

Remain cautiously optimistic on Asia ex-Japan markets in coming month

We continue to expect market sentiment and direction to remain dependent on developments in the Eurozone debt crisis. However, we are optimistic that the crisis will stabilize further, given the European Central Bank's (ECB's) move to inject liquidity into the financial system in December, and continued signs of a recovery in the U.S. despite weakness in Europe. In the coming month, we are optimistic that the Asia ex Japan markets will continue to hold up well given that valuations remain at attractive levels which are supportive of further re-ratings despite the January rally. Moreover, economic fundamentals in Asia ex-Japan, including healthy sovereign and corporate balance sheets, continue to suggest that there are significant buffers to cope with the potential impact of the EU debt crisis should it worsen further. Inflationary pressures in Asia have also continued to moderate, which will provide scope for policy action to stimulate growth if necessary, though we do not think that such stimulus is necessary at this stage given the encouraging set of economic indicators that were released for the month of December.

Investment activities during the month

During the month, we bought back Brilliance China Automotive, the maker of BMW cars in China, to increase our exposure to the luxury segment within our China consumption theme. We added casino operators Grand Korea Leisure and Kangwon Land to take advantage of the rising numbers of China tourists to Korea. We added electric locomotive manufacturer CSR Corp in China on expectation that railway projects will resume in the coming months given the end of policy tightening. We bought clean-energy stock GCL-Poly - arguably the lowest cost producer of solar grade poly-silicon wafers in China – on positive signs that the US and China are likely to accelerate the build-up of solar capacity. In Taiwan, we accumulated mid-cap technology plays Kinsus Interconnect, Radiant Optoelectronics and Unimicron which we expect will benefit from the growing smart phone market. Chinatrust Financial was added for its attractive valuations as well as on expectation that it would benefit from the relaxation of cross-strait banking restrictions as President Ma’s election victory in Taiwan ushers in greater economic integration between Taiwan and China. In Singapore, Sembcorp Industries was purchased as a cheaper alternative to its subsidiary Sembcorp Marine which is well-positioned to secure more orders for semi-submersible oil rigs. These purchases were funded from the sale of Citic Securities, Samsung Heavy Industries and Advanced Semiconductor whose prices rallied significantly during the month.

Market Review*

MSCI AC Price Returns (% Change in SGD Terms)		
	Jan-12	YTD 2012
India	17.05%	17.05%
Singapore	10.79%	10.79%
China	7.35%	7.35%
AC Asia ex-Japan	7.19%	7.19%
Philippines	6.86%	6.86%
AC Asia Pacific ex Japan	6.72%	6.72%
Korea	6.67%	6.67%
AC Far East ex-Japan	6.27%	6.27%
Hong Kong	6.02%	6.02%
Taiwan	5.57%	5.57%
Australia	5.41%	5.41%
Thailand	4.85%	4.85%
New Zealand	3.53%	3.53%
Malaysia	1.09%	1.09%
Indonesia	0.61%	0.61%

Source: Bloomberg, 31 January 2012

Asia ex-Japan markets rebounded strongly as risk appetite returned

The MSCI Asia ex-Japan Index rose 7.2% in SGD terms in January, outperforming developed market peers as risk aversion receded. Investors were seen piling back into the Asian markets and emerging markets in general amid attractive stock valuations, and as the outlook for the U.S. economy and Eurozone debt crisis turned more positive. In Asia ex Japan, economic data continued to point to a soft landing, particularly with China's benign 4.1% YOY consumer price index (CPI) increase in December, and the declining inflation trend in India. During the month, Indonesia was upgraded to investment grade status by Moody's Ratings. India led the gainers among the regional markets, with the MSCI India Index rebounding a spectacular 17.1% in SGD terms on the back of an unexpected 50bp cut in the cash reserve ratio (CRR), strong economic data and a credit rating upgrade by Moody's to investment grade. Chinese stocks were also among Asia's top performers in January, with the Hang Seng China Enterprise Index (HSCEI) gaining 10.3% in SGD terms, as a further easing in inflation and weaker trade data raised hopes that the government will loosen monetary policy to boost growth. Meanwhile, other economic data like the official Purchasing Managers Index (PMI) – which rebounded to 50.3% in December – and 4Q11 GDP growth of 8.9% YOY continued to affirm that China remained on track for a soft landing.

* *Data Source: Bloomberg as of end January 2012.*

Nikko AM Shenton Asia Bond Fund

Highlights

- The Fund posted a gain of 0.45% in January as risk appetite returned on the back of better U.S. economic data and the Fed's pledge that it will keep interest rates low till at least end-2014. Asian government bonds and currencies were well supported as investors piled back into the regional markets.
- We are cautiously optimistic that the Eurozone situation will continue to stabilize. We are turning more positive on Philippines government bonds and have started to include them in the portfolio. We are also increasing our allocation to Indonesia to an overweight following its upgrades by Fitch and Moody's to investment grade.
- Risk aversion receded in January following continued signs of a recovery in the U.S. and further stabilization in the EU debt crisis. Asian government bonds and currencies rallied, with IndoGBs and the MYR outperforming regional peers, respectively. Moody's upgraded Indonesia's sovereign rating to investment grade (Baa3). The Philippines and Thailand cut interest rates during the month.

Performance Review

	Currency	Performance		
		January 2012 (% change)	Year-to-Date (% change)	Since Inception (annualised)
Nikko AM Shenton Asia Bond Fund (Net of fees)	SGD	+0.45%	+0.45%	+1.49%
Nikko AM Shenton Asia Bond Fund (Net of fees and charges ¹)	SGD	-4.57%	-4.57%	+0.70%
Benchmark (HSBC Asian Local Bond Index (ALBI)) ²	SGD	+0.51%	+0.51%	N/A

Source: ©2012 Morningstar & Nikko Asset Management Asia Limited as of 31 January 2012. All returns are calculated on a NAV-NAV basis and on the assumption that all dividends and distributions are re-invested if any.

¹Takes into account sales and realization charges, where applicable.

²Benchmark started on 1 Oct 2011

Since inception: 1 Aug 2005

Fund gained 0.45% in January

The Fund posted a gain of 0.45% in January as Asian currencies and government bonds strengthened amid better investor sentiment. As risk appetite returned on the back of better U.S. economic data and the Fed's pledge that it will keep interest rates low till at least end-2014, investors were seen piling back into the Asian markets. Government bond auctions in the month saw firm demand, particularly in Indonesia, following Moody's upgrade. Thai and Philippines government bonds also performed well on the back of the 25bp rate cuts by their central banks. All the Asian currencies appreciated against the USD, except the CNY, which pulled back slightly after the previous month's strong performance.

Market Outlook & Strategy*

Cautiously optimistic that Eurozone situation will continue to stabilize

In the coming months, we continue to expect market direction for Asian government bonds and currencies to remain vulnerable to developments in the Eurozone. However, we are turning more positive that the situation there will continue to stabilize, given the European Central Bank's (ECB's) move to inject liquidity into the financial system in December, and the pledge by European leaders at the recent EU Summit to focus more on stimulating growth and creating jobs, rather than exclusively on austerity measures. However, we remain wary of short-term risks, particularly the likelihood of a disorderly default in Greece should ongoing negotiations on a PSI deal be unsuccessful, or the EU/IMF subsequently refuse to sanction the EUR130b bailout package by 20 March.

Adding Philippines government bonds to portfolio

We are turning more positive on, and have started to add, government bonds from the Philippines given the country's improving macroeconomic fundamentals and attractive yields. Moreover, the country's moderating inflation and central bank's dovish stance also bode well for Philippines bonds. In 2011, both Moody's and Fitch upgraded the Philippines to two notches and one notch, respectively, below investment grade, and there is a strong possibility of further upgrades based on the country's strong economic growth, improving fiscal position as well as robust external payments position. Moreover, foreign interest has been growing and the current foreign ownership of 5% is low compared to other regional markets.

Overweight Indonesia and Malaysia

We are increasing our allocation to Indonesia to an overweight. Following the consecutive upgrades by Fitch and Moody's to investment grade, we expect inflows into the Indonesian bond market to gather pace, as fund managers and investors with strict investment-grade mandates can now allocate money into Indonesia. Moreover, as Indonesian bonds are gradually included into benchmark bond indices, we expect demand from benchmark-tracking funds to increase. We also remain positive on Malaysian government bonds on the benign new supply outlook, stable inflation and rate cut expectations, and continue to look for opportunities to extend duration.

Market Review*

Europe saw mass downgrades; U.S. pledged to keep rates low for longer

The Eurozone debt crisis continued to dominate headlines in January, led by S&P's rating downgrades of nine Eurozone countries including France, Italy and Spain, and Greece struggling to reach a private sector involvement (PSI) deal in a second bailout. Subsequent to the S&P downgrades, Fitch Ratings followed suit and cut the ratings of five EU nations including Italy and Spain. However, market reaction to the rating cuts was rather muted as the actions had been largely priced in; consequently, government bond auctions in Spain and France subsequent to the S&P downgrades still yielded positive results. Meanwhile, in the U.S., the Fed in its latest Federal Open Market Committee (FOMC) statement pledged to keep interest rates "exceptionally low" till at least late 2014, more than a year longer than its previous guidance, citing concerns over the sluggish growth outlook. This surprised many as economic data has continued to point to a slow but sustained recovery in recent months. The more benign policy stance supported U.S. Treasuries (USTs), with the 5-year UST yield dropping 8bp while the 10-year yield remained relatively unchanged over the month.

Asian government bonds and currencies performed well; Thailand and Philippines cut rates

A return of risk appetite on the back of continued signs of a recovery in the U.S. and more convincing efforts by European policymakers in tackling the debt crisis saw investors piling back into the Asian markets in January. Asian government bonds rallied, with Indonesian Government Bonds (IndoGBs) outperforming, and Asian currencies strengthened against the USD, led by the MYR. During the month, the Bank of Thailand (BoT) reduced its policy rate by 25bp to 3.00% in January, in an effort to help spur a recovery from the severe flooding that hit the country last year. In the Philippines, as benign inflation provided the leeway to ease monetary policy, the Bangko Sentral ng Pilipinas (BSP) cut both its policy repo and reverse repo rates by 25bp to 6.25% and 4.25%, respectively, citing further downside risks to the economy, particularly from the Eurozone debt crisis.

Indonesia paused on monetary easing; IndoGBs outperformed on Moody's upgrade

On the back of concerns that the weaker rupiah and the government's plans to contain fuel subsidies could raise inflation, Bank Indonesia (BI) extended its pause on monetary easing at its January Monetary Policy Meeting, keeping interest rates unchanged for the second month in a row. However, it widened the interest rate corridor for interbank funding (the deposit facility rate) to 200bp from 150bp, in an effort to encourage banks to transact with one another, instead of parking their excess funds with the Central Bank. During the month, Moody's upgraded Indonesia's sovereign rating to investment grade (Baa3) with a stable outlook, This followed a similar upgrade by Fitch Ratings in December. Consequently, IndoGBs continued December's rally into January, again outperforming Asian peers with yields falling about 60-70bp across the curve.

**Data Source: Bloomberg as of end January 2012.*

FUND PERFORMANCE UPDATE

January 2012

Nikko AM Shenton Asia Knowledge Fund

Highlights

- In January, the Fund gained 8.54%, outperforming the benchmark by 2.28%.
- We expect the Asia ex-Japan markets to remain well supported given that valuations remain supportive of further re-ratings despite the January rally, and on expectation that the Eurozone debt crisis will stabilize further.
- The Asia ex-Japan stock markets rebounded strongly and outperformed developed market peers in January, as risk appetite returned on the back of continued signs of a recovery in the U.S. and more convincing efforts by European policymakers in tackling the debt crisis.

Performance Review

	Currency	Performance		
		January 2012 (% change)	Year-to-Date (% change)	Since Inception (annualised)
Nikko AM Shenton Asia Knowledge Fund (Net of fees)	SGD	+8.54%	+8.54%	+2.65%
Nikko AM Shenton Asia Knowledge Fund (Net of fees and charges ¹)	SGD	+3.11%	+3.11%	+2.27%
Benchmark (MSCI AC FE ex-Japan Index)	SGD	+6.26%	+6.26%	+4.70%

Source: ©2012 Morningstar & Nikko Asset Management Asia Limited as of 31 January 2012. All returns are calculated on a NAV-NAV basis and on the assumption that all dividends and distributions are re-invested if any.

¹Takes into account sales and realization charges, where applicable.

Since inception: 28 Apr 2000

Fund posted strong gain in January

In January, the Fund gained 8.54%, outperforming the benchmark by 2.28%. The best-performing stocks in the portfolio included resource stocks in Asia which strongly outperformed the broad market, with some generating double-digit returns, while Chinese banks and Hong Kong property stocks also rebounded strongly on easing expectations and continued signs of a China soft landing. In Taiwan, the election victory by President Ma lifted Taiwanese stocks, particularly those linked to the domestic economy there.

Market Outlook & Strategy*

Remain cautiously optimistic on Asia ex-Japan markets in coming month

We continue to expect market sentiment and direction to remain dependent on developments in the Eurozone debt crisis. However, we are optimistic that the crisis will stabilize further, given the European Central Bank's (ECB's) move to inject liquidity into the financial system in December, and continued signs of a recovery in the U.S. despite weakness in Europe. In the coming month, we are optimistic that the Asia ex Japan markets will continue to hold up well given that valuations remain at attractive levels which are supportive of further re-ratings despite the January rally. Moreover, economic fundamentals in Asia ex-Japan, including healthy sovereign and corporate balance sheets, continue to suggest that there are significant buffers to cope with the potential impact of the EU debt crisis should it worsen further. Inflationary pressures in Asia have also continued to moderate, which will provide scope for policy action to stimulate growth if necessary, though we do not think that such stimulus is necessary at this stage given the encouraging set of economic indicators that were released for the month of December.

Investment activities during the month

In China, we continue to be optimistic on the consumer discretionary sector given rising wages and changing consumer patterns. We especially favour the luxury segment, and have added a luxury car manufacturer in China and, to take advantage of the rising number of Chinese tourists to Korea, two casino counters there. We also added a Chinese train locomotive manufacturer on expectation that the railway projects will be resumed on receding fears over a hard landing. In addition, we continue to favour and have added clean energy plays on growing demand, and Taiwan mid-cap tech plays – which we expect to benefit from the growing smartphone market. A Taiwanese bank was also added on expectation of further relaxation in cross-straits banking restrictions. We continue to expect further rebound in selected commodities including crude oil, and have added a Singapore offshore & marine counter which we expect to benefit from more orders for semi-submersible oil rigs. To fund these purchases, we took profit on selected counters which have rallied significantly during the month.

Market Review

MSCI AC Price Returns (% Change in SGD Terms)		
	Jan-12	YTD 2012
India	17.05%	17.05%
Singapore	10.79%	10.79%
China	7.35%	7.35%
AC Asia ex-Japan	7.19%	7.19%
Philippines	6.86%	6.86%
AC Asia Pacific ex Japan	6.72%	6.72%
Korea	6.67%	6.67%
AC Far East ex-Japan	6.27%	6.27%
Hong Kong	6.02%	6.02%
Taiwan	5.57%	5.57%
Australia	5.41%	5.41%
Thailand	4.85%	4.85%
New Zealand	3.53%	3.53%
Malaysia	1.09%	1.09%

Source: Bloomberg, 31 January 2012

Asia ex-Japan markets rebounded strongly as risk appetite returned

The MSCI Asia ex-Japan Index rose 7.2% in SGD terms in January, outperforming developed market peers as risk aversion receded. Investors were seen piling back into the Asian markets and emerging markets in general amid attractive stock valuations, and as the outlook for the U.S. economy and Eurozone debt crisis turned more positive. In Asia ex Japan, economic data continued to point to a soft landing, particularly with China's benign 4.1% YOY consumer price index (CPI) increase in December, and the declining inflation trend in India. During the month, Indonesia was upgraded to investment grade status by Moody's Ratings. India led the gainers among the regional markets, with the MSCI India Index rebounding a spectacular 17.1% in SGD terms on the back of an unexpected 50bp cut in the cash reserve ratio (CRR), strong economic data and a credit rating upgrade by Moody's to investment grade. Chinese stocks were also among Asia's top performers in January, with the Hang Seng China Enterprise Index (HSCEI) gaining 10.3% in SGD terms, as a further easing in inflation and weaker trade data raised hopes that the government will loosen monetary policy to boost growth. Meanwhile, other economic data like the official Purchasing Managers Index (PMI) – which rebounded to 50.3% in December – and 4Q11 GDP growth of 8.9% YOY continued to affirm that China remained on track for a soft landing.

* *Data Source: Bloomberg as of end January 2012.*

FUND PERFORMANCE UPDATE

January 2012

Nikko AM Shenton Global Property Securities Fund

Highlights

- During the month of January, the Fund delivered a return of 4.36%, outperforming its benchmark by 95bp. The outperformance was due to stock selection.
- We are optimistic on the outlook for North America, while in Europe we continue to focus on Northern Europe and Scandinavia. In the UK, we expect the Summer Olympics to be a boost, while in Japan, we believe economic data should recover modestly. We remain positive on the Asia Pacific ex-Japan region.
- Global property stocks recovered in January, with the EPRA/NAREIT Global Index gaining 8.3% in USD terms. Property stocks in the Asia Pacific region fared best, followed by those in the Americas and Europe.

Performance Review

	Currency	Performance		
		January 2012 (% change)	Year-to-Date (% change)	Since Inception (annualized)
Nikko AM Shenton Global Property Securities Fund (Net of fees)	SGD	+4.36%	+4.36%	-1.12%
Nikko AM Shenton Global Property Securities Fund (Net of fees and charges ¹)	SGD	-0.86%	-0.86%	-1.86%
Benchmark (UBS Global Real Estate Investors Total Return Index)	SGD	+3.41%	+3.41%	+9.22%

Source: ©2012 Morningstar & Nikko Asset Management Asia Limited as of 31 January 2012. All returns are calculated on a NAV-NAV basis and on the assumption that all dividends and distributions are re-invested if any.

¹ Takes into account sales and realization charges, where applicable.

Since inception: 11 Apr 2005

Outperformed in January due to stock selection

During the month of January, the Fund delivered a return of 4.36%, outperforming its benchmark by 95bp. The outperformance was due to stock selection in Hong Kong (HK), Singapore, the U.S. and Canada, and Australia. Key positions which contributed to outperformance included our overweights in Wharf, Goodman Group, Hong Kong Land and Global Logistic Properties.

Market Outlook and Strategy

Optimistic outlook for North America

We believe that economic data from North America will on balance continue to be better than expected. We continue to believe that the U.S. Federal Reserve (Fed) will maintain an accommodative monetary policy for the whole year. If the Fed engages in further quantitative easing, that would be a positive catalyst, in our opinion. Our concerns continue to be around how the crisis in Europe will be resolved. In Canada, we continue to see positive economic expansion driven by the oil industry. We believe the gift of two panda bears by the Chinese government to the visiting Canadian premier is a good indication of warmer diplomatic relations to come and bodes well for further investments into Canada.

Continue to favour Northern Europe and Scandinavia

Greece is back on the agenda as the deadline to finish negotiations for the release of the next tranche of bailout funds looms closer. Given that the negotiations remain focused on austerity measures, we feel that the impact on economic activity will be negative. We also believe that this year a fuller impact of austerity will be felt in all Southern European economies including Spain, Italy and Portugal, resulting in these countries seeing declines in domestic demand. Hence we continue to prefer Northern Europe and Scandinavia, where economic conditions are more favourable, we believe.

Summer Olympics should be a boost to the UK

We continue to expect the UK to do better than Europe in the coming months. We expect a positive economic impact from hosting of the 2012 Summer Olympics to be held in London; in particular, increased tourism driven by the event should provide the economy a positive fillip. We also expect the Bank of England to continue with quantitative easing which should be a positive. We continue to be more positive on London than the rest of the country. We remain focused on specialist names, which we believe will continue to do well amidst the generally sluggish economy.

Marginally-positive numbers expected in Japan

Japanese economic numbers should remain marginally positive, in our view, as the Bank of Japan's asset purchase program continues to have a positive impact in the market. We expect retail sales to continue to be relatively positive but Tokyo office vacancy will likely continue to rise as more supply comes to market. At best, we expect office vacancy to peak in the second half of the year. We expect the condominium market to continue to recover. A key near-term risk to the export-oriented economy would be a sharp slowdown in global growth.

Asian valuations remain attractive

We continue to believe that the economies in the Asia Pacific ex-Japan region will likely grow at a healthier pace compared with their developed global peers. This should be broadly supportive of commercial real estate values and rents. Should capital markets continue to recover, we expect concerns over office rents in HK and Singapore to be mitigated in tandem. Despite the recent rally, we believe that valuations for Asian property stocks in general remain attractive. We remain overweight the Asia Pacific ex-Japan region in our portfolio. We remain underweight Australia, and overweight Singapore, HK and Thailand.

Market Review

Global property stocks recovered in January

Global property stocks recovered in January, with the EPRA/NAREIT Global Index gaining 8.3% in USD terms. Property stocks in the Asia Pacific region fared best, followed by those in the Americas and Europe. Property stocks outperformed general equities, with the MSCI World Index gaining 4.9% during the month.

U.S. stocks recovered on the back of positive economic news

U.S. property stocks gained 6.3% during the month in USD terms, according to the FTSE EPRA/NAREIT U.S. Index. Economic news continues to be positive, with the University of Michigan Confidence Index for January rising to 75.0, and the unemployment rate in January falling to 8.3%. Both data-points were slightly ahead of expectations. In Canada, building permits were up 11.1% MOM, also better than expected. In company news, Duke Realty bought a pair of medical office buildings in San Antonio, and Brookfield confirmed its commitment to materially expand in London. In Canada, a portfolio of five retail assets in Ontario changed hands at a cap rate of 7.2%.

European property stocks gained more modestly

European property stocks recovered in January, with the FTSE EPRA/NAREIT Eurozone Index up 4.9% in USD terms. European sovereign yields have contracted on the back of the Long Term Refinance Operation (LTRO) conducted by the European Central Bank (ECB) at end of December. In economic news, Eurozone retail sales fell 1.6% YOY in December, while the manufacturing PMI for January came in at a sluggish 48.8. The Swedish unemployment rate for December came in at 7.1%, much lower than the Europe-wide rate, which was higher than 10%. In Greece, industrial production fell 11.3% YOY in December, a clear sign of the continuing crisis there. In company news, Carrefour published a 4.7% YOY drop in sales and a 3.5% decline in traffic in 4Q11.

UK property stocks gained as sovereign wealth funds continued to buy

UK property stocks gained 6.6% in USD terms during the month, as measured by the FTSE EPRA/NAREIT UK Index. The UK continued to benefit from being a top investment destination for sovereign funds. A Malaysian sovereign wealth fund agreed to buy three prime London office assets in Canary Wharf, the West end and the City for GBP750m at a 5.3% yield. In economic news, 4Q11 GDP declined by 0.2% QOQ, which was slightly worse than expected. December data from Investment Property Databank (IPD) showed that office was the best-performing real estate sector followed by industrial and retail. In company news, Brookfield announced plans for an eight-fold expansion of its London portfolio over the next five years. Land Securities sold its Victoria building to Tishman Speyer for GBP171m.

Japanese property stocks gained

Japanese property stocks gained 7.3% in USD terms in January, according to the FTSE EPRA/NAREIT Japan Index. In economic news, Tokyo condominium sales was up 8.4% YOY in December, while imports rose 8.1% YOY primarily on the back of higher energy imports, and retail trade was up a better-than-expected 2.5% YOY. In company news, Nippon Building Fund successfully raised nearly JPY21b in a secondary offering.

A-REITs gained despite sparse news flow

Australian REITs (A-REITs) gained 5.4% in AUD terms during the month, according to the S&P/ASX 200 A-REIT Index. The REITs outperformed Australian equities, which gained 5.1%, as measured by the S&P/ASX 200 Index. As scheduled, the Reserve Bank of Australia did not meet in January (the only month it does not meet). Employment fell by 29,300 jobs in December, against expectations of a 10,000-job gain. Corporate news was sparse ahead of the reporting season. Centro Retail Australia appointed Steven Sewell, formerly CEO of Charter Hall Retail REIT, as its new CEO.

HK property stocks rebounded sharply

HK property stocks gained 12.6% in HKD terms during the month, according to the Hang Seng Property Index. In January, HK home prices softened 2.2% according to the Centa-City Leading Index. During the month, Wheelock & Co won a land tender for a site in Tseung Kwan O for HKD1.86b, at the low end of market expectations. Chinachem won the tender for a site in Tsuen Wan for HKD2.6b, lower than market expectations. The tender for a second site in Tsuen Wan was withdrawn due to poor response.

Chinese property stocks gained on selective mortgage rate easing

Chinese property stocks mostly gained during the month. New home sales in eight major cities fell 58% MOM and 66% YOY during the month, according to JP Morgan. This was attributed to Chinese New Year falling in January this year, while it fell in February in 2011. According to indices maintained by property consultant Centaline, secondary prices for five key cities fell 2.1% MOM in January, quicker than the 1.6% in December. During the month, mortgage rates for first-time buyers were eased in several key cities, including Beijing, Shanghai and Ningbo. From a 10% premium to the People's Bank of China (PBOC) benchmark, rates were lowered to a 5-10% discount.

Singapore property stocks gained despite slower home sales

Singapore property stocks also rose in January, with the FTSE ST Real Estate Index up 9.5% in SGD terms. According to the Urban Redevelopment Authority, prices of private residential properties increased by 0.2% QOQ in 4Q11, slower than the 1.3% rise in 3Q11, and the smallest increase since 3Q09. Office rents rose 0.3% QOQ in 4Q11, less than the 0.9% in 3Q11. Industrial rents rose 0.4% against 2.4% in the previous quarter, while retail rents rose 0.5%, unchanged from the previous quarter. New home sales dropped sharply in December following the implementation of new cooling measures, with developers selling only 632 units, down 63% MOM.

Content Source: Nikko Asset Management Asia Limited and Urdang Securities Management, Inc., January 2012.

Note:

The CPF interest rate for the Ordinary Account ("OA") is based on the 12-month fixed deposit and month-end savings rates of major local banks, subject to a minimum 2.5% interest per annum. The interest rate for Special, Medisave and Retirement Accounts ("SMRA") is pegged to the 12-month average yield of 10-year Singapore Government Securities yield plus 1%. A 4% floor rate will be maintained for interest earned on SMRA until 31 December 2012, after which a 2.5% minimum rate will apply. From 1 January 2008, an extra 1% interest will be paid on the first S\$60,000 of a member's combined balances, including up to S\$20,000 in the OA. The first S\$20,000 in the OA and the first S\$40,000 in the Special Account ("SA") cannot be invested under the CPF Investment Scheme ("CPFIS").

FUND PERFORMANCE UPDATE

January 2012

Nikko AM Shenton Short Term Bond Fund (S\$)

Highlights

- The Fund posted a gain of 0.42% in January 2012, outperforming the benchmark which returned 0.02%. Year-to-date, the Fund gained 0.42% on a total return basis, outperforming the benchmark, which returned 0.03%.
- We are cautiously optimistic that the Eurozone debt crisis will stabilize further in the coming months, while acknowledging that downside risks persist. The Fund retains its bias for Asia-Pacific investment-grade credits – which currently accounts for about 90% of the Fund.
- Asian credits staged a strong rally in January as risk aversion receded on the back of continued signs of a U.S. recovery and improved outlook on the EU debt crisis. Asian high-yield credits significantly outperformed high-grade peers in the risk-on environment.

Performance Review

	Currency	Performance		
		January 2012 (% change)	Year-to-Date (% change)	Since Inception (annualised)
Nikko AM Shenton Short Term Bond Fund (S\$) (Net of fees)	SGD	+0.42%	+0.42%	+2.22%
Nikko AM Shenton Short Term Bond Fund (S\$) (Net of fees and charges ¹)	SGD	-0.59%	-0.59%	+2.13%
Benchmark (3M SIBOR)	SGD	+0.03%	+0.03%	+1.41%

Source: ©2012 Morningstar & Nikko Asset Management Asia Limited as of 31 January 2012. All returns are calculated on a NAV-NAV basis and on the assumption that all dividends and distributions are re-invested if any.

¹Takes into account sales and realization charges, where applicable.

Since inception: 29 Sep 2000

Fund started the year on a positive note

The Fund posted a gain of 0.42% in January 2012, outperforming the benchmark which returned 0.02%. The year started on a positive note for the Asian credit markets as risk appetite returned on the back of continued signs that the U.S. recovery is gaining traction and more convincing efforts by European leaders in tackling the debt crisis. Year-to-date, the Fund gained 0.42% on a total return basis, outperforming the benchmark, which returned 0.03%.

Fund's characteristics mostly unchanged

As of 31 January 2012, the Fund's overall duration (see Note 1) and estimated yield (see Note 2) remained largely unchanged at 1.43 year and 3.00% (hedged in SGD terms), respectively. The average credit rating of the Fund remained at A-. The Fund is diversified across 131 bonds, with 92 issuers from 11 countries, with an average weight of 1.18% per issuer. During the month, the level of cash and cash equivalents was reduced to 7.8%.

Market Outlook & Strategy*

Cautiously optimistic that Eurozone situation will continue to stabilize

In the coming months, we continue to expect market direction for Asian credits to remain vulnerable to developments in the Eurozone. However, we are turning more positive that the situation there will continue to stabilize, given the European Central Bank's (ECB's) long-term refinancing operation (LTRO) which injected liquidity into the financial system in December, and the pledge by European leaders at the recent EU Summit to focus more on stimulating growth and creating jobs, rather than exclusively on austerity measures. Moreover, with the second round of the LTRO due in February, European banks will be able to adequately build up their liquidity buffers. Meanwhile, the outlook for the U.S. economy is also looking brighter given continued signs of a sustained recovery in the U.S. and the Fed's recent pledge to keep interest rates low until late 2014. Nonetheless, we remain wary of short-term risks, as core problems related to the EU debt crisis have yet to be resolved, and the U.S. recovery remains fragile at this stage.

Asia Pacific remains primary focus

The Fund's allocation to credits from Asia-Pacific issuers currently stands at 90%. We look to roughly maintain this weightage given the region's stronger fundamentals and attractive valuations. We remain cautious amid lingering market uncertainty, and maintain a bias for issuers with high credit quality and strong liquidity positions. We are also positive on USD-denominated bonds, on a hedged basis.

Market Review*

Asian credits rallied strongly in January

Asian credits staged a strong rally in January as risk appetite returned on the back of better-than-expected U.S. economic data and improved outlook towards Europe's sovereign debt crisis. In Europe, the positive market tone following the European Central Bank's (ECB's) liquidity-producing operation in December continued into January, and despite mass rating downgrades on the Eurozone countries by both S&P and Fitch, government bond auctions in Spain and France still yielded positive results. Meanwhile, in the U.S., the Fed pledged that it will keep interest rates "exceptionally low" till at least late 2014, more than a year longer than its previous guidance, citing concerns over the sluggish growth outlook. This surprised many as economic data has continued to point to a slow but sustained recovery in recent months. Nonetheless, risk markets in Asia rebounded strongly as investors piled back into the region.

Asian high-yield outperformed high-grade

Asian high-yield credits rose a spectacular 5.52% on a total return basis in January, with spreads narrowing 81bp, outperforming Asian high-grade peers, which gained 1.22% as spreads tightened only 2bp. Compared to developed market peers, Asian high-grade credits underperformed, while high-yield credits outperformed. Primary activity in the Asian credit markets spiked with more than USD8b of high-grade bonds coming to the market. High-yield corporate issuance activity remained subdued given the relatively high level of all-in yields demanded by investors.

* Data Source: Bloomberg as of end January 2012.

Note 1: Duration is defined as the weighted average of duration to maturity or call date, whichever is lower, of the Fund.

Note 2: Yield is defined as the weighted average of yield to maturity or call date, whichever is lower, of the Fund.

Note 3: Non-Credit AAA is defined as issuers that are AAA sovereigns, AAA Supranationals and Singapore statutory boards. Such issuers typically do not carry any meaningful credit spread component as their expected default risks are very low.

Note:

The CPF interest rate for the Ordinary Account ("OA") is based on the 12-month fixed deposit and month-end savings rates of major local banks, subject to a minimum 2.5% interest per annum. The interest rate for Special, Medisave and Retirement Accounts ("SMRA") is pegged to the 12-month average yield of 10-year Singapore Government Securities yield plus 1%. A 4% floor rate will be maintained for interest earned on SMRA until 31 December 2012, after which a 2.5% minimum rate will apply. From 1 January 2008, an extra 1% interest will be paid on the first S\$60,000 of a member's combined balances, including up to S\$20,000 in the OA. The first S\$20,000 in the OA and the first S\$40,000 in the Special Account ("SA") cannot be invested under the CPF Investment Scheme ("CPFIS").

FUND PERFORMANCE UPDATE

January 2012

MYHOME FUND – HomeBalanced

Highlights

- The Fund returned +4.92% for the month.
- We are cautiously optimistic that Singapore stocks to remain well supported given that valuations remain attractive despite the January rally, and on expectation that the situation in the Eurozone will stabilize further. We continue to emphasize the theme of resilient cash flows in the coming months.
- Risk aversion receded in January following continued signs of a recovery in the U.S. and further stabilization in the EU debt crisis. The Fed's pledge to keep interest rates "exceptionally low" till at least late 2014 supported U.S. Treasuries and yields trended lower. SGS yields bull flattened with the 5-year SGS yield falling 10bp and 10-year by 8bp.

Performance Review

	Currency	Performance		
		January 2012 (% change)	Year-to-Date (% change)	Since Inception (annualised)
MyHome Fund – HomeBalanced (Net of fees)	SGD	+4.92%	+4.92%	+4.50%
MyHome Fund – HomeBalanced (Net of fees and charges ¹)	SGD	+0.73%	+0.73%	+2.68%

Source: ©2012 Morningstar & Nikko Asset Management Asia Limited as of 31 January 2012. All returns are calculated on a NAV-NAV basis and on the assumption that all dividends and distributions are re-invested if any.

¹Takes into account sales and realization charges, where applicable.

Since inception: 2 Oct 2009

The Fund returned 4.92% for the month. In the month of January 2012, holdings in the Nikko AM Singapore STI ETF contributed 4.82% positively while ABF Singapore Bond Index Fund contributed 0.23% positively.

Strategy

MyHome Fund – HomeBalanced seeks to provide moderate capital appreciation through largely Singapore-dollar denominated assets. The investment focus is to passively invest the assets of the Fund in Singapore-dollar denominated fixed income securities and Singapore-listed equities (or in one or more different mutual fund(s) and unit trust(s) reflecting an underlying investment in such fixed income securities and equities) in the proportion of 50:50.

Market Commentary

% Change [^]	Month	YTD
Singapore Straits Times Index	+9.84%	+9.84%
iBoxx ABF Singapore Bond Index	+0.89%	+0.89%

Source: ©2012 Morningstar & Bloomberg, 31 January 2012 ([^]in local currency, price return basis)

Equity

Singapore stocks outperformed most Asian peers

The FTSE Straits Times Index (FSSTI) gained 9.84% in January, outperforming most Asia ex-Japan peers (except for India), as risk appetite returned on the back of continued signs of a recovery in the U.S., more convincing efforts by European policymakers in tackling the debt crisis, and expectation of policy easing in China. On Singapore's economic front, data pointed to a continued slowing in growth, with advance estimates of 4Q11 GDP coming at a lower-than-expected 3.6% YOY versus expectations of 4.3% and 3Q11's 6.1%. Inflation moderated slightly in December, rising 5.5% YOY (versus 5.7% in November), in line with market consensus. Singapore's Purchasing Managers Index (PMI) improved to 49.5 in December (versus 48.7 in November) but continued to point to a contraction. In his New Year's address, Prime Minister Lee said that Singapore's economy is expected to grow 1-3% in 2012.

Asian stocks rebounded strongly as risk appetite returned

The MSCI Asia Pacific ex-Japan Index rose 6.72% in SGD terms in January, outperforming global peers as risk aversion receded. Investors were seen piling back into the Asian stock markets amid attractive stock valuations, and as the outlook for the U.S. economy and Eurozone debt crisis turned more positive. In Asia ex Japan, economic data continued to point to a soft landing, particularly with China's benign 4.2% YOY consumer price index (CPI) increase in December, and the declining inflation trend in India. During the month, Indonesia was upgraded to investment grade status by Moody's Ratings. Among the regional markets, India led the gainers, with the MSCI India Index up 12.52% (17.05% in SGD terms), on the back of an unexpected 50bp cut in the cash reserve ratio (CRR), an upgrade of its short term foreign currency rating to investment grade, and strong economic data.

Fixed Income

Sentiment improved following ECB's long term refinancing operation

Market sentiment appeared to have stabilized somewhat in December, as Eurozone policymakers took further proactive steps towards addressing the ongoing debt crisis. In addition to its current weekly USD liquidity-providing operations, the European Central Bank (ECB), in an unprecedented move, offered EUR489.2b in cheap three-year loans to Euro-area banks via a long term refinancing operation (LTRO). The improvement in risk sentiment helped to reverse some of the recent bull flattening seen in U.S. Treasuries (USTs). In particular, although the 2-year/10-year UST yield spread ended the month 18bp tighter, it had widened about 6bp from the month's low of 158bp seen on 19 December.

Singapore's inflation remained stubbornly high

In contrast with its Asian neighbours where inflation has been easing due to weaker growth, Singapore's CPI rose 5.7% YOY in November, higher than expectations of 5.3% and October's print of 5.4%. Core inflation, which excludes accommodation and private transport, also rose 2.4% YOY (0.2% MOM) from October's 2.3% YOY. The main drivers of inflation were again housing and transport costs.

FUND PERFORMANCE UPDATE

January 2012

MYHOME FUND – HomeGrowth

Highlights

- The Fund returned +7.44% for the month.
- We are cautiously optimistic that Singapore stocks to remain well supported given that valuations remain attractive despite the January rally, and on expectation that the situation in the Eurozone will stabilize further. We continue to emphasize the theme of resilient cash flows in the coming months.
- Risk aversion receded in January following continued signs of a recovery in the U.S. and further stabilization in the EU debt crisis. The Fed's pledge to keep interest rates "exceptionally low" till at least late 2014 supported U.S. Treasuries and yields trended lower. SGS yields bull flattened with the 5-year SGS yield falling 10bp and 10-year by 8bp.

Performance Review

	Currency	Performance		
		January 2012 (% change)	Year-to-Date (% change)	Since Inception (annualised)
MyHome Fund – HomeGrowth (Net of fees)	SGD	+7.44%	+7.44%	+4.66%
MyHome Fund – HomeGrowth (Net of fees and charges ¹)	SGD	+3.14%	+3.14%	+2.84%

Source: ©2012 Morningstar & Nikko Asset Management Asia Limited as of 31 January 2012. All returns are calculated on a NAV-NAV basis and on the assumption that all dividends and distributions are re-invested if any.

¹Takes into account sales and realization charges, where applicable.

Since inception: 2 Oct 2009

The Fund returned +7.44% for the month. In the month of January 2012 holdings in the Nikko AM Singapore STI ETF contributed 7.37% positively while ABF Singapore Bond Index Fund contributed 0.06% positively.

Strategy

MyHome Fund – HomeGrowth seeks capital growth through largely Singapore-dollar denominated assets. The investment focus is to passively invest the assets of the Fund in Singapore-dollar denominated fixed income securities and Singapore-listed equities (or in one or more different mutual fund(s) and unit trust(s) reflecting an underlying investment in such fixed income securities and equities) in the proportion of 20:80.

Market Commentary

% Change [^]	Month	YTD
Singapore Straits Times Index	+9.84%	+9.84%
iBoxx ABF Singapore Bond Index	+0.89%	+0.89%

Source: ©2012 Morningstar & Bloomberg, 31 January 2012 ([^]in local currency, price return basis)

Equity

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The FTSE Straits Times Index (FSSTI) gained 9.84% in January, outperforming most Asia ex-Japan peers (except for India), as risk appetite returned on the back of continued signs of a recovery in the U.S., more convincing efforts by European policymakers in tackling the debt crisis, and expectation of policy easing in China. On Singapore's economic front, data pointed to a continued slowing in growth, with advance estimates of 4Q11 GDP coming at a lower-than-expected 3.6% YOY versus expectations of 4.3% and 3Q11's 6.1%. Inflation moderated slightly in December, rising 5.5% YOY (versus 5.7% in November), in line with market consensus. Singapore's Purchasing Managers Index (PMI) improved to 49.5 in December (versus 48.7 in November) but continued to point to a contraction. In his New Year's address, Prime Minister Lee said that Singapore's economy is expected to grow 1-3% in 2012.

Asian stocks rebounded strongly as risk appetite returned

The MSCI Asia Pacific ex-Japan Index rose 6.72% in SGD terms in January, outperforming global peers as risk aversion receded. Investors were seen piling back into the Asian stock markets amid attractive stock valuations, and as the outlook for the U.S. economy and Eurozone debt crisis turned more positive. In Asia ex Japan, economic data continued to point to a soft landing, particularly with China's benign 4.2% YOY consumer price index (CPI) increase in December, and the declining inflation trend in India. During the month, Indonesia was upgraded to investment grade status by Moody's Ratings. Among the regional markets, India led the gainers, with the MSCI India Index up 12.52% (17.05% in SGD terms), on the back of an unexpected 50bp cut in the cash reserve ratio (CRR), an upgrade of its short term foreign currency rating to investment grade, and strong economic data.

Fixed Income

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Singapore's inflation remained stubbornly high

In contrast with its Asian neighbours where inflation has been easing due to weaker growth, Singapore's CPI rose 5.7% YOY in November, higher than expectations of 5.3% and October's print of 5.4%. Core inflation, which excludes accommodation and private transport, also rose 2.4% YOY (0.2% MOM) from October's 2.3% YOY. The main drivers of inflation were again housing and transport costs.

FUND PERFORMANCE UPDATE

January 2012

MYHOME FUND – HomeSteady

Highlights

- The Fund returned +2.61% for the month.
- We are cautiously optimistic that Singapore stocks to remain well supported given that valuations remain attractive despite the January rally, and on expectation that the situation in the Eurozone will stabilize further. We continue to emphasize the theme of resilient cash flows in the coming months.
- Risk aversion receded in January following continued signs of a recovery in the U.S. and further stabilization in the EU debt crisis. The Fed's pledge to keep interest rates “exceptionally low” till at least late 2014 supported U.S. Treasuries and yields trended lower. SGS yields bull flattened with the 5-year SGS yield falling 10bp and 10-year by 8bp.

Performance Review

	Currency	Performance		
		January 2012 (% change)	Year-to-Date (% change)	Since Inception (annualised)
MyHome Fund – HomeSteady (Net of fees)	SGD	+2.61%	+2.61%	+4.22%
MyHome Fund – HomeSteady (Net of fees and charges ¹)	SGD	-1.50%	-1.50%	+2.41%

Source: ©2012 Morningstar & Nikko Asset Management Asia Limited as of 31 January 2012. All returns are calculated on a NAV-NAV basis and on the assumption that all dividends and distributions are re-invested if any.

¹Takes into account sales and realization charges, where applicable.

Since inception: 2 Oct 2009

The Fund returned +2.61% for the month. In the month of January 2012, holdings in the Nikko AM Singapore STI ETF contributed 2.06% positively while ABF Singapore Bond Index Fund contributed 0.37% positively.

Strategy

MyHome Fund – HomeSteady seeks to provide capital preservation with a mild element of capital appreciation in largely Singapore-dollar denominated assets. The investment focus is to passively invest the assets of the Fund in Singapore-denominated fixed income securities and Singapore-listed equities in the proportion of approximately 80:20.

Market Commentary

% Change [^]	Month	YTD
Singapore Straits Times Index	+9.84%	+9.84%
iBoxx ABF Singapore Bond Index	+0.89%	+0.89%

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Equity

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