FUND PERFORMANCE UPDATE

June 2014

Nikko AM Global Dividend Equity Fund

Highlights

- The Fund gained 1.66% (in SGD terms) in the month of June and 6.32% (in SGD terms) for the year-to-date period.

- The MSCI All Country World Index gained 1.93% in June in USD terms. In June, the positive momentum of equities and bonds continued from the previous three months. The better sentiment stems from the US growing at rates not seen since the recession. The European Central Bank (ECB) also announced stimulus measures which included cuts to interest rates and a negative deposit rate.

- Our fundamental position has not changed and we expect further market gains as well as a slow return to “normalisation”. As we move towards 'normalisation', central bank liquidity should wane and qualities and fundamentals will become more of the primary driver. The Emerging Markets region has benefited from the upturn in the global economy following the weather-induced slowdown in the US during the first quarter of the year. Export conditions had also improved, in which this had taken some of the pressure off the emerging market region.

Performance Review

	Performance		
	June 2014 (% change)	Year-to-Date (% change)	Since Inception (annualised)
Nikko AM Global Dividend Equity Fund SGD Hedged Accumulation Class Units (net of fees)	1.66	6.32	1.01
Nikko AM Global Dividend Equity Fund SGD Hedged Accumulation Class Units (net of fees and charges[1])	-3.42	1.00	0.66
Benchmark (MSCI All Country World Index[2])	1.93	6.50	3.03

Source: ©2014 Morningstar & Nikko Asset Management Asia Limited as of 30 June 2014. Returns are calculated on a NAV-NAV basis and assuming all dividends and distributions are re-invested if any. Past performance is not indicative of future performance.

[1]*Takes into account maximum sales and realisation charges, where applicable.*

[2]*The Fund’s benchmark is MSCI All Country World Index and is stated in USD terms. The currency exposures of the “SGD Hedged Accumulation Share Class” is hedged from the Fund’s base currency – USD to the Share Class currency - SGD, to remove the currency conversion risk from the Fund’s base currency to the respective Share Classes’ currency.*

Note:
Nikko AM Global Dividend Equity Fund was reshaped from Horizon Global Equity Fund with effect from 16 December 2013.

Since inception: 2 August 1999

The Fund posted returns of 1.66% in June
The Fund had another positive month returning 1.66% (in SGD terms) bringing the year-to-date performance to 6.32%. Stock selection was positive in banks, utilities and energy, semiconductors, food, beverage and tobacco. Stock selection was also positive in Italy led by energy giant ENI while the underweight position in domestic banks such as Unicredit and Intesa also contributed positively to performance, as well as Korea, India and Chile. In France, energy stock Total and the underweight

positions in BNP and Societe Generale generated relative outperformance. Brazilian stock Cielo (formerly Visanet) was the other large contributor to relative performance recording a double digit rise.

Dividend Yield and Dividend Growth

The Fund registered higher dividend yield and dividend growth
The Nikko AM Global Dividend Equity Fund had a dividend yield of 3.8% at the end of June compared with the benchmark's yield of 2.5%. Meanwhile, the dividend growth for the Fund was 6.5%, compared with the benchmark which is 5.9% at end June.

Market Review

June continued the positive momentum of equities and bonds
June continued the positive momentum with equities and bonds once again making gains. In June, the MSCI AC World Equity Index increased by 1.9% while bonds also generated positive returns with the Merrill Lynch over 5-year Bond Index up 1.9%. The better sentiment stems from the US growing at rates not seen since the recession. The ECB also announced stimulus measures which included cuts to interest rates and a negative deposit rate.

From a regional perspective, Japanese equities led the way generating a return of 5.2%, continuing the positive sentiment in May. Emerging markets returned 2.7% on the back of better sentiment while other developed markets (Eurozone, UK, US) all returned between -0.5% and 2.1% (all returns in US dollar). On the currency front, the euro weakened by 0.1% against the Yen and strengthened 0.3% against the US Dollar. Meanwhile the Dow Jones UBS Commodities index had a slight positive return in June.

Market Outlook & Strategy

We expect further market gains and a slow return to "normalisation"
Our fundamental position has not changed and we expect further market gains, notwithstanding an acknowledgement that with equity markets at new highs and bond yields remaining at record lows, some form of tactical setback in markets does feel overdue. This constructive outlook remains supported by some strong underlying themes. Firstly, we are experiencing a slow return to "normalisation" such as back to a situation where earnings and fundamentals drive equity returns. Secondly, we are focusing on the opportunity provided by record levels of cash on the balance sheets of many of the companies in which we invest. Finally while some have argued that the bull market has been liquidity-driven rather than driven by fundamentals such as improved corporate earnings, we believe it is a combination of the two. As we move towards 'normalisation', central bank liquidity should wane and qualities and fundamentals will become more of the primary driver.

Emerging Markets benefited from the upturn in the global economy
The Emerging Markets region has benefited from the upturn in the global economy following the weather-induced slowdown in the US during the first quarter of the year. While doubts persist over the extent of the likely export recovery, the reality is that export conditions have improved and this has taken some of the pressure off the emerging market region. The positive response to the election results in India highlighted that investors will reward countries that adopt the necessary self-help measures. Earnings delivery is the key factor to watch and thus far earnings downgrades have been broadly similar to developed economies. One country to keep a close eye on in the coming months is Korea. The country has a similar operating model to Japan with an emphasis on cross shareholdings and less focus on bottom line value creation. As Japan has recently adopted a more shareholder friendly approach it is interesting to note that changes may be afoot at Samsung. While the driving force of this change reflects succession planning at Samsung, perhaps they are indicative of a subtle change in corporate governance.

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 2014, after which a 2.5% minimum rate will apply. An extra 1% interest is 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").

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