FUND PERFORMANCE UPDATE

March 2015

Nikko AM Global Dividend Equity Fund

Highlights

- The Fund lost 2.37% (in SGD terms) in the month of March and gained 0.67% (in SGD terms) for the since inception period.

- March was a weak month for most asset classes. Over the month, the MSCI All World Equity Index declined by 1.55%; while the Merrill Lynch over 5-year EMU Government Bond Index decreased by 2.4%. Japanese equities led the way in February followed by European equities and emerging market equities. Oil prices were weak due to the increasing supply of oil and commodities were generally affected by the strong US Dollar.

- Over the next few months, we expect to see improved growth and activity in Europe, where a combination of the lower Euro, much lower energy prices, and expanded Quantitative Easing (QE) by the European Central Bank is expected to boost consumer and business spending, as well as exports. Other economies are also expected to grow at a reasonable rate. Globally, we expect to see further cuts in interest rates, particularly in Emerging Markets, but in contrast US interest rates are likely to rise (for the first time in many years) in the autumn.

Fund Performance Review

	Performance		
	March 2015 (% change)	Year-to-Date (% change)	Since Inception (annualised)
Nikko AM Global Dividend Equity Fund SGD Hedged Accumulation Class Units (net of fees)	-2.37	-0.89	0.67
Nikko AM Global Dividend Equity Fund SGD Hedged Accumulation Class Units (net of fees and charges[1])	-7.26	-5.85	0.34
Benchmark (MSCI All Country World Index[2])	-1.49	2.44	2.93

Source: ©2015 Morningstar & Nikko Asset Management Asia Limited as of 31 March 2015. 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 lost 2.37% in March

The Fund registered -2.37% (in SGD terms) in March while the since inception performance was recorded at 0.67%.

In terms of developed markets, it was another consecutive month in which growth outperformed value. Growth was particularly strong in North America and Japan.

From an industry perspective, performance was once more dominated by pharmaceuticals and healthcare. Autos, diversified financials and insurance also performed strongly during the month of March. Materials and energy resumed their underperformance after their brief rally in February while defensive industries such as telecoms and food beverage and tobacco also struggled. Relative stock selection contributed negatively to performance in food beverage and tobacco, consumer durables and pharmaceuticals. Tobacco stock Reynolds American registered a decline of 8.0% as investors were concerned that the Federal Trade Commission might intervene in the proposed merger between Reynolds American and Lorillard. In consumer durables, Mattel recorded a decline of 13.1% as earnings remain under pressure due to brand weakness, fx headwinds, port delays and increased marketing spend. In pharmaceuticals, Abbvie had a difficult month posting a decline of 3.2% as it has been under pressure due to concerns over increased competition for key rheumatoid arthritis drug Humira.

From a country perspective, relative stock selection detracted from performance in the United States, Japan and Denmark. The vast bulk of the underperformance during March was generated in the United States. Information technology had a difficult month as there were signs of weakness in the PC segment. On stocks, Seagate registered a decline of 14.8% during March as the near term deterioration in the PC market led to a decline in demand for hard disk drives. Intel declined 5.9% as it felt that challenging macro and currency conditions had impacted demand and inventory replenishment. In Japan, Isuzu Motors registered a decline of 7.5% as it has been negatively impacted by the slow recovery in demand in Thailand and Indonesia. In Denmark, the main contributor to poor relative performance was the underweight position in Novo Nordisk as described in the industry group section.

In terms of emerging markets, despite the negative returns generated by the emerging market element of the portfolio, it was a month in which growth outperformed value in each and every region particularly in Asia. In line with the more risk-on approach, small-cap stocks outperformed their small- and mid-cap counterparts by a reasonable margin.

From an industry perspective, energy and materials resumed their underperformance following a brief respite in February while defensives such as telecoms and utilities struggled. Relative stock selection detracted from performance in technology hardware, software and energy. In technology, the underweight position in Samsung Electronics detracted from performance as it registered a rise of 9.7%. Meanwhile, Asustek registered a decline of 3.3% as the sector was hit by weak notebook shipments, the weak Euro and by lacklustre Chinese demand. In software, the underweight position in Chinese internet stock Tencent detracted from performance as it registered a rise of 13.1%. In energy, Ecopetrol recorded a decline of 8.9% as revenues were hit by the sharp decline in realised oil prices.

From a country perspective, relative stock selection detracted from performance in Korea, China and Brazil. In the case of Korea, the underweight position in Samsung Electronics was the largest contributor to underperformance. The most significant contributor to underperformance in China was the underweight position in internet stock Tencent. The underweight position in solar name Hanergy Thin Film Power Group also detracted from performance as it registered a rise of 54.5%. In Brazil, Vale registered a decline of 24.7% as iron ore prices declined further driven by lower oil prices, reduced freight costs and by foreign exchange movements.

Dividend Yield and Dividend Growth

The Fund registered higher dividend yield

The Nikko AM Global Dividend Equity Fund had a dividend yield of 3.73% at the end of March compared with the benchmark's yield of 2.37%. Meanwhile, the dividend growth for the Fund was 9.48%, compared with the benchmark which is 9.29% at the end of March.

Market Review

Most asset classes suffered in March

March was a weak month for most asset classes. The MSCI AC World Equity Index declined by 1.55% while the Merrill Lynch over 5-year EMU Government Bond Index declined by 2.4%. The interest rate outlook continues to drive investor sentiment, with markets closely watching the US labour market and inflation data for an indication of the first rate rise. From a regional perspective, Japanese equities led the way increasing by 1.5%, followed by Eurozone equities and emerging markets equities which decreased by 1.4%. The US S&P 500 declined by 1.6%, and UK equities fell by 5.8%. The European Central Bank launched quantitative easing in March, which contributed to the US Dollar strengthening against the Euro by 4.4%. Oil prices were weak due to the increasing supply of oil and commodities were generally affected by the strong US Dollar. As a result, the Bloomberg Commodities index declined by 5.1% (all data in US Dollars).

Market Outlook & Strategy

Expect improved growth and activity in Europe

From a macro perspective, the main change we expect to see over the next couple of months is confirmation of improved growth and activity in Europe, where a combination of the lower Euro, much lower energy prices, and expanded Quantitative Easing (QE) by the European Central Bank is expected to boost consumer and business spending, as well as exports. Other economies are also expected to grow at a reasonable rate, and for example growth in the US is expected to pick up after a modest slowdown over the winter months. Globally, we expect to see further cuts in interest rates, particularly in Emerging Markets, but in contrast US interest rates are likely to rise (for the first time in many years) in the autumn.

Meanwhile the corporate sector is in good health, with plenty of cash on its balance sheet and relatively little debt. We expect an increase in Merger and Acquisition activity, but also a focus on dividend growth and other ways of returning cash to shareholders. Against this background we expect equity markets to continue to make progress, despite their strong gains so far this year, but the pace of gains will slow. We believe that US and European government bond prices are very overvalued, underpinning the relative attractiveness of equities.

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 2015, 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").

Important Information

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

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

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

For Hong Kong Investors

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