



NikkoAM-ICBCSG China Bond ETF

A Quality Brew of Strength and Depth

Fund Details

Benchmark	ChinaBond ICBC 1-10 Year Treasury and Policy Bank Bond Index (the "Index")
Listing Date	24 November 2020
Fund Structure	Open-ended Listed Unit Trust traded on Singapore Exchange
Lot Structure	10 units per lot
Dividend Distribution Frequency*	RMB Class Units: Nil. SGD Class Units: Semi-annual distributions around January and July of each year.
Valuation Frequency	Daily
Listing	Singapore Exchange
Manager	Nikko Asset Management Asia Limited
Investment Advisor	Industrial and Commercial Bank of China Limited, Singapore Branch
Trustee	DBS Trustee Limited
Fund Auditor	PricewaterhouseCoopers LLP
Designated Market Makers	Flow Traders Asia Pte. Ltd. and Phillip Securities Pte Ltd.
Management Fee[^]	0.15% p.a.
Trustee Fee[^]	0.02% p.a.
Total Expense Ratio[#]	0.30% p.a.
ISIN Stock Code	-
Primary Currency	RMB Class Units: RMB SGD Class Units: SGD
Secondary Currency	RMB Class Units: USD
SGX Stock Code	RMB Class Units: Primary Currency (RMB): ZHY Secondary Currency (USD): ZHD SGD Class Units: Primary Currency (SGD): ZHS
SGX Trading Name	RMB Class Units: Primary Currency (RMB): NikkoAM-ICBCSG CNB CNY Secondary Currency (USD): NikkoAM-ICBCSG CNB US\$ SGD Class Units: Primary Currency (SGD): NikkoAM-ICBCSG CNB S\$
Bloomberg Ticker	RMB Class Units: Primary Currency (RMB): ZHY SP Secondary Currency (USD): ZHD SP SGD Class Units: Primary Currency (SGD): ZHS SP

* Distributions are not guaranteed. Any distribution is expected to result in an immediate reduction of Fund's NAV. Distributions may be paid out of capital which will result in capital erosion and reduction in the Fund's NAV, which will be reflected in the redemption price of the Units.

[^] Usual brokerage and handling charges to apply. Please refer to the Fund Prospectus for complete information on the Fund, relevant disclosures and fees payable.

[#] The total expense ratio will be capped at 0.30% p.a. for the first 12 months from inception. Management Fee and Trustee Fee are included in the calculation of Total Expense Ratio.

Why invest in NikkoAM-ICBCSG China Bond ETF?



FASTEST GROWING BOND MARKET



CHINA GOVT & QUASI-GOVT BONDS



INTERNATIONALISATION OF THE RMB

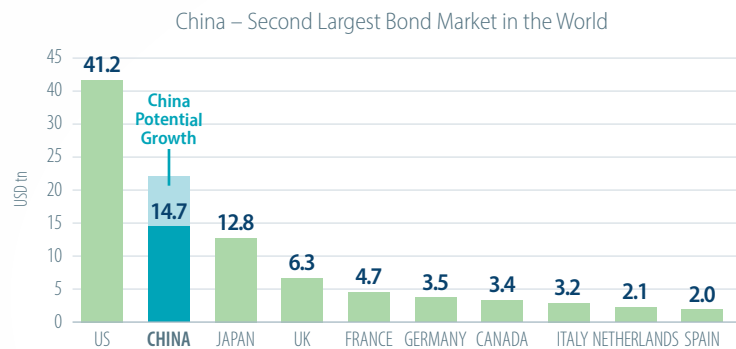


COMPETITIVE YIELDS

Strength and Growth of the China Bond Market

Access to China's Bond Market

Access to the world's 2nd largest bond market and one of the most liquid markets in the world.

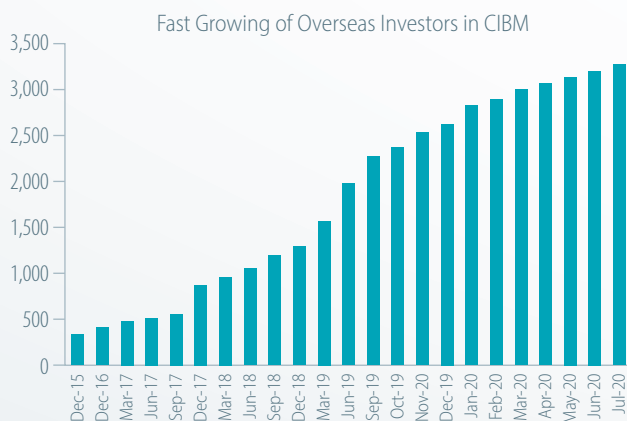


Source: BIS, June 2020. Past performance is not necessarily indicative of future performance.

Increased foreign participation

The Chinese government bond market is currently under-invested with foreign participation accounting for only 8.5%. In the recent years, there has been an evident increase in foreign participation.

With the opening up of the China Interbank Bond Market (CIBM), foreign investments into CIBM is expected to continue growing. With this accessibility, Global Bond indices are obliged to include China bonds.



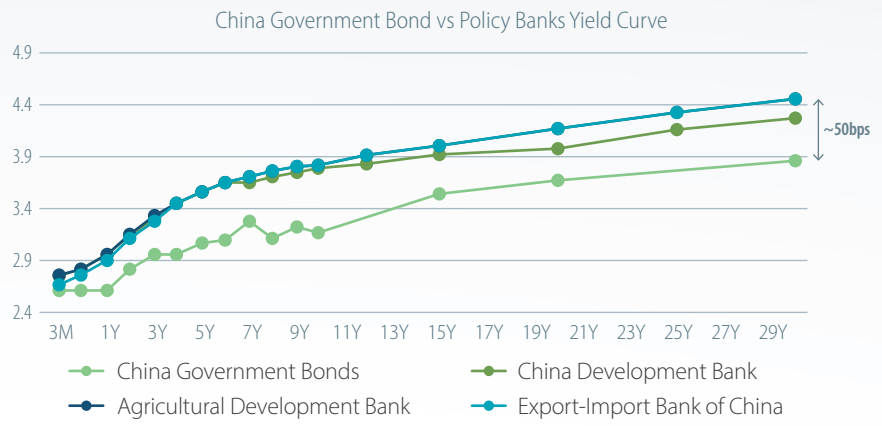
Source: ICBC, CFETS, September 2020



Source: ChinaBond, Bloomberg, Barclays Research, June 2020

Highly Competitive Yields

China policy banks are quasi-sovereign entities that are 100% owned by the Chinese government. The bond yields are highly competitive. Comparing the most liquid portions of the yield curve (i.e. the 5-year and 10-year space) the yield pick-up is greater than 50bps at present.

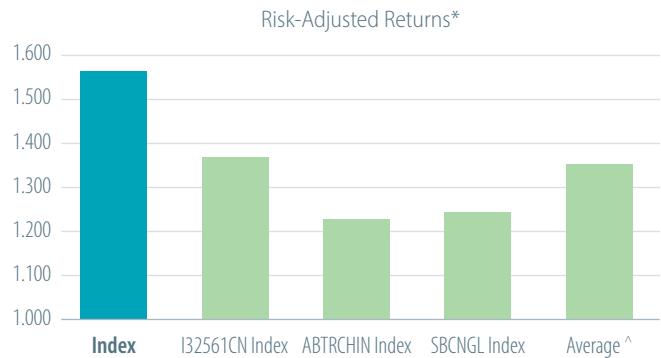


Source: Bloomberg, 14 October 2020

Higher Risk-Adjusted Returns

The Index comprises of bonds with maturity of less than 10 years. Short term bonds have lower volatility, resulting in higher risk-adjusted returns.

ChinaBond ICBC 1-10 Year Treasury and Policy Bank Bond Index	
Date	30-Sept-20
Market Size (RMB tn)	24.0
Number of Bonds	216
Duration	4.10
Yield to Maturity (%)	3.23
3 Year Returns (annualised)	4.55%
3 Year Volatility (annualised)	2.36%
5 Year Returns (annualised)	3.60%
5 Year Volatility (annualised)	2.30%



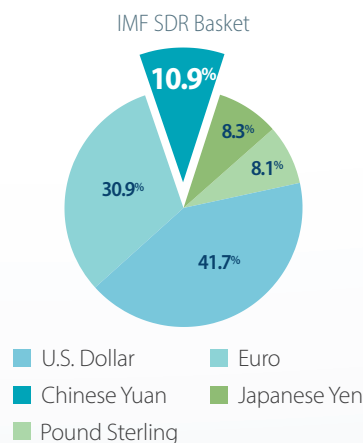
Source: Nikko Asset Management, Bloomberg, as of 30 September 2020

* Risk-adjusted Returns defined as 5 year annualised returns divided by 5 year annualised volatility

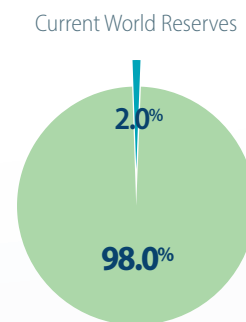
^ The average risk-adjusted returns is derived by calculating the simple average of the risk-adjusted returns of the four above-mentioned indices. For the purpose of illustrating that short term bonds have a lower volatility and therefore higher risk-adjusted returns, the 3 indices chosen for comparison purposes tracks bonds that are not limited to a maturity of 10 years. The bond issuers are however similar, comprising of bonds issued by the China Government as well as policy banks. ABTRCHIN Index also includes bonds issued by China Quasi-Sovereign entities.

Internationalisation of the RMB

The RMB represents approximately 11% of the International Monetary Fund's (IMF) Special Drawing Rights (SDR), but only approximately 2% of current world reserves are held in RMB. The SDR is an international type of monetary reserve currency created by IMF in 1969 that operates as a supplement to existing money reserves of member countries.



Source: IMF, November 2015



Source: Nikko Asset Management, 30 September 2020

Partnership with ICBC

ICBC is the largest bank in the world, with assets totaling USD4.26 trillion, as at the end of 2019.

Known as a vigorous leader in CIBM, amongst its many accolades, ICBC has earned honours as the top investor in CIBM, the largest bond underwriter, the largest money market liquidity provider as well as the best bond and FX market maker.

The NikkoAM-ICBCSG China Bond ETF is professionally managed by Nikko AM, the top 10 ETF provider globally and ICBC Singapore, the sole RMB clearing bank in Singapore.



About the Index

The ChinaBond ICBC 1 – 10 Year Treasury and Policy Bank Bond Index

The ChinaBond ICBC 1 – 10 Year Treasury and Policy Bank Bond Index invests into China government bonds, bonds issued by policy banks such as Agriculture Development Bank of China, China Development Bank, Export-Import Bank of China.

The NikkoAM-ICBCSG China Bond ETF will be the first time that the index is adopted in the international arena.

100% government owned financial institutions that are responsible for financing state led development projects.

China Development Bank

Support large-scale national projects such as infrastructure development, basic industries, energy and transport

Agriculture Development Bank of China

Support China's foreign trade, cross-border investment, the Belt and Road Initiatives (BRI), international industrial capacity and equipment manufacturing cooperation

Export-Import Bank of China

Support development of agricultural projects and rural areas

China Bond Pricing Center (CBPC) — A Local Champion Operating on the Highest International Standards



The gold standard in China for bond valuations

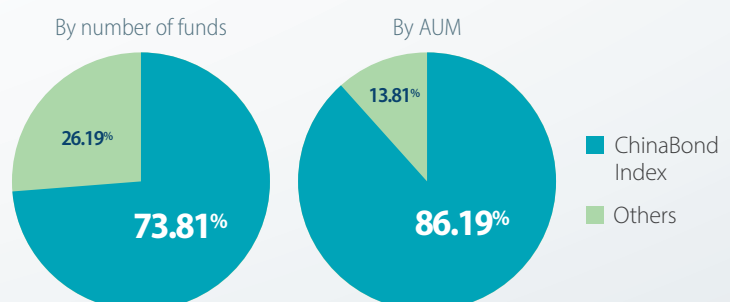


Dominant position in the world's second largest fixed income market



Pillar of China's Financial Infrastructure

Charts show market share of ChinaBond Indices as target index by domestic bond index funds (as of May 2020)



Source: China Bond Pricing Center (CBPC) as of 31 May 2020.

Find out more on www.nikkoam.com.sg/authorisedfunds
Tel: +65-6500 5700, 1-800-535-8025 | Email: AsiaETF@nikkoam.com

Important Notice: The performance of the ETF's price on the Singapore Exchange Securities Trading Limited ("SGX-ST") may be different from the net asset value per unit of the ETF. The ETF may also be delisted from the SGX-ST. Transaction in units of the ETF will result in brokerage commissions. Listing of the units does not guarantee a liquid market for the units. Units of the ETF may be bought or sold throughout trading hours of the SGX-ST through any brokerage account. Investors should note that the ETF differs from a typical unit trust and units may only be created or redeemed directly by a participating dealer in large creation or redemption units. Investors may only redeem the units with Nikko AM Asia under certain specified conditions.

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

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

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. This advertisement has not been reviewed by the Monetary Authority of Singapore.

Nikko Asset Management Asia Limited. Registration Number 198202562H.

The ChinaBond ICBC 1-10 Year Treasury and Policy Bank Bond Index is constructed and calculated by ChinaBond Pricing Center Co., Ltd. All intellectual property rights and other interests in the index value and constituent list belong to ChinaBond Pricing Center Co., Ltd. ChinaBond Pricing Center Co., Ltd. does not make any express or implied warranty on the accuracy, completeness or timeliness of Index-related information, or on the conclusions that the data recipient may reach.