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Nikko Asset Management

YOUR GOALS,
OUR COMMITMENT.

Nikko AM Asia Ex Japan Equity Fund

May 2025 Supplementary Information

Top 10 Holdings

Issuers	Portfolio Weight	Benchmark Weight
Taiwan Semiconductor Manufacturing Co Ltd	8.97%	10.91%
Tencent Holdings Ltd	6.47%	5.63%
Hdfc Bank Ltd	4.79%	1.76%
Alibaba Group Holding Ltd	4.02%	3.22%
Samsung Electronics Co Ltd	3.85%	2.67%
China Merchants Bank Co Ltd	2.31%	0.33%
BYD Co Ltd	2.14%	0.84%
Sembcorp Industries Ltd	2.12%	0.06%
MediaTek Inc	1.98%	0.88%
Samsung Biologics Co Ltd	1.96%	0.18%

Source: Bloomberg, Brown Brothers Harriman (Luxembourg) S.C.A., SMBC Nikko Bank (Luxembourg) S.A., BNP Paribas, Luxembourg Branch, Nikko Asset Management Asia Limited and Nikko Asset Management Co., Ltd. Securities listed may not be marketed in your domicile country. As at the end of the reporting period.

Top 10 Currencies

Currencies	Portfolio Weight	Benchmark Weight
Hong Kong Dollar (HKD)	35.35%	31.33%
Indian Rupee (INR)	21.59%	21.14%
New Taiwan Dollar (TWD)	17.89%	20.93%
South Korean Won (KRW)	8.36%	10.95%
Singapore Dollar (SGD)	4.93%	3.31%
Chinese Renminbi Onshore (CNY)	4.83%	0.00%
Malaysian Ringgit (MYR)	2.92%	1.51%
United States Dollar (USD)	2.34%	3.15%
Philippine Peso (PHP)	1.79%	0.56%
Euro (EUR)	0.00%	0.00%

Source: Bloomberg, Brown Brothers Harriman (Luxembourg) S.C.A., SMBC Nikko Bank (Luxembourg) S.A., BNP Paribas, Luxembourg Branch, Nikko Asset Management Asia Limited and Nikko Asset Management Co., Ltd. As at the end of the reporting period.

Market Review

Most of Asia's markets ended May in the green, amid optimism over progress in trade talks, which has eased fears of a tariffs-fuelled global economic slowdown. A de-escalation between the US and China put many of the new duties between the world's two largest economies on pause. A federal trade court also deemed US President Trump's new levies as illegal, although the ruling has since been temporarily put on hold The MSCI Asia Ex Japan Index advanced 5.3% in US dollar (USD) terms over the month.

China (+2.7%) cut its benchmark lending rates in a move to boost its economy—the 1-year loan prime rate (LPR) was trimmed to 3% from 3.1%, and the 5-year LPR to 3.5% from 3.6%. Earlier in the month, China and the US announced a trade deal, including a 90-day pause on tariffs and a slash in reciprocal tariffs by 115%. On the economic front, China's industrial output expanded faster than expected in April (+6.1% on year) but consumption disappointed, with retail sales growth weakening from March to 5.1%, highlighting the challenges facing China in boosting domestic consumption. Hong Kong (+9.3%) also welcomed the details of the US-China trade deal.

South Korean stocks jumped 7.8% after an interest rate cut, and hopes for reforms under a new president ahead of the 3 June election buoyed sentiment. The Bank of Korea (BOK) cut interest rates by a quarter percentage point to 2.5%, with the BOK Governor Rhee Chang-yong flagging the likelihood of more rate cuts. Shares in Taiwan soared 12.5%, as its export orders hit a record high of USD 56.4 billion in April, driven by demand for artificial intelligence (AI) applications. Separately, the Taiwan dollar saw an unprecedented surge amid speculation about pressure from Washington on strengthening the local currency in return for trade concessions. However, Taiwan's central bank has refuted claims that exchange rates were part of the US trade negotiation.

In ASEAN, Indonesia (+9.6%)'s central bank cut its key interest rate by 25 basis points to 5.5%. Singapore rose 6.4%, reflecting investor confidence in the nation's political stability following a convincing victory for the ruling party in the general election. The Philippines (+0.7%) held its mid-term elections, in what was viewed as a proxy battle between President Ferdinand Marcos Jr and ally-turned-foe, Vice President Sara Duterte. In the Senate, no single party or bloc dominated the competition. Elsewhere, the economies of Malaysia (-0.5%) and Thailand (-3.3%) grew by 4.4% and 3.1% in the first quarter of 2025 from a year earlier, respectively.

It was a third straight month of gains for Indian stocks (+1.1%), helped by foreign inflows amid the country's positive economic signals including prospects of an early US trade deal, improvement in earnings and a pickup in GDP growth to 7.4% in the January-March quarter from a year earlier. India and Pakistan had earlier exchanged fire with missiles and drones, but a ceasefire agreement was reached between the two nuclear-armed arch rivals.

Investment Review and Outlook

The Fund achieved a return of 3.97% in May in USD terms, trailing the benchmark's return of 5.26%. Being underweight in Taiwan and Hong Kong detracted from performance, given both markets' strong recovery over the month. Our ending overweight position in India delivered a positive allocation effect, but stock selection detracted. Our stock selection and overweight position in China, as well as our

Reference to any particular securities or sectors is purely for information only and does not constitute a recommendation to buy, sell or hold any securities or to be relied upon as financial advice in any way.

stock selection in South Korea and Malaysia, made positive contributions.

Zhongan Online P&C Insurance, a Chinese online-only insurance company, was a key contributor. The company is delivering robust growth, resilient combined ratio trend with steady investment income outlook. Elite Material, a manufacturer of laminate materials for the printed circuit board (PCB) industry based in Taiwan, also contributed positively, as it is well positioned to benefit from the increasing demand for AI infrastructure, given it is the largest supplier of high-end copper clad laminates used in AI servers.

On the other hand, Giant Biogene, China's leading skincare products supplier, saw a sharp correction when it faced scrutiny over allegations of misleading advertising regarding the amount of collagen found in its products. We continue to focus on China's long-term domestic skincare growth potential. Devyani, India's quick-service restaurant operator, faced share price pressure due to earnings miss from a weaker-than-expected performance in its KFC restaurants. We continue to hold the name because of its recovery potential as underlying demand improves.

Portfolio changes were mainly driven by bottom-up selection. We invested in Craftsman Automation, an Indian producer of automobile parts, which is set to benefit from a shift in global supply chains. We also added to Jiangsu Hengrui, a Chinese pharmaceutical bellwether company, by participating in the Hong Kong Stock Exchange IPO. The company offers a combination of proven R&D processes, good corporate governance, as well as a track record of profitable growth and shareholder returns.

Conversely, we reduced our position in Alibaba, the Chinese e-commerce company, due to the aggressive competition in the food delivery space that will pressure margins over the medium term, especially for Ele.me, its online food delivery and local life service platform. Additionally, we reduced our position in Giant Biogene on the back of its reputational event involving the misleading advertising on the amount of collagen found in its products.

Markets continued to recover but remain volatile with the de-escalation of Trump administration's "reciprocal" tariffs. The most notable development is the US-China agreement announced on 12 May for an initial period of 90 days of tariff reduction effective 14 May from 145% to 30%. While there is a significant improvement in trade policy, the situation remains uncertain, and we can expect Chinese policy support to stimulate consumption and business activities. We continue to see green shoots of the real estate market showing signs of stabilising, as well as a more active stock market rally from a low base.

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Another reason to be constructive on Chinese equities is the positive liquidity dynamics in China. Low government bond yields are a symptom of these positive liquidity dynamics and could lead domestic institutions to redirect their capital to equity markets for better returns. To that end, the securities regulator is further encouraging more investments in the equity market by unveiling measures for state-owned insurance firms to invest 30% of annual premiums from new policies in the domestic A-share markets. Despite uncertainty stemming from US tariffs and retaliatory measures from Beijing, there are encouraging signs that the situation may continue to improve.

India remains a compelling long-term investment opportunity despite short-term challenges. Pro-growth consumption policies and structural reforms will likely enable Indian companies to recover in the year ahead. We see the current correction as a healthy one, which hopefully brings the opportunity to invest in some high-quality companies at much more reasonable valuations. While we are still underweight India, given the challenges in earnings growth in small-cap companies, we appreciate that there are attractive large-cap companies with bottom-up drivers at more attractive valuations.

Despite recent political turmoil, characterised by leadership instability and public protests, South Korea has delivered close to 20% index returns year to date on the back of good corporate results and the value-up programme. Korean companies continue to grow globally and deliver good returns at reasonable valuations. Together with Taiwan, these countries and stock markets are amongst the most sensitive to trade disruption, and we observe several portfolio companies already adapting to limit those risks.

With uncertainties regarding structural reforms and political issues, ASEAN has underperformed China significantly year to date. Thailand stood out with over -12% index returns year to date, driven by tourism decline, concerns over high household debt, political uncertainties and corporate scandals. Indonesia delivered 3% index returns year to date, with good recovery in May given better-than-feared political changes. There is no significant cabinet reshuffle and state-owned banks are not subject to military influence for now. Singapore and Malaysia remain the preferred countries with relatively stable politics and tech-driven economic growth. We continue to believe that structural drivers of fundamental change remain.

Reference to any particular securities or sectors is purely for information only and does not constitute a recommendation to buy, sell or hold any securities or to be relied upon as financial advice in any way.

Risk Information

Synthetic Risk & Reward Indicator (SRRI)

1	2	3	4	5	6	7

Lower risk — **Higher risk**

Potentially lower reward — Potentially higher reward

Summary Risk Indicator (SRI)

1	2	3	4	5	6	7

Lower Liquidity Risk - lower liquidity means there are insufficient buyers and sellers in the market to facilitate the Fund to buy or sell investments readily, this could be due to market events as well as large redemptions, causing investments to be sold at a discount, or liquidated at a lower price.

Deposits default risk - deposits and money market instruments are exposed to the risk that their issuer may not be able to meet its interest payment or principal reimbursement obligations.

Operational risk - due to issues such as natural disasters, technical problems and fraud.

Emerging markets risk - emerging markets may be exposed to political, fiscal and institutional instability that creates risks associated dealing, settlement, accounting, ownership, custody as well as liquidity (including the risk of internal or external embargos on the sale or acquisition of currencies and securities).

Currency Risk - In some circumstances, you may receive payments in a different currency, so the final return you will get may depend on the exchange rate between the two currencies.

Shenzhen-Hong Kong Stock Connect risk - The Sub-Fund may be investing in China "A" shares via the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock. Connect which may entail additional clearing and settlement, regulatory, operational and counterparty risks.

Important Information

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The Sub-Fund promotes certain environmental and social characteristics within the meaning of article 8 of the SFD Regulation but does not have a sustainable investment objective.

Any investment in the Fund may only be made on the basis of the current Prospectus and the Key Investor Information Document (KIID), as well as the latest annual or interim reports. Please refer to the "Risk Factors" for all risks applicable in investing in this Fund. These documents are available from our website emea.nikkoam.com or can be obtained free of charge from the Funds registered office in Luxembourg: Private Business Center 32 – 36, boulevard d'Avranches, L-1160 Luxembourg, Luxembourg. Swiss representative, Swiss paying agent and place of jurisdiction in Switzerland: BNP Paribas, Paris, Zurich Branch, Selnaustrasse 16, 8002 Zurich. Telephone: +41 582 126374

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Contact Us

Nikko Asset Management Europe Limited
Level 5, City Tower, 40 Basinghall Street, London, EC2V 5DE
United Kingdom
Phone: +44 (0)20 7796 9866
Email: EMEAenquiries@nikkoam.com

Nikko Asset Management Luxembourg S.A. (German Branch)
Frankfurt Spaces Tower One , Brüsseler Str. 1-3, 60327, Frankfurt am Main, Deutschland
Phone: +49 (0) 69 505047 301
Email: EMEAenquiries@nikkoam.com

Nikko Asset Management Luxembourg S.A. (Dutch Branch)
Regus The Base B, Evert van Beekstraat 1-104, 1118 CL Schiphol,
The Netherlands 60327
Phone: +31 (0)6 21270470
Email: EMEAenquiries@nikkoam.com

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