

July 02, 2014

## Press Release

Nikko Asset Management Asia Ltd

### **Nikko AM to launch Singapore's first China onshore bond fund**

- *Extending leadership position in Asia Fixed Income with strategic intent to provide access to domestic capital markets in China*

Singapore's first China Onshore Bond Fund is being launched by Nikko Asset Management (Nikko AM) in partnership with the Bank of China and DBS Bank, following Nikko AM's one-billion Renminbi quota award for the fund as a Renminbi Qualified Foreign Institutional Investor (RQFII), the company announced today. The fund is expected to launch in mid-July.

"We are elated to be pioneering the Nikko AM China Onshore Bond Fund," said Eleanor Seet, President of Nikko Asset Management Asia. "The fund is strategically significant as a long-term proposition supporting Singapore's role as a key offshore RMB centre. We take pride in being a forerunner in RMB internationalisation by providing investors with direct access to China onshore bonds, which are not readily accessible to foreign investors."

"This is the first in a suite of RQFII solutions we are planning to provide. We expect allocations into this market from both local and global investors to grow, especially with a long-term positive outlook on the currency," Seet added.

The development builds on Nikko Asset Management's successful track record of managing Asian bonds and credit over the last 30 years. In particular, it was one of the first fund managers to launch an offshore RMB bond fund shortly after the liberalisation of the Chinese bond market in November 2010. With a sizable presence in the market, the firm has exceptional access to new Asian bonds allocations and inventories in the secondary market.

"We are pleased to partner Nikko AM on the Nikko AM China Onshore Bond Fund. While there is generally strong interest in bonds in Singapore, there are limited RQFII allocations available to offshore investors. Such bond funds will provide investors with the opportunity to participate in China's growth and add diversification to their portfolio," said V Arivazhagan, Managing Director & Head, Regional Investment & Treasury Products, Consumer Banking

Group, DBS Bank.

Wang Lei, Assistant General Manager, Bank of China Singapore Branch, said, "Bank of China is honoured to be one of the first banks in Singapore to distribute the inaugural RQFII fund to be launched here, and to have played a crucial role in Nikko AM obtaining the RQFII quota and status approval. We are one of the largest custodian banks in China, and the winner of the Custody Specialist Award for RQFII Custodian in The Asset Triple A Asset Servicing Awards 2014. This milestone collaboration with Nikko AM in Singapore taps on our strong foothold in China and further reinforces our position as the leading provider of RMB wealth management products in Singapore."

The Nikko AM China Onshore Bond Fund, subject to regulatory approval, is designed for retail investors seeking a total return of capital growth and income over the medium to long term through exposure to RMB and listed and unlisted RMB denominated fixed income instruments.

The fund will invest primarily in a portfolio of RMB denominated certificates of deposits, preferred shares, fixed and floating bonds, convertible bonds, notes, bond and money market funds and other fixed income instruments issued onshore in the People's Republic of China by governments, quasi-government entities, corporations and financial institutions.

Investors can invest in RMB through the Bank of China and DBS Bank when the fund, upon obtaining regulatory approval, becomes available in mid-July.

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## About Nikko Asset Management

Nikko Asset Management (Nikko AM) is a leader in the Asian financial services industry, with over \$160 billion in assets under management as of December 31, 2013. Established in 1959, the firm has representation in 24 locations in 12 countries and enjoys one of the largest distributor networks in the region, serving both retail and institutional clients. More than 300 banks, brokers, financial advisors and life insurance companies distribute the company's products.

Nikko AM manages a wide range of equity and fixed income strategies in both active and passive formats, leveraging the talents of over 250 investment professionals. In 2013 alone, Nikko AM won awards for excellence in asset management from Lipper, Mercer, AsianInvestor, R&I, among others.

The company's management team is highly diverse and experienced, and is committed to running the company according to international best practices. Nikko AM's independence from the limitations imposed on many captive asset management companies allows it to focus on the interests of clients. At the same time, the company enjoys a stable base of shareholders, with majority ownership held by Sumitomo Mitsui Trust Holdings and a smaller stake by DBS Bank.

For more information, please visit <http://en.nikkoam.com/>

\* Consolidated assets under management and sub-advisory of Nikko AM and its subsidiaries as of 31 December 2013.