

August 15, 2014

Press Release

Nikko Asset Management Co., Ltd.

Nikko Asset Management Expects BOJ Action on Weak GDP

Following a sharp second-quarter slowdown in Japan, the country's shares have largely priced-in the news and rallied, validating Nikko Asset Management's stated outlook of the world's third largest economy. The GDP figure further supports the firm's view that the Bank of Japan will have to provide additional monetary stimulus during the second half of the year to underpin the economy.

The Tokyo-based asset manager expects the Japanese economy to bounce back in the July-September quarter.

"The GDP data was pretty poor, but it often gets heavily revised. We expect the economy to bounce back in the third quarter," said John Vail, Global Chief Strategist of Nikko Asset Management. "The Japanese economy remains healthy considering that TOPIX profits were up about 12 percent year-on-year in the April-June quarter, which beat the consensus by a large margin."

"Stock market investors should not be too concerned about the macro data, as global growth continues and Japanese corporate efficiency continues to improve after years of restructuring bears fruit, which will then, in our view, be reflected in strongly rising cash dividends," Vail said.

In Nikko Asset Management's most recent Evolving Markets research report, analysts stated that low pipeline inflation will inhibit core CPI from reaching the BOJ's 2% (ex-VAT) target, prompting the central bank to take action within 2014.

http://www.nikkoam.com.sg/files/documents/news_and_views/our_views/evolving_markets_july_2014.pdf

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About Nikko Asset Management

Nikko Asset Management (Nikko AM) is a leader in the Asian financial services industry, with \$158 billion in assets under management as of March 31, 2014. Established in 1959, the firm has representation across 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 270 investment professionals. In 2013 alone, Nikko AM won awards for excellence in asset management from Lipper, Morningstar, 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 March 2014. AUM figures are converted into US dollars using the month-end exchange rate.

Note: all dates in this report are Calendar Year (CY)-based unless otherwise specified.