Nomura Global High Conviction Fund

Annual Report and Audited Financial Statements For The Financial Year Ended 31 August 2020

MANAGER:
NOMURA ASSET MANAGEMENT MALAYSIA SDN BHD
Business Registration No.: 748695-A

TRUSTEE:
CIMB COMMERCE TRUSTEE BERHAD
Business Registration No.: 313031-A

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MANAGER'S REPORT

Fund Type, Category, Objective and Distribution Policy

The Nomura Global High Conviction Fund (the "Fund") is a wholesale feeder fund which seeks to achieve long term capital growth by investing in the Target Fund (Nomura Funds Ireland plc – Global High Conviction) which invests primarily in global equity securities.

Distribution of income, if any, is subject to the availability of income and shall be in line with the dividend policy of the Target Fund.

Benchmark

MSCI All Country World Index

Performance as at 31 August 2020

	1 Month (31/07/2020-31/08/2020)	3 Months (31/05/2020–31/08/2020)	6 Months (29/02/2020–31/08/2020)	1 Year (30/Aug/18 – 31/08/2020)	3 Year (31/08/2017-31/08/2020)	Since Inception (01/02/17 – 31/08/2020)
Fund – Class USD	N/A	N/A	N/A	N/A	N/A	N/A
Benchmark – USD	N/A	N/A	N/A	N/A	N/A	N/A
Out/ (Under) Performance	N/A	N/A	N/A	N/A	N/A	N/A
Fund – Class MYR	4.02%	4.60%	13.59%	11.36%	28.87%	34.26%
Benchmark – MYR	4.12%	9.99%	12.76%	13.39%	19.22%	28.44%
Out/ (Under) Performance	-0.10%	-5.39%	0.83%	-2.03%	9.65%	5.82%

Source of Fund and Benchmark Returns: Novagni Analytics and Advisory Sdn. Bhd.

Volatility as at 31 August 2020

	3-Year Volatility
Fund – Class USD	**N/A**
Fund– Class MYR	**11.947%**

This information is prepared by Nomura Asset Management Malaysia (NAMM) for information purposes only. Past earnings or the fund's distribution record is not a guarantee or reflection of the fund's future earnings/future distributions. Investors are advised that unit prices, distributions payable and investment returns may go down as well as up.

MANAGER'S REPORT (CONTINUED)

Strategies Employed (31 August 2019 to 31 August 2020)

The Fund remained primarily invested in the Target Fund with 95% or more of the Fund's assets being invested in the Target Fund during the period under review.

Strategies Employed by the Target Fund (31 August 2019 to 31 August 2020)

During the period under review, the Target Fund remained closely aligned with its investment philosophies and process amidst the turbulence caused by the ongoing COVID-19 pandemic.

In September 2019, with Financials and Energy sectors rebounding strongly and these being the Target Fund's two largest sector underweight exposures, the Target Fund gave back its allocation gains from the prior month. The Target Fund's weakest contributor over the month was Humana as the surge in support for Elizabeth Warren, approaching Joe Biden, has raised the likelihood of a more left-leaning presidential election candidate and political risk for managed care operators. Network International was also weak as its principal private equity sponsors reduced about half of their holding. The Target Fund's strongest contributor was Babcock International as reassuring earnings and some new contract wins buoyed the stock.

The Target Fund exited British American Tobacco in this period. What appeared to be excellent value for the Target Fund when it acquired the stock failed to materialise as the US FDA began to explore methods to further disincentivise tobacco use through lower nicotine levels and eliminating menthol flavouring. The recent announcement of Stephen Hahn, Chief Medical Officer at one of the most prestigious cancer treatment centres in the world, as the next FDA head raises the prospect that this regulatory overhang is unlikely to abate any time soon.

The Target Fund's weakest contributor over the month of October 2019 was Waters, as concerns rose about near-term weakness in Pharmaceutical company liquid chromatography equipment orders, where the company has a leading position. This was offset by a rebound in Humana that benefited from a broader US Health Insurer rebound as fears over a third quarter margin squeeze failed to materialise. The Target Fund took advantage of broader weakness in staples to build a position in Unilever, the global consumer goods company with leading household brands such as Ben & Jerry's ice-cream, Dove soap and Domestos bleach.

In November, with global PMI's appearing to stabilise over the month, Consumer Staples and Utilities were again the weakest performing sectors. In contrast, Information Technology and Healthcare lead the market. The Target Fund's biggest detractor over the month was Booking Holdings, the online travel company. The average rate of its room bookings declined due to a shift towards lower-priced emerging markets and developed market consumers traded down. This was more than offset by gains in Humana, the US health insurer that benefited from a strong reversal in sentiment across the sub-sector. Indications that Democrat leadership contended and Senator Elizabeth Warren was backtracking on 'Medicare-for-All' proposal reduced the most obvious near-term risk to managed care operator business models. There was little trading and there were no material changes to holdings of the Target Fund over the month of November 2019.

The biggest detractor over the month of December 2019 was Unilever as its incoming CEO stepped away from his predecessor's growth outlook. Despite recent weakness in India and Africa, these regions remain compelling mid-term growth opportunities. A.O. Smith also underperformed as, in the absence of fundamental news flow, some broker downgrades hit the stock. The top contributor in December was Lear Corp, the car seating company, as sentiment improved generally towards automotive suppliers. Network International, the Middle Eastern payments processor, also helped as it rebounded strongly following the large sale by its two major executives the prior month.

Strategies Employed by the Target Fund (31 August 2019 to 31 August 2020) (Continued)

All the strategy's outperformance in January 2020 came from sector allocation; relatively low exposure to the Asia Pacific region and deep cyclicals. The top contributor was Lockheed Martin as the assassination of an Iranian major general by America lowered the chances of defence budget cuts. The weakest performer was A.O. Smith as concerns over its China business' exposure to COVID-19 rose. During the month, holdings in two companies that are close to our estimate of fair value were reduced. Booking Holdings, the market-leading online hotel booking operator, is at our current estimate of fair value and is at risk from a protracted slowdown in global tourism. We also reduced our holding of Humana at $350 which, having re-entered the stock at $260 five months ago is trading closer to our estimate of fair value.

The performance of the 22-holding strategy was largely in-line with the benchmark's in February, but during a period when stock market volatility reached a five year high is a satisfactory outcome for our risk management processes. In contrast to the situation over the last three years, asset allocation results were a major positive in February, mitigating poor stock selection results. The biggest stock detractor over the month was Medtronic, the global medical devices company, as reported weak growth for the last quarter weighed on sentiment. By contrast, the top contributor in February was Booking Holdings, which performed strongly in the first part of the month allowing us the opportunity to exit the entire position ahead of the market sell-off.

As at end February 2020, we remained cautiously positioned given the uncertainty over whether such stimulus will prove effective with an elevated cash holding of 8.0%. Whilst we take no view on the timing or magnitude of the eventual hit to financial markets and the real economy, we note that similar episodes in the past saw global equity markets recover their losses completely over subsequent months. Accordingly, we are left juggling the risk that the real world economic impact of the COVID-19 pandemic cannot yet be fully assessed and has yet to be felt in most parts of the world, whilst contemplating the bargain prices emerging in some of our favourite businesses as a result of the sell-off. Having had the luxury of holding a material proportion of the fund as 'dry powder' through the first leg of the correction, our approach to this uncertainty is to gradually deploy our capital where value propositions are compelling; a strategy we have already begun to implement.

If January and February was a time of 'famine' for us, where we could find no new compelling investment opportunities, March was to prove an unexpected time for 'feasting', due to the unfurling market turbulence outlined below, in our review of market. With all the fund's holdings and most on our bench list seeing double-digits declines over the month we were spoilt for choice! Our approach was to invest across the fund albeit more sparingly in those businesses most obviously at direct risk from the pandemic-driven recession. One exception to this was the switch from Babcock International to Microsoft. Even before recent events, Babcock had been suffering from poor operational execution and had entered a period of increased uncertainty with a CEO replacement yet to be announced following the long overdue resignation of Archie Bethel. We already owned Microsoft across our other diversified strategies so we know it well. However we had been waiting for a low-enough entry point to meet our investment threshold of at least 15% upside to fair value. Microsoft is a far higher quality business than Babcock with limited competition, high geographic diversification, pricing power and less political risk.The strongest contributor to performance over the month was Novo Nordisk as its focus on life sustaining diabetic treatments are insulated from the full effects of an economic collapse. The greatest detractor over the month was Network International, a relatively illiquid UK small-cap, as the company is exposed to oil-sensitive economies.

Having moved to a fully invested position during March, the Fund was well positioned to benefit from the market rebound, but the Fund experienced the effects of a brutal Covid- 19 'winners vs losers' market in April. PayPal, a primary beneficiary of online shopping and our top contributor, recovered nearly all of its losses for the year in anticipation of strong first quarter results. Humana, the leading US health insurer for the elderly, also performed strongly as early indications are that the pandemic should reduce costs and accelerate enrolment. In contrast, Unilever was the worst detractor, underperforming after having held up strongly over the worst of the market drawdown. Waters also hurt performance as weakness in China due to the pandemic offset surprisingly resilient European sales.

Strategies Employed by the Target Fund (31 August 2019 to 31 August 2020) (Continued)

In May, for the second month in a row the top individual stock contributor was PayPal. The company's growing penetration into the global payments market, which was apparent in April, showed signs of accelerating further in May. AO Smith was another top contributor as the resilience of its North American water heater market gained investor attention resulting in a series of brokers upgrades. The biggest detractor over the month was AIA, the leading Asian insurer. New security measures imposed on Hong Kong by China raised fears that they could result in another trade war between China and the US. Compass Group also dragged on performance. The pandemic has raised fears of a long-term shift away from office-based work places, where they have bulk of their food service operations.

The target fund faced a style headwind in June as the Growth factor, where the strategy now has slightly negative exposure, outperformed the Value factor by some margin. In addition, the Profit factor (matching our definition of "Quality") underperformed significantly. Turning to individual stocks, the top contributor in June was Apple helped by bullishness about its service business, a clear beneficiary of the Covid-19 lock down, as well as the continued rally in US technology stocks. Life company AIA was also a strong contributor as the stock bounced back from recent lows caused by the imposition of new security laws in Hong Kong. The greatest detractor over the month was Ross Stores as fears resurfaced over revenues in the light of rising infection rates in southern US states. Waters was also a drag on performance as the surprise announcement of the departure of the CEO raised doubts over the firm's market positioning.

This theme continued in July as the MSCI World Growth Index outperformed the MSCI World Index by 14% year-to-date (ytd) and its Value equivalent by twice that amount, leading to further underperformance of the target fund against the benchmark. The target fund added to Ross Stores and Pepsi and took some profit in Waters, whilst maintaining a net neutral exposure to Growth.

Finally, in August the top contributor to target fund performance over the month was Mastercard which had lagged some of its peers heading into the month. High-growth payment processing businesses are direct beneficiaries of a recovering economy particularly with anchored long-term interest rates. Network International, the Middle East focused payments processor, was the weakest contributor over the month despite the aforementioned industry dynamics. First half results did little to allay near-term concerns over growth in their specific end-markets. Despite this, we expect the business to rebound strongly heading into 2021.

In terms of portfolio changes, we reduced our holding of Apple from 9% of assets to 5% over the month. Our central thesis centres on the transformation of Apple to a subscription-based services business, and this is now more widely accepted. With the stock approaching our estimate of fair value and expectations running high for both the recent iPhone SE launch and September's 5G offering, we decided to trim our exposure. Over the same period we initiated a position in Inditex, the European fast-fashion leader and Zara brand owner. Inditex has a long-track record of industry-leading returns which we think will continue as consumers return to shops and more of their business shifts to online. Accordingly, we view the current share price as a bargain as it appears to unduly discount a sustained period of collapsed returns.

Source: Nomura Asset Management U.K. Ltd

Summary of Asset Allocation

	31 August 2020
Target Fund	99.50%
Cash and Others#	0.50%
Total	100.00%

Included in Cash and Others are cash on hand and net current assets/ liabilities

Review of Market (31 August 2019 to 31 August 2020)

After the prior month's turbulence, global equity markets regained some of their poise as volatility subsided in September 2019. Equity markets post earnings season continue to be dominated by macroeconomic and political headlines. With even American macroeconomic data now softening and no end to the US-China trade dispute in sight, the debate is shifting towards the extent of the next downturn rather than its timing.

Global equity markets continued their recovery from the summer's turbulence in October as well, as there appeared to be a thawing of US/China trade relations and earnings' season broadly reassured. This corresponded with a steepening of the US Treasury yield curve and strength of Financials and weakness amongst the defensive Utilities and Staples.

In November, global equity markets continued their recovery from the summer's turbulence as corporate earnings and outlooks broadly reassured. This corresponded with further steepening of the US Treasury yield curve although at the time of writing, this appears to have stabilised at around 1.8%, still a very low level from a long-run perspective but markedly off this summer's lows of 1.5%. Aside from the usual seasonal effects heading into year end, sentiment remains pegged to China-US trade relations. On this front, the US administration's ratification of the Hong Kong Human Rights and Democracy Act further threatened progress with the negotiations.

In December, global equity markets continued their strong run into year-end as aside from the usual seasonal effects, China-US trade relations seemed to improve, political protests in Hong Kong abated and a conclusive UK general election helped sentiment in Europe.

Despite a strong start to the year 2020 in the month of January, global equity markets reversed course as fears rose over the COVID-19 pandemic. As the Chinese government disclosed data which indicated a problem of increasing magnitude, the likelihood of a dampener on global growth weighed on stocks. Whilst markets rebounded temporarily, in response to a reduced likelihood of central bank monetary tightening any time soon, the vast majority of those newly infected appearing contained within China, as well as an anticipation of a deceleration in the infection. We had some sympathy with the first two arguments, but not the last. The global equity markets' apparent comfort with an imminent but unquantifiable threat to corporate earnings proved to be a warranted concern, especially in the context of last year's marked valuation expansion.

Global equity markets sold off sharply in the last week of February as the COVID-19 spread beyond China to Asia and Europe, even as Chinese containment measures appeared to be showing some early signs of success. Market sentiment was impacted by the prospect of the epidemic turning into a truly global pandemic, a development for which public healthcare systems were seemingly unprepared. The correction in global equity prices was the steepest since that seen in the Great Financial Crisis. We would ascribe the scale of the stock market sell-off to two factors. First, whereas previously a relatively short-lived supply shock was anticipated with the issues focused on China, the spread of the virus to developed markets threatened to cause a demand shock. Secondly, the unwinding of hitherto successful momentum strategies amidst broader investor de-leveraging.

As Covid-19 fatalities mounted globally and governments responded with lock-down measures in March, equity market volatility reached levels not seen since the Great Financial Crisis of 2008. Amidst the unfolding pandemic, Saudi Arabia and Russia failed to reach an agreement on continued oil supply restraint, resulting in Brent crude oil prices plunge to $23 per barrel and putting additional selling pressure on the energy sector and the banks that provide the finance for it. We were of the view that infection rates would peak in Europe and America in April/May, this prompted us to commit to the market all of the 8.0% of the target fund held in cash, invested steadily over the course of the month.

Review of Market (31 August 2019 to 31 August 2020) (Continued)

In April, unprecedented monetary stimulus, globally coordinated fiscal stimulus and convincing evidence that Covid-19 pandemic infection rates had peaked across much of the world, saw equity investors return to the market with gusto. Although there was growing confidence that the hit to economic activity will prove only temporary, the risk of a 'second wave' persists and the only lasting solution to the Covid-19 pandemic will have to come from the scientific community. Expectations for the rapid development of a vaccine might have risen, but even here different mutational strains have been identified which will limit the utility of any one vaccine. So whilst we were willing to bet against the market swoon earlier this year, we are increasingly mindful that a second wave is more likely than a vaccine in the near-term and hence the market's rebound may rest on weak foundations. We are also monitoring rising populist, anti-China rhetoric in the West and its threat to global trade.

Equity markets extended their powerful rallies of the previous month in May, as investor spirits were lifted by the easing of lockdowns, in response to an apparent peaking in infections across much of the developed world, and early indications of economic recovery. The MSCI World Index ended the month 34% up from its March lows and just 9% down from the start of the year.

Global equity markets continued their recovery in June as Covid-19 lock-down measures eased across most major economies. As mentioned above in our performance review section, Growth factor stocks led the way and market volatility fell.

In July, growing evidence of a resurgence in the pandemic across Europe appeared to have little impact on sentiment as outbreaks and lock-down measures were largely localised. In the absence of an effective vaccine, this approach of building natural immunity across populations is probably the best compromise between safeguarding vulnerable populations such as the elderly, and containing the economic fallout, the cost of which will likely be borne by future generations.
However, there are several promising, late-stage vaccines that have demonstrated both anti-body and T-cell specific immune responses – both compelling biomarkers for efficacy. Given the positive data over July, together with the incipient herd immunity, we see the elimination of Covid-19 as a threat to global markets, within a year, as the most likely outcome.

Lastly in August, with no evidence of a summer lull, markets continued their ascent with global equities reaching new all-time highs. Markets rallied in anticipation of a widely-leaked move by the US Federal Reserve to loosen its inflation target. The implication is that the Fed will maintain very low interest rate and allow the economy to run hot and inflation to overshoot this target. Indeed there are some early signs of pickup in inflation; lumber prices, for instance, have reached all-time-highs amidst a booming real estate market. Equities as a class are traditionally viewed as a hedge against inflation but it is unlikely that higher inflation will buoy the same stocks that have benefited from deflationary fears. Reflecting this, the Bank of America reported that Value ETF flows relative to Growth ETF flows hit the highest level ever recorded.

Source: Nomura Asset Management U.K. Ltd

SOFT COMMISSIONS RECEIVED FROM BROKERS

Soft commissions received from brokers/dealers are retained by the manager only if the goods and services provided are of demonstrable benefit to unit holders of the Fund as per the requirements of the Guidelines on Compliance Function for Fund Management Companies.

During the financial period under review, the Manager did not receive any soft commission.

BREAKDOWN OF UNITHOLDERS BY SIZE

Fund - Class USD

Size of holdings (units)	No. of unitholders	No. of units held*
Less than 10,000	N/A	N/A
10,001 to 50,000	N/A	N/A
50,001 to 100,000	N/A	N/A
100,001 to 200,000	N/A	N/A
200,001 to 300,000	N/A	N/A
300,001 and above	N/A	N/A
Total	N/A	N/A

Fund - Class MYR

Size of holdings (units)	No. of unitholders	No. of units held*
Less than 10,000	0	-
10,000 to 50,000	1	22,772
50,001 to 100,000	0	-
101,000 to 200,000	0	-
200,00 to 300,000	1	208,394
300,001 and above	1	754,603
Total	3	985,769

** Note: Excluding Manager's Stock*

INCOME DISTRIBUTION

The Fund did not declare any income over the period under review.

FUND DATA

As at 31 August 2020	Class USD	Class MYR
Total NAV	N/A	317,911
NAV per Unit	N/A	1.3426
Unit in Circulation	N/A	985,769
Highest NAV per Unit (31/08/2019-31/08/2020)	1.4173	1.3451
Lowest NAV per Unit (31/08/2019-31/08/2020)	0.9592	1.0059

Past performance is not necessarily indicative of future performance and that unit prices and investment returns may go down, as well as up.

NOMURA GLOBAL HIGH CONVICTION FUND

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020

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NOMURA GLOBAL HIGH CONVICTION FUND

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020

	Note	2020	2019
		USD	USD
INVESTMENT INCOME			
Net gain on financial assets at fair value through profit or loss ("FVTPL")	3	41,861	6,763
		41,861	6,763
OTHER INCOME			
Net loss on foreign currency exchange		(5,608)	(329)
		(5,608)	(329)
EXPENSES			
Management fee	4	(3,600)	(3,135)
Trustee fee	5	(40)	(35)
Auditors' remuneration		(1,576)	(1,613)
Tax agent's fee		(1,134)	(1,150)
Other expenses		(1,299)	(444)
GST other expenses		-	(23)
		(7,649)	(6,400)
PROFIT BEFORE TAXATION		28,604	34
TAXATION	6	-	-
INCREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		28,604	34
Increase in net assets attributable to unitholders is made up of the following:			
Realised amount		35,509	12,324
Unrealised amount		(6,905)	(12,290)
		28,604	34

The accompanying summary of significant accounting policies and notes to the financial statements form an integral part of these financial statements.

NOMURA GLOBAL HIGH CONVICTION FUND

STATEMENT OF FINANCIAL POSITION AS AT 31 AUGUST 2020

	Note	2020 USD	2019 USD
ASSETS			
Cash and cash equivalents	7	4,275	3,382
Financial assets at fair value through profit or loss (“FVTPL”)	3	316,356	259,720
Amount due from Manager	8	286	130,831
TOTAL ASSETS		320,917	393,933
LIABILITIES			
Amount due to Provider		-	127,760
Amount due to Manager	9	292	213
Amount due to Trustee		4	2
Auditors’ remuneration		1,576	1,613
Tax agent’s fee		1,134	1,150
TOTAL LIABILITIES (2019: EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDER)*		3,006	130,738
NET ASSET VALUE OF THE FUND		317,911	263,195
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS*		317,911	263,195

* Net asset attributable to unitholders are classified as equity as at 31 August 2020 and as financial liabilities as at 31 August 2019.

The accompanying summary of significant accounting policies and notes to the financial statements form an integral part of these financial statements.

NOMURA GLOBAL HIGH CONVICTION FUND

STATEMENT OF FINANCIAL POSITION AS AT 31 AUGUST 2020 (CONTINUED)

	Note	2020 USD	2019 USD
REPRESENTED BY			
FAIR VALUE OF OUTSTANDING UNITS (USD)			
MYR Class		317,911	256,491
USD Class		-	6,704
NUMBER OF UNIT IN CIRCULATION (UNITS)			
MYR Class	10(a)	985,769	894,608
USD Class	10(b)	-	5,287
NET ASSET VALUE PER UNIT (USD)			
MYR Class		0.3225	0.2867
USD Class		-	1.2680
NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES			
MYR Class		1.3426	1.2056
USD Class		-	1.2680

The accompanying summary of significant accounting policies and notes to the financial statements form an integral part of these financial statements.

NOMURA GLOBAL HIGH CONVICTION FUND

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020

	2020 USD	2019 USD
Net assets attributable to unitholders at the beginning of the financial year*	263,195	263,992
Movement due to units created and cancelled during the financial year:		
Creation of units from applications		
- USD Class	36,690	-
- MYR Class	383,018	148,620
Cancellation of units		
- USD Class	(46,944)	(53,693)
- MYR Class	(346,652)	(95,758)
	289,307	263,161
Increase in net assets attributable to unitholders during the financial year	28,604	34
Net assets attributable to unitholders at the end of financial year*	317,911	263,195

* During the year ended 31 August 2019, net assets attributable to unitholders are classified as a liability. During the year ended 31 August 2020, net assets attributable to unitholders are classified as equity.

The accompanying summary of significant accounting policies and notes to the financial statements form an integral part of these financial statements.

NOMURA GLOBAL HIGH CONVICTION FUND

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020

	Note	2020 USD	2019 USD
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceed from sale of investments		415,940	157,141
Purchase of investments		(561,200)	(30,007)
Management fee paid		(3,521)	(3,321)
Rebate on management fee		2,759	2,585
Trustee fee paid		(39)	(37)
Payment for other fees and expenses		(4,062)	(3,186)
Net realised foreign exchange loss		(5,362)	(819)
Net cash (used in)/generated from operating activities		(155,485)	122,356
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from creation of units		549,940	18,388
Payments for cancellation of units		(393,596)	(149,451)
Net cash generated from/(used in) financing activities		156,344	(131,063)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		859	(8,707)
EFFECTS OF FOREIGN CURRENCY EXCHANGE		34	211
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		3,382	11,878
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	7	4,275	3,382

The accompanying summary of significant accounting policies and notes to the financial statements form an integral part of these financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020

The following accounting policies have been used in dealing with items which are considered material in relation to the financial statements.

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of Nomura Global High Conviction Fund (the "Fund") have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS"). The financial statements have been prepared under the historical cost convention, as modified by financial assets and financial liabilities at fair value through profit or loss.

The preparation of financial statements in conformity with the MFRS and IFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported financial year. It also requires the Manager to exercise their judgment in the process of applying the Fund's accounting policies. Although these estimates and judgment are based on the Manager's best knowledge of current events and actions, actual results may differ.

There are no areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements.

(a) Standards, amendments to published standards and interpretations that are effective and relevant:

The Fund has applied the following amendments for the first time for the financial year beginning on 1 September 2019:

- Amendments to MFRS 112 'Income Taxes' (effective from 1 January 2019) clarify that were income tax consequences of dividends on financial instruments classified as equity is recognised (either in profit or loss, other comprehensive income or equity) depends on where the past transactions that generated distributable profits were recognised.

  Accordingly, the tax consequences are recognised in profit or loss when an entity determines payments on such instruments are distribution of profits (that is, dividends). Tax on dividend should not be recognised in equity merely on the basis that it is related to a distribution to owners.

There are no other standards, amendments to standards or interpretations that are effective for annual periods on 1 September 2019 that have a material effect on the financial statements of the Fund.

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

(b) Amendments and interpretations which are relevant to the Fund but not yet effective and have not been early adopted:

(i) Financial year beginning on/after 1 September 2020

- The Conceptual Framework for Financial Reporting ("Framework") (effective 1 January 2020)

  The Framework was revised with the primary purpose to assist the International Accounting Standards Board ("IASB") to develop IFRS that are based on consistent concepts and enable preparers to develop consistent accounting policies where an issue is not addressed by an IFRS.

  Key changes include:
  - increasing the prominence of stewardship in the objective of financial reporting;
  - reinstating prudence as a component of neutrality;
  - defining a reporting entity, which may be a legal entity, or a portion of an entity;
  - revising the definitions of an asset and a liability;
  - removing the probability threshold for recognition and adding guidance on derecognition;
  - adding guidance on different measurement basis; and
  - stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

No changes will be made to any of the current accounting standards. However, entities that rely on the Framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised Framework from 1 September 2020.

B PRESENTATION AND FUNCTIONAL CURRENCY

Items included in the financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates (the "functional currency").

Due to mixed factors in determining the functional currency of the Fund, the Manager has used its judgement to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions and have determined the functional currency to be in United States Dollar ("USD") primarily due to the following factors:

i) Significant portion of the net asset value ("NAV") is invested in the form of collective investment scheme denominated in USD.

ii) Significant portion of the Fund's expenses are denominated in USD.

The financial statements are presented in USD, which is the Fund's presentation and functional currency.

B PRESENTATION AND FUNCTIONAL CURRENCY (CONTINUED)

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

C INCOME RECOGNITION

For collective investment scheme ("CIS"), realised gains and losses on sale of investments are accounted for as the difference between the net disposal proceeds and the carrying amount of the investments, determined on a weighted average cost basis.

D TAXATION

Current tax expense is determined according to the Malaysian tax laws at the current rate based upon the taxable profits earned during the financial year.

E CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash and bank balances that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

F FINANCIAL ASSETS AND FINANCIAL LIABILITIES

(i) Classification

The Fund classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ('OCI') or through profit or loss), and
- those to be measured at amortised cost.

The Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions.

The Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. The contractual cash flows of the Fund's debt securities are solely principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments are measured at fair value through profit or loss.

F FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(i) Classification (continued)

The Fund classifies cash and cash equivalents and amount due from Manager as financial assets at amortised cost as these financial assets are held to collect contractual cash flows consisting of the amount outstanding.
The Fund classifies amount due to Provider, amount due to Manager, amount due to Trustee, auditor's remuneration and tax agent's fee as financial liabilities measured at amortised cost.

(ii) Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date, the date on which the Fund commits to purchase or sell the asset. Investments are initially recognised at fair value. Subsequent to initial recognition, financial assets at fair value through profit of loss are measured at fair value.

Financial liabilities are recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the financial instrument.

Financial assets are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

Financial liabilities are derecognised when it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expired.

Unrealised gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are recognised in the statement of comprehensive income with net gain or loss on financial assets at fair value through profit or loss in the financial year in which they arise.

Collective investment scheme is valued based on the most recent published NAV per unit or share of such collective investment scheme or, if unavailable, on the last published price of such unit or share (excluding any sales charge included in such selling price).

Financial assets at amortised cost and other financial liabilities are subsequently carried at amortised cost using the effective interest method.

(iii) Impairment

The Fund measures credit risk and expected credit losses ("ECL") using probability of default, exposure at default and loss given default. The Manager considers both historical analysis and forward looking information in determining any ECL. The Manager considers the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12 month ECL as any such impairment would be wholly insignificant to the Fund.

F FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(iii) Impairment (continued)

Significant increase in credit risk

A significant increase in credit risk is defined by the Manager as any contractual payment which is more than 30 days past due.

Definition of default and credit-impaired financial assets

Any contractual payment which is more than 90 days past due is considered credit impaired.

Write-off

The Fund write off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Fund may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains. There are no write-offs/recoveries during the financial year.

G UNITHOLDERS' CAPITAL

The Fund issues cancellable units, in two classes of units, known respectively as the USD Class and MYR Class, which are cancelled at the unitholders' option and do not have identical features subject to restrictions as stipulated in the Information Memorandum and Securities Commission's ("SC") Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework. The units are classified as financial liabilities. Cancellable units can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's NAV of respective classes. The outstanding units are carried at the redemption amount that is payable at the date of the statement of financial position if the unitholders exercises the right to put back the unit to the Fund.

Prior to 1 September 2019, the Fund classified its puttable instruments as liabilities in accordance with MFRS 132 "Financial Instruments" Presentation". However, the amendment required puttable financial instruments that meet the definition of a financial liability to be classified as equity where certain strict criteria are met. Those criteria include:

- the puttable instruments must entitle the holder to a pro-rata share of net assets;
- the puttable instruments must be the most subordinated class and class features must be identical;
- there must be no contractual obligations to deliver cash or other financial asset other than the obligation on the issuer to repurchase; and
- the total expected cash flows from the puttable instrument over its life must be based substantially on the profit or loss if the issuer.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020 (CONTINUED)

G UNITHOLDERS' CAPITAL (CONTINUED)

These conditions were met when USD Class become fully redeemed on 28 May 2020 and MYR Class became the sole share class in the Fund. Should the terms or conditions of the unitholders' capital change such that they do not comply with the strict criteria contained in the MFRS 132, the unitholders' capital would be reclassified to a financial liability from the date the instrument ceases to meet the criteria. The financial liability would be measured at the instrument's fair value at the date of reclassification. Any difference between the carrying value of the equity instrument and fair value of the liability at the date of reclassification would be recognised in equity.

Units are created and cancelled at the unitholders' option at prices based on the Fund's NAV per unit of respective classes at the close of business on the relevant dealing day. The Fund's NAV per unit of respective classes is calculated by dividing the net assets attributable to unitholders of respective classes with the total number of outstanding units of respective classes.

H AMOUNT DUE FROM/ (TO) PROVIDER

Amounts due from/to Provider represent receivables for collective investment scheme sold and payables for collective investment scheme purchased that have been contracted for but not yet settled or delivered on the statement of financial position date respectively.

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Fund shall measure the loss allowance on amounts due from provider at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the Provider, probability that the Provider will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required.

If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by the Provider as any contractual payment which is more than 30 days past due.

Any contractual payment which is more than 90 days past due is considered credit impaired.

I MANAGEMENT FEE REBATE

Management fee rebate derived from the Manager on an accrual basis to ensure no double charging of management fee. It is accrued daily based on the fair value of collective investment scheme held.

NOTES TO FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020

1 INFORMATION ON THE FUND

Nomura Global High Conviction Fund (the "Fund") was constituted pursuant to the execution of a Master Deed (the "Deed") dated 22 November 2016 entered into between Nomura Asset Management Sdn Bhd (the "Manager") and CIMB Commerce Trustee Berhad (the "Trustee").

The Fund was launched on 13 December 2016 and will continue its operations until terminated by the Manager or the Trustee as provided under Clause 15 of the Deed.

The Fund shall invest in collective investment scheme ("CIS"), money market instruments, fixed deposits with financial institutions, derivatives and any other form of investments as may be determined by the Manager from time that is in line with the Fund's objective. The combination of these instruments may allow the Manager to achieve potentially higher excess returns than a diversified portfolio and expecting returns from the concentrated stock holdings to be less diluted as compared to a diversified portfolio.

The Fund seeks to achieve long term capital growth by investing in the CIS which invests primarily in global equity securities.

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments are as follows:

	Note	Financial assets at amortised cost	Financial assets at fair value through profit or loss	Total
2020		USD	USD	USD
Cash and cash equivalents	7	4,275	-	4,275
Financial assets at fair value through profit or loss ("FVTPL")	3	-	316,356	316,356
Amount due from Manager	8	286	-	286
Total		4,561	316,356	320,917
2019				
Cash and cash equivalents	7	3,382	-	3,382
Financial assets at fair value through profit or loss ("FVTPL")	3	-	259,720	259,720
Amount due from Manager	8	130,831	-	130,831
Total		134,213	259,720	393,933

All current liabilities are financial liabilities which are carried at amortised cost.

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

The Fund is exposed to a variety of risks which include liquidity risk, credit risk, capital risk, market risk (inclusive of price risk and currency risk), country risk, concentration risk and fund management risk.

Financial risk management is carried out through internal control processes adopted by the Manager and adherence to the investment restrictions as stipulated in the Deed and SC's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework.

Liquidity risk

The Fund maintains sufficient level of liquid assets, after consultation with the Trustee, to meet anticipated payments and cancellation of units by the unitholders. Liquid assets comprise cash, deposits with licensed financial institutions and other instruments which are capable of being converted into cash within 7 days. The Fund aims to reduce its liquidity risk by maintaining a prudent level of liquid assets.

The table below summarises the Fund's financial liabilities into relevant maturity groupings based on the remaining year as at the statement of financial position date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	Less than 1 month	Between 1 month to 1 year	Total
	USD	USD	USD
2020			
Amount due to Manager	292	-	292
Amount due to Trustee	4	-	4
Auditors' remuneration	-	1,576	1,576
Tax agent's fee	-	1,134	1,134
Contractual cash out flows	296	2,710	3,006
2019			
Amount due to Manager	127,760	-	127,760
Amount due to Trustee	213	-	213
Auditors' remuneration	2	-	2
Tax agent's fee	-	1,613	1,613
Other payables and accruals	-	1,150	1,150
Net assets attributable to unitholder*	263,195	-	263,195
Contractual cash out flows	391,170	2,763	393,933

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (continued)

* Outstanding units are redeemed on demand at the unitholders' option. However, the Manager does not envisage that the contractual maturity disclosed in the table above will be representative of the actual cash outflows, as holders of these instruments typically retain them for the medium to long term.

Credit risk

Credit risk refers to the ability of an issuer or a counter party to make timely payments of profit or principals payment on the maturity date. This may lead to a default in the payment of principal and interest and ultimately a reduction in the value of the Fund. In the case of the Fund, the Manager will endeavor to minimise the risk by selecting only licensed financial institutions with acceptable credit ratings.

For amount due from Manager, the settlement terms of units receivable from the Manager are governed by the SC guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework.

Analysis of deposits with licensed financial institutions and bank balances by rating agency designation are as follows:

	Bank balances USD	Amount due from Manager USD	Total USD
2020			
Financial institutions			
- AAA	4,275	-	4,275
- Not Rated	-	286	286
	4,275	286	4,561
2019			
Financial institutions			
- AAA	3,382	-	3,382
- Not Rated	-	130,831	130,831
	3,382	130,831	134,213

The financial assets of the Fund are neither past due or impaired.

NOTES TO FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020 (CONTINUED)

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Capital risk

The capital of the Fund is represented by net assets attributable to unitholders of USD317,911 (2019: USD263,195). The amount of net assets attributable to unitholder can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of the unitholders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for the unitholders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

Market risk

(a) Price risk

Price risk is the risk that the fair value of an investment of the Fund will fluctuate because of changes in market prices (other than those arising from currency risk).

The Fund's overall exposures to price risk are as follows:

	2020	2019
	USD	USD
Financial assets at fair value through profit or loss:		
Collective investment scheme	316,356	259,720

The table below summarises the sensitivity of the Fund's profit after tax and net asset value to movements in prices of investments at the end of each reporting year. The analysis is based on the assumptions that the price of the investments fluctuates by 5% with all other variables held constant.

	Change in price of investments	Market value	Impact on profit after tax and net asset value
	%	USD	USD
2020			
Financial assets at fair value through profit or loss:			
- Collective investment scheme	+ 5	332,174	15,818
	- 5	300,538	(15,818)
2019			
Financial assets at fair value through profit or loss:			
- Collective investment scheme	+ 5	272,706	12,986
	- 5	246,734	(12,986)

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market risk (continued)

(b) Currency risk

Currency risk is associated with investments denominated in Ringgit Malaysia. When the foreign currency fluctuates in an unfavorable movement against United States Dollar, the investments will face currency losses in addition to the capital gain/loss. The Manager will evaluate the likely directions of a foreign currency versus United States Dollar based on considerations of economic fundamentals such as interest differentials, balance of payments position, debt levels, and technical chart of considerations.

The following tables set out the foreign currency risk concentrations and counterparties of the Fund:

	Ringgit Malaysia USD	Total USD
2020		
Financial assets		
Cash and cash equivalents	3,901	3,901
Financial liabilities		
Auditor's remuneration	1,576	1,576
Tax agent's fee	1,134	1,134
	2,710	2,710
2019		
Financial assets		
Cash and cash equivalents	2,729	2,729
Financial liabilities		
Auditor's remuneration	1,613	1,613
Tax agent's fee	1,150	1,150
Net assets attributable to unitholders	256,491	256,491
	259,254	259,254

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market risk (continued)

(c) Currency risk (continued)

The table below summarises the sensitivity of the Fund's profit after tax and net asset value to changes in foreign exchange movements at the end of each reporting year. The analysis is based on the assumption that the foreign exchange rate changes by 5%, with all other variables held constant. This represents management's best estimate of a reasonable possible shift in a foreign exchange rate, having regard to historical volatility of this rate. Any increase/ (decrease) in foreign exchange rate will result in a corresponding (decrease)/increase in the net assets attributable to unitholder by approximately 5%. Disclosures below are shown in absolute terms, changes and impacts could be positive and negative.

	% Change in foreign exchange rate	Impact on profit after tax and net asset value	
		2020 USD	2019 USD
Ringgit Malaysia	+/- 5	+/- 60	+/- 12,826

Country Risk

The risk of price fluctuation in foreign securities may arise due to political, financial and economic events in foreign countries. If this occurs, there is possibility that the net asset value of the Fund may be adversely affected.

Concentration Risk

The Fund, as a feeder fund, invests significantly all its assets in a CIS, any adverse effect on the CIS will inevitably affect the Fund as well. The performance of the Fund is also dependent on the performance of the CIS. This risk may be mitigated as the Manager is allowed to take temporary defensive positions in response to adverse market conditions. The Manager is also able to substitute the CIS with another fund with similar objective of the Fund if, in the Manager's opinion, the CIS no longer meets the Fund's objective subject to the unitholder's approval.

Fund management risk

There is the risk that the management company may not adhere to the investment mandate of the respective fund. With close monitoring by various relevant internal parties, investment management system being incorporated with limits and controls, and regular reporting to the senior management team, the management company is able to manage such risk. The Trustee has an oversight function over management of the Fund by the management company to safeguard the interests of the unitholders.

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Fair value estimation

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price).

The fair value of financial assets and liabilities traded in active market (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the year end date.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The fair value of financial assets and liabilities that are not traded in an active market is determined by using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each year end date. Valuation techniques used for non-standardised financial instruments such as options, currency swaps and other over-the-counter derivatives, include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

The fair values are based on the following methodology and assumptions:

(i) For bank balance, the carrying value is a reasonable estimate of fair value.

(ii) The carrying value less impairment provision of receivables and payables are assumed to approximate their fair values. The carrying value of the financial assets and financial liabilities approximate their fair value due to their short term nature.

Valuations are therefore adjusted, where appropriate, to allow for additional factors including model risk, liquidity risk and counterparty risk.

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Fair value hierarchy

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs for the asset and liability that are not based on observable market data (that is unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement.

Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgment by the Fund. The Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following table analyses within the fair value hierarchy the Fund's financial assets (by class) measured at fair value:

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
2020				
Financial assets at fair value through profit or loss:				
- Collective investment scheme	316,356	-	-	316,356
2019				
Financial assets at fair value through profit or loss:				
- Collective investment scheme	259,720	-	-	259,720

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include active listed equities and collective investment scheme. The Fund does not adjust the quoted prices for these instruments.

The carrying values of cash and cash equivalents, amount due from Manager, and all current liabilities are reasonable approximation of the fair value due to their short-term nature.

3 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVTPL")

	2020 USD	2019 USD
At FVTPL:		
- Collective investment scheme – foreign	316,356	259,720
Net gain on financial assets at FVTPL		
- realised gain on sale of investments	45,795	17,238
- unrealised loss	(6,659)	(12,780)
- management fee rebate on collective investment scheme #	2,725	2,305
	41,861	6,763

In arriving at the fair value of collective investment scheme, the management fee initially paid to the Manager of collective investment scheme have been considered as part of its net asset value. In order to prevent the double charging of management fee which is not permissible under SC Guidelines, management fee charged on the Fund's investments in collective investment scheme have been refunded to the Fund. Accordingly, any rebate of management fee received from the Manager of collective investment scheme is reflected as an increase in the net asset value of the collective investment scheme.

Collective investment scheme – foreign as at 31 August 2020 is as follows:

	Quantity Units	Aggregate Cost USD	Fair Value USD	Percentage of NAV %
Nomura Funds Ireland – Nomura Global High Conviction Fund Class A USD	1,924	298,247	316,356	99.51

Collective investment scheme – foreign as at 31 August 2019 is as follows:

	Quantity Units	Aggregate Cost USD	Fair Value USD	Percentage of NAV %
Nomura Funds Ireland – Nomura Global High Conviction Fund Class A USD	1,869	234,952	259,720	98.68

4 MANAGEMENT FEE

In accordance with the Deed, the Manager is entitled to a management fee at a rate not exceeding 3% (2019: 3%) per annum of the net asset value of the Fund calculated and accrued on a daily basis.

The management fee provided in the financial statements is 1.60% (2019: 1.80%) per annum based on the net asset value of the Fund, calculated on a daily basis for the financial year.

There will be no further liability to the Manager in respect of the management fee other than the amounts recognised above.

5 TRUSTEE FEE

In accordance with the Deed, the Trustee is entitled to an annual fee at a rate of 0.10% (2019: 0.10%) per annum of the net asset value of the Fund.

The trustee fee provided in the financial statements is 0.02% (2019: 0.02%) per annum based on the net asset value of the Fund, calculated on a daily basis for the financial year.

There will be no further liability to the Trustee in respect of the trustee fee other than the amounts recognised above.

6 TAXATION

	2020 USD	2019 USD
Current taxation - local	-	-

The numerical reconciliation between profit before taxation multiplied by the Malaysian statutory tax rate and tax expense of the Fund is as follows:

	2020 USD	2019 USD
Profit before taxation	28,604	34
Taxation at Malaysian statutory rate of 24% (2019: 24%)	6,865	8
Tax effect of:		
Investment income not subject to tax	(8,701)	(1,544)
Expenses not deductible for tax purposes	594	396
Restriction on tax deductible expenses for Wholesale Funds	1,242	1,140
Taxation	-	-

7 CASH AND CASH EQUIVALENTS

	2020 USD	2019 USD
Cash and bank balances	4,275	3,382

8 AMOUNT DUE FROM MANAGER

	2020 USD	2019 USD
Creation of units	-	130,511
Rebate on management fee	286	320
	286	130,831

9 AMOUNT DUE TO MANAGER

	2020 USD	2019 USD
Management fee	292	213
	292	213

10 NUMBER OF UNITS IN CIRCULATION

	2020 No. of units	2019 No. of units
(a) MYR CLASS		
At beginning of the financial year	894,608	731,389
Creation of units during the financial year arising from creations	1,235,750	530,639
Cancellation of units	(1,144,589)	(367,420)
At end of the financial year	985,769	894,608
(b) USD CLASS		
At beginning of the financial year	5,287	49,867
Creation of units during the financial year arising from creations	35,516	-
Cancellation of units	(40,803)	(44,580)
At end of the financial year	-	5,287

11 TRANSACTIONS WITH FINANCIAL INSTITUTIONS

Details of transactions with the provider of the CIS for the financial year ended 31 August 2020 is as follows:

	Value of trade	Percentage of total trade
	USD	%
Name of Provider		
Brown Brothers Harriman	849,380	100

Details of transactions with the provider of the CIS for the financial year ended 31 August 2019 is as follows:

	Value of trade	Percentage of total trade
	USD	%
Name of Provider		
Brown Brothers Harriman	314,907	100

The financial institution above is not related to the Manager.

12 MANAGEMENT EXPENSE RATIO ("MER")

	2020	2019
	%	%
MER	2.43	2.35

MER is derived from the following calculation:

$$MER = \frac{(A + B + C + D + E + F) \times 100}{G}$$

A = Management fee
B = Trustee's fee
C = Audit fee
D = Tax agent's fee
E = GST charges
F = Other expenses
G = Average net asset value of Fund calculated on daily basis

The average net asset value of the Fund for the financial year calculated on daily basis is USD202,283 (2019: USD174,126).

13 PORTFOLIO TURNOVER RATIO ("PTR")

	2020	2019
PTR (times)	1.99	0.85

PTR is derived from the following calculation:

$$\frac{\text{(Total acquisition for the financial year + total disposal for the financial year)} \div 2}{\text{Average net asset value of the Fund for the financial year calculated on daily basis}}$$

Where: total acquisition for the financial year = USD433,440 (2019: USD157,767)
total disposal for the financial year = USD370,145 (2019: USD139,902)

14 UNITS HELD BY THE MANAGER AND PARTIES RELATED TO THE MANAGER

The related party of and its relationship with the Fund are as follows:

Related party	Relationship
Nomura Asset Management Malaysia Sdn Bhd	The Manager

There were no units held by the Manager and parties related to the Manager.

15 SIGNIFICANT EVENT DURING THE FINANCIAL PERIOD

The worsening macro-economic outlook as a result of Covid-19, both domestically and globally, has minimal effect on the Fund's NAV per unit as of the date of this report.

The Manager is monitoring the situation closely and will be actively managing the portfolio to achieve the Fund's objectives.

16 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue by the Manager on 21 October 2020.

NOMURA GLOBAL HIGH CONVICTION FUND

STATEMENT BY THE MANAGER

We, Nor Rejina Abdul Rahim and Hiroyuki Nishikawa, being two of the Directors of Nomura Asset Management Sdn Bhd (the "Manager"), do hereby state that, in the opinion of the Manager, the accompanying financial statements set out on pages 1 to 24 are drawn up in accordance with the provisions of the Deed and give a true and fair view of the financial position of the Fund as at 31 August 2020 and of its financial performance, changes in net assets attributable to unitholder and cash flows for the financial year ended 31 August 2020 in accordance with the Malaysian Financial Reporting Standards, and International Financial Reporting Standards.

For and on behalf of the Manager,
NOMURA ASSET MANAGEMENT MALAYSIA SDN BHD

NOR REJINA ABDUL RAHIM
Managing Director

HIROYUKI NISHIKAWA
Director

Kuala Lumpur
21 October 2020

CIMB

TRUSTEE'S REPORT
TO THE UNIT HOLDERS OF NOMURA GLOBAL HIGH CONVICTION FUND

We, **CIMB Commerce Trustee Berhad** being the trustee for **Nomura Global High Conviction Fund** ("the Fund"), are of the opinion that **Nomura Asset Management Malaysia Sdn Bhd** ("the Manager"), acting in the capacity as the Manager of the Fund, has fulfilled its duties in the following manner for the financial year ended 31 August 2020.

a) The Fund has been managed in accordance with the limitations imposed on the investment powers of the Manager under the Deed, the Securities Commission Malaysia's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework, the Capital Markets and Services Act 2007 (as amended from time to time) and other applicable laws;

b) Valuation and pricing for the Fund has been carried out in accordance with the Deed and relevant regulatory requirements; and

c) Creation and cancellation of units have been carried out in accordance with the Deed and relevant regulatory requirements.

For and on behalf of
CIMB Commerce Trustee Berhad

Lee Kooi Yoke
Chief Executive Officer

Kuala Lumpur, Malaysia
21 October 2020

pwc

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF NOMURA GLOBAL HIGH CONVICTION FUND

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Nomura Global High Conviction Fund ("the Fund") give a true and fair view of the financial position of the Fund as at 31 August 2020, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

What we have audited

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 31 August 2020, and the statement of comprehensive income, statement of changes in net assets attributable to unitholders and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 1 to 24.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

We are independent of the Fund in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

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INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF NOMURA GLOBAL HIGH CONVICTION FUND (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon

The Manager of the Fund is responsible for the other information. The other information comprises Manager's Report but does not include the financial statements of the Fund and our auditors' report thereon.

Our opinion on the financial statements of the Fund does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Fund, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Fund or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager for the financial statements

The Manager of the Fund is responsible for the preparation of the financial statements of the Fund that give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Manager is also responsible for such internal control as the Manager determines is necessary to enable the preparation of financial statements of the Fund that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Fund, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Fund or to cease operations or has no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF NOMURA GLOBAL HIGH CONVICTION FUND (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Fund as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements of the Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.

(d) Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements of the Fund, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF NOMURA GLOBAL HIGH CONVICTION FUND (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

OTHER MATTERS

This report is made solely to the unitholders of the Fund and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

Kuala Lumpur
21 October 2020