



**NOMURA**

# **Nomura Global High Conviction Fund**

Quarterly Report and Financial Statements  
For The Period Ended 28 February 2021

**MANAGER:**

NOMURA ASSET MANAGEMENT MALAYSIA SDN. BHD.  
Business Registration No.: 200601028939 (748695A)

**TRUSTEE:**

CIMB COMMERCE TRUSTEE BERHAD  
Business Registration No.: 199401027349 (313031A)

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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; the risk profile of this Fund is different from the risk profile of the benchmark.

### Performance as at 28 February 2021

	1 Month (31/Jan/21- 28/Feb/21)	3 Months (30/Nov/20 – 28/Feb/21)	6 Months (31/Aug/20 – 28/Feb/21)	1 Year (28/Feb/20– 28/Feb/21)	3 Year (28/Feb/18– 28/Feb/21)	Since Inception (1/Feb/17 – 28/Feb/21)*
Fund – Class USD	2.11%	4.46%		-	-	8.89%
Benchmark – USD	2.21%	6.29%		-	-	12.93%
<b>Out/ (Under) Performance</b>	<b>-0.10%</b>	<b>-1.83%</b>		<b>-</b>	<b>-</b>	<b>-4.04%</b>
Fund – Class MYR	2.32%	3.79%	5.00%	19.26%	33.66%	40.97%
Benchmark – MYR	2.52%	5.74%	9.36%	23.32%	31.28%	40.47%
<b>Out/ (Under) Performance</b>	<b>-0.20%</b>	<b>-1.95%</b>	<b>-4.36%</b>	<b>-4.06%</b>	<b>2.380%</b>	<b>0.50%</b>

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

\* There were no units in circulation for Class USD during the period from 19 May 2020 to 22 October 2020. Hence, the since inception performance calculation commenced from 23 October 2020 which is less than one (1) year for the Class USD as shown above.

### Volatility as at 28 February 2021

	3-Year
Fund – Class USD#	-
Fund – Class MYR	15.24%

# There were no units in circulation for Class USD during the period from 19 May 2020 to 22 October 2020. Hence, there is no volatility for Class USD as the information is less than three (3) years.

Volatility is measured by calculating the annualised standard deviation on the Fund's month-end returns for the immediate preceding 36 months.

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.

### **Strategies Employed (1 December 2020 to 28 February 2021)**

During the period under review, the Fund remained closely aligned with its investment philosophies and process as markets began vaccine rollouts and re-openings, outlined further below in our performance review.

### **Performance Review of the Target Fund (1 December 2020 to 28 February 2021)**

Fund performance was positive in December but lagged the benchmark slightly. The greatest detractor over the month was Inditex, the Spanish fashion retailer and owner of the Zara brand. Rising infection rates across its core European markets raised concerns over a delayed recovery in bricks-and-mortar retail spending. Performance was also hit by AO Smith, the US water heater company, as the stock was victim to profit taking after its 9% gain over November.

The top contributors over the month were Ross Stores, the American off-price retailer, and Network International, the Middle Eastern payments processing company. Ross Stores benefited from continued momentum from positive vaccine news amidst relatively stable US infection rates. The first publication of a short-seller note on Network International that contained some factual discrepancies and questionable inferences, along with renewed optimism over UAE tourism catalyzed a rebound in the stock.

In January 2021, before the advent of full year reporting season, cyclical recovery plays took centre stage. This led Oil & Gas Drilling along with Broadcasting to champion as the top two performing sub-industries over the month in response to higher commodity prices and an improved advertising outlook respectively. The Fund has no exposure to both the aforementioned sub-industries. By contrast, two of the weakest performing sub-industries were Soft Drinks and Data Processing & Outsourced Services where the strategy has four holdings total. In this context, it is unsurprising that Mastercard was the worst performing holding over the month. As a mega-cap exposed to secular growth in electronic payments, it stands to benefit less than many weaker, or even failing, businesses just ahead of a global economic recovery. Ross Stores was also a main detractor over the month as, despite expectations of a rebound in consumer confidence, this has yet to occur and the timing of a return to bricks-and-mortar shopping remains uncertain. In contrast, Waters was the top contributor over the month following the new CEO's presentation at the JPMorgan Global Healthcare conference. We think he gave a humble yet convincing view of the company's recent challenges and opportunities ahead. Network International was also a strong performer over the month as their end-of-year trading update belied many of the concerns raised by last year's short-seller note.

Lastly in February, in terms of the strategy's positioning over this period we have maintained our tight focus on business quality. As the factor closest to what we would call "Quality", and distinct from "Growth" and "Value", the "Profit" factor remains the vast majority of the style risk we take. Whilst "Profit" was weak during the 2016 US elections, from the March 2000 peak to February 2021 it underperformed by 7%, representing a five sigma deviation from the mean over the prior five years. However, as with the last election cycle when this weakness did not persist long into 2017, we now see early signs of a "Profit" turnaround in 2021.

We have made several changes to fund holdings. Concerns about appropriate discount rates and the implications for our assessments of fair value are certainly a factor, but additionally the realization of our investment thesis triggered an exit of both Medtronic and Waters. Whilst fundamentally both companies are performing well under the circumstances and there remains some upside potential with respect to new product launches, both shares were trading at or slightly above our estimates of fair value. These were swapped with DaVita, the leading US kidney dialysis services provider and Persimmon, the UK residential property developer. With DaVita we believe the stock does not fully reflect the economic tailwind from a legislation-driven patient switch to private insurance from the public programs. Persimmon too has underappreciated margin potential given the cost basis of historic land purchases.

*Source: Nomura Asset Management U.K. Ltd*

## Summary of Asset Allocation

	<u>28 February 2021</u>
Target Fund	99.62%
Cash and Others <sup>#</sup>	0.38%
Total	100.00%

<sup>#</sup> Included in Cash and Others are cash on hand and net current assets/ liabilities

## Review of Market (1 December 2020 to 28 February 2021)

In December, equities continued their strong run following the US elections into year end. First regulatory approvals of Covid-19 vaccines and the final ratification of a soft Brexit strengthened expectations of an economic rebound in 2021 and further buoyed sentiment.

Global equity markets then continued to rally into the New Year as Covid-19 vaccination efforts began in earnest. This was knocked off kilter towards the end of the month when apparently hedge funds de-risked exposures following several extreme short squeezes. GameStop, the American computer game store operator, notably rallied 17x over the month.

Finally in February 2021, global equity markets rallied further as Covid-19 vaccination efforts gathered pace. Last year saw unprecedented coordination of fiscal policies and monetary easing that catalyzed a recovery in global in asset prices. But with global equities up over 70% from the nadir last March, could the ratification of a \$1.9 trillion American economic stimulus package in America prove to be the end of the party? The Goldman Sachs US Financial Conditions Index, for instance, has already started climbing from the last month's lows yet still represents the loosest levels in over a quarter of a century.

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.

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	1	2,487
10,000 to 50,000	0	-
50,001 to 100,000	0	-
101,000 to 200,000	0	-
200,00 to 300,000	0	-
300,001 and above	0	-
Total	1	2,487

## BREAKDOWN OF UNITHOLDERS BY SIZE (CONTINUED)

### Fund - Class MYR

Size of holdings (units)	No. of unitholders	No. of units held*
Less than 10,000	0	-
10,000 to 50,000	0	-
50,001 to 100,000	0	-
101,000 to 200,000	0	-
200,00 to 300,000	0	-
300,001 and above	2	1,071,559
<b>Total</b>	<b>2</b>	<b>1,071,559</b>

\* Note: Excluding Manager's Stock.

## INCOME DISTRIBUTION

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

## FUND DATA

As at 28 February 2021	Class USD	Class MYR
Total NAV	2,714	1,510,560
NAV per Unit	1.0914	1.4097
Unit in Circulation	2,487	1,071,559
Highest NAV	1.1171	1.4385
Lowest NAV	1.0467	1.3517

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

The logo features a stylized 'N' composed of several overlapping triangles in various shades of red and pink. To the right of this graphic is a solid red rectangular area containing the word 'NOMURA' in white, bold, uppercase letters.

**NOMURA**

**NOMURA GLOBAL HIGH CONVICTION FUND**

**FINANCIAL STATEMENTS**

**FOR THE FINANCIAL PERIOD ENDED 28 FEBRUARY 2021**

**NOMURA GLOBAL HIGH CONVICTION FUND**

**FINANCIAL STATEMENTS**

**FOR THE FINANCIAL PERIOD ENDED 28 FEBRUARY 2021**

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**NOMURA GLOBAL HIGH CONVICTION FUND**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD ENDED 28 FEBRUARY 2021**

	01.12.2020 To <u>28.02.2021</u> USD	01.12.2019 To <u>29.02.2020</u> USD
<b>INVESTMENT INCOME</b>		
Net gain /(loss) on financial assets at fair value through profit or loss ("FVTPL")	16,559	(352)
	<u>16,559</u>	<u>(352)</u>
<b>OTHER INCOME</b>		
Net gain /(loss) on foreign currency exchange	62	(437)
Rebate on management fee	1,091	964
	<u>1,153</u>	<u>527</u>
<b>EXPENSES</b>		
Management fee	(1,463)	(1,296)
Trustee fee	(18)	(15)
Auditors remuneration	-	(392)
Tax agent's fee	-	(282)
Other expenses	(273)	(342)
	<u>(1,754)</u>	<u>(2,327)</u>
<b>PROFIT BEFORE TAXATION</b>	15,958	(2,152)
<b>TAXATION</b>	-	-
<b>INCREASE IN NET ASSET ATTRIBUTABLE TO UNITHOLDERS</b>	<u>15,958</u>	<u>(2,152)</u>
Increase of net asset attributable to unitholders is made up of the following:		
Realised amount	130	35,500
Unrealised amount	15,828	(37,652)
	<u>15,958</u>	<u>(2,152)</u>

**NOMURA GLOBAL HIGH CONVICTION FUND**

**STATEMENT OF FINANCIAL POSITION AS AT 28 FEBRUARY 2021**

	<u>28.02.2021</u>	<u>29.02.2020</u>
	USD	USD
<b>ASSETS</b>		
Cash and cash equivalents	1,174	18,471
Financial assets at fair value through profit or loss ("FVTPL")	374,494	115,287
Amount due from Manager	726	5,327
<b>TOTAL ASSETS</b>	<u>376,394</u>	<u>139,085</u>
<b>LIABILITIES</b>		
Amount due to Provider	-	4,630
Amount due to Manager	466	264
Amount due to Trustee	6	3
Auditors remuneration	-	785
Tax agent's fee	-	1,715
<b>TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS)</b>	<u>472</u>	<u>7,397</u>
<b>NET ASSET VALUE OF THE FUND</b>	<u>375,922</u>	<u>131,688</u>
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>	<u>375,922</u>	<u>131,688</u>

**NOMURA GLOBAL HIGH CONVICTION FUND**

**STATEMENT OF FINANCIAL POSITION AS AT 28 FEBRUARY 2021 (CONTINUED)**

	<u>28.02.2021</u>	<u>29.02.2020</u>
	USD	USD
<b>REPRESENTED BY</b>		
<b>FAIR VALUE OF OUTSTANDING UNITS (USD)</b>		
MYR CLASS	373,208	131,688
USD CLASS	<u>2,714</u>	<u>-</u>
<b>NUMBER OF UNIT IN CIRCULATION (UNITS)</b>		
MYR CLASS	1,071,559	469,523
USD CLASS	<u>2,487</u>	<u>-</u>
<b>NET ASSET VALUE PER UNIT (USD)</b>		
MYR CLASS	0.3483	0.2805
USD CLASS	<u>1.0914</u>	<u>-</u>
<b>NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES</b>		
MYR CLASS	1.4097	1.1820
USD CLASS	<u>1.0914</u>	<u>-</u>

## NOMURA GLOBAL HIGH CONVICTION FUND

### STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FOR THE FINANCIAL PERIOD ENDED 28 FEBRUARY 2021

	01.12.2020 To <u>28.02.2021</u> <u>USD</u>	01.12.2019 To <u>29.02.2020</u> <u>USD</u>
<b>Net assets attributable to unitholders at the beginning of the financial period</b>	345,867	275,847
Movement due to units created and cancelled during the financial period:		
Creation of units from applications		
- USD Class	-	5,000
- MYR Class	19,561	106,450
Cancellation of units		
- USD Class	-	(12,373)
- MYR Class	(5,464)	(241,084)
Increase in net assets attributable to unitholders during the financial period	15,958	(2,152)
<b>Net assets attributable to unitholders at the end of financial period</b>	<u>375,922</u>	<u>131,688</u>

**NOMURA GLOBAL HIGH CONVICTION FUND**

**STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL PERIOD ENDED 28 FEBRUARY 2021**

	01.12.2020 To <u>28.02.2021</u> USD	01.12.2019 To <u>29.02.2020</u> USD
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Proceed from sale of investments	5,804	268,149
Purchase of investments	(19,170)	(104,300)
Management fee paid	(1,441)	(1,435)
Rebate on management fee	1,024	1,006
Trustee fee paid	(18)	(16)
Payment for other fees and expenses	(2,982)	(342)
Net realised foreign exchange gain /(loss)	81	(443)
Net cash generated (used in) / from operating activities	<u>(16,702)</u>	<u>162,619</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from creation of units	19,561	106,707
Payments for cancellation of units	(5,464)	(253,457)
Net cash generated from / (used in) financing activities	<u>14,097</u>	<u>(146,750)</u>
<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>	(2,605)	15,869
<b>EFFECTS OF FOREIGN CURRENCY EXCHANGE</b>	(19)	3
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD</b>	3,798	2,599
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	<u>1,174</u>	<u>18,471</u>