

Nomura Ringgit Bond Fund 1

Quarterly Report For The Period Ended 31 March 2021

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

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

Table of Contents

MANAGER'S REPORT	iii
SOFT COMMISSIONS RECEIVED FROM BROKERS	v
BREAKDOWN OF UNITHOLDERS BY SIZE	v
INCOME DISTRIBUTION	vi
FUND PERFORMANCE DATA	vi

APPENDIX

STATEMENT OF COMPREHENSIVE INCOME	1
STATEMENT OF FINANCIAL POSITION	2
STATEMENT OF CHANGES IN NET ASSET VALUE	3
STATEMENT OF CASH FLOWS	4

MANAGER'S REPORT

Fund Type, Category, Objective and Distribution Policy

The Nomura Ringgit Bond Fund 1 (the "Fund") is a wholesale fixed income fund which seeks to optimize returns to its investors by mainly investing in fixed income securities denominated in Ringgit Malaysia.

The Fund will distribute income on a quarterly basis, subject to availability of income.

Benchmark

The benchmark used by the Manager in measuring the performance of the Fund is the Malayan Banking Berhad 12 months Fixed Deposit Account rate.

Performance as at 31 March 2021

For the period under review from 1 January to 31 March 2021, the Fund has registered a -1.71% return. Compared to the Benchmark return of 0.46%, the Fund underperformed its Benchmark by 2.16%. The last published Net Asset Value (NAV) per unit of the Fund as at 31 March 2021 was RM 1.0323 as compared to the NAV per unit as at 1 January 2021 of RM 1.0630. On the total NAV basis, the Fund's NAV stood at RM 252.31 million as at 31 March 2021.

Performance as at 31 March 2021

	1 Month (28/02/2021 – 31/03/2021)	3 months (31/12/2020- 31/03/2021)	6 Months (30/09/2020- 31/03/2021)	1 Year (31/03/2019- 31/03/2021)	Since Inception (01/07/2019- 31/03/2021)
Fund	-1.72%	-1.71%	-1.32%	4.56%	7.62%
Benchmark	0.16%	0.46%	0.92%	1.97%	4.26%
Outperformance/ (Underperformance)	-1.88%	-2.16%	-2.24%	2.60%	3.36%

Source of Fund and Benchmark Returns: Refinitiv Lipper

Volatility as at 31 March 2021

	3-Year
Fund	N/A

Source of Fund and Benchmark Returns: Refinitiv Lipper

This information is prepared by Nomura Asset Management Malaysia Sdn Bhd ("NAMM") for information purposes only. Past earnings of 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 January to 31 March 2021)

We maintained our duration while gradually raising the running yield of the Fund in order to support the portfolio's running yield over the quarter. Towards the end of the quarter, we took advantage of the higher yield environment to deploy the Fund's cash into issuances of corporate bonds which were issued at more attractive credit spreads. We retain our cautious approach towards credit, preferring to underweight sectors which are impacted by the pandemic, namely toll roads and property developers while favoring defensives such as power and telecommunication sectors.

Summary of Asset Allocation

	<u>31 March 2021</u>	<u>31 December 2020</u>
Government Investment Issue	4.05%	4.58%
Corporate Bonds	89.03%	94.53%
Cash and other net current assets / liabilities	6.92%	0.89%
Total	100.0%	100.0%

Review of Market (1 January to 31 March 2021)

In tandem of rising global yields, Malaysian Government Securities (MGS) bear-steepened over the quarter. Notably, 3Y MGS 03/23 surged 30 bps QoQ while the rest of the curve spiked 54-86 bps QoQ. This was on the back of a global bond rout which resulted from expectations of higher inflationary pressures, increased economic optimism following the rollout of vaccines, and large fiscal stimulus by the US government.

Year-to-date (YTD) corporate bond issuance recorded a total of RM 21.78 bil. Issuances were skewed towards the GG space as corporate bond primary issuance slowed down amid cautious market sentiment in 1Q2021. Notable issuance include DanaInfra Nasional Berhad, Federal Land Development Authority, and Lembaga Pembiayaan Perumahan Sektor Awam which issued RM 2.2 bil, RM 2.005 bil, and RM 4.0 bil respectively. Within the AAA-rated space, Pengurusan Air SPV Berhad and Petroleum Sarawak Exploration & Production Sdn berhad issued RM 800 mil and RM 1.5 bil respectively. Meanwhile, UiTM Solar Power Dua Sdn Berhad issued a total of RM 100 mil Green SRI sukuk in 14 separate tranches.

As widely expected, Bank Negara Malaysia (BNM) kept its Overnight Policy Rate unchanged at 1.75% in the March Monetary Policy Committee meeting. In its statement, BNM reiterated its neutral tone, but sounded slightly optimistic on the global economic recovery as it highlighted that the recovery is gaining momentum while downside risks to the growth outlook have abated slightly. Domestically, BNM continued to acknowledge that the impact from the re-introduction of stricter movement restrictions in 1Q2021 will be less severe than that experienced in 2Q2020 and it projected improvement in economic activity from 2Q2021 onwards. On a side note, BNM downplayed impending inflationary pressure as temporary and transitional rather than being demand-led. Although BNM remained cautious on the potential downside risk to the economic recovery, BNM affirmed that the current monetary policy stance is appropriate and accommodative while monetary policy decisions going forward will continue to be data-dependent.

On a positive note, FTSE Russell has removed Malaysia from the Watch List for potential exclusion and retained Malaysia in the FTSE World Government Bond Index (WGBI) in its semi-annual Fixed Income Classification review. This removes lingering concerns that had been weighing on the Malaysian fixed income market for the past two years. In its statement, FTSE Russell acknowledged BNM's positive initiatives that had been implemented over the last two years to address the concerns of foreign investors when accessing the local government bond market. In the March 2021 review, FTSE Russell has also affirmed the inclusion of China Government Bonds in the FTSE WGBI with an index weight of 5.25% to be phased into the index over a period of 36 months. Subsequently, Malaysia's weight in the index would be pared by 0.02% to 0.39%. However, the relief resulting from the removal of Malaysia from the Watch List more than offset potential dilution of Malaysia's weight in the index.

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

Size of holdings(units)	No. of unitholders	No. of units held ('000)*
Less than 500,000	0	-
500,000 - to 1,000,000	0	-
1,000,001 to 5,000,000	2	3,117.9
5,000,001 to 10,000,000	0	-
10,000,001 to 15,000,000	0	-
15,000,001 to 20,000,000	0	-
20,000,001 and above	1	241,297.275
Total	3	244,415.128

* Note : Excluding Manager's Stock

INCOME DISTRIBUTION

The Fund distributed a gross total of RM 0.0126 per unit to investors of the Fund over the period under review.

The Net Asset Value per Unit prior and subsequent to the distributions were as follows:

Cum-Distribution Date	Cum-Distribution (RM)	Ex-Distribution Date	Ex-Distribution (RM)	Distribution per Unit (RM)
15-Mar-21	1.0486	16-Mar-21	1.0354	0.0126

FUND PERFORMANCE DATA

	As at 31 March 2021	As at 31 December 2020
Total NAV (RM)	252,309,473	233,067,610
NAV per Unit (RM)	1.0323	1.0630
Units in Circulation	244,415,128	219,259,191
Highest NAV (RM)	1.0691	1.0683
Lowest NAV (RM)	1.0301	1.0093

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

NOMURA RINGGIT BOND FUND 1

FINANCIAL STATEMENTS

**FOR THE FINANCIAL PERIOD FROM
1 JANUARY 2021 TO 31 MARCH 2021**

NOMURA RINGGIT BOND FUND 1

FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 01 JANUARY 2021 TO 31 MARCH 2021

CONTENTS	PAGE(S)
STATEMENT OF COMPREHENSIVE INCOME	1
STATEMENT OF FINANCIAL POSITION	2
STATEMENT OF CHANGES IN NET ASSETS VALUE	3
STATEMENT OF CASH FLOWS	4

NOMURA RINGGIT BOND FUND 1

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD FROM 01 JANUARY 2021 TO 31 MARCH 2021

	<u>01.01.2021</u> To <u>31.03.2021</u> RM	<u>01.01.2020</u> To <u>31.03.2020</u> RM
INVESTMENT INCOME		
Interest income from financial assets	2,186,289	1,503,040
Interest income from deposits with licensed financial institutions	53,240	125,128
Net loss on financial assets at fair value through profit or loss ("FVTPL")	(6,387,827)	(1,508,658)
	<u>(4,148,298)</u>	<u>119,510</u>
EXPENSES		
Manager's fee	(101,713)	(78,627)
Trustee's fee	(17,949)	(12,447)
Audit fee	(2,614)	(2,486)
Tax agent's fee	(1,046)	(1,054)
Other expenses	(151)	(265)
	<u>(123,473)</u>	<u>(94,879)</u>
PROFIT BEFORE TAXATION	(4,271,771)	24,631
TAXATION	-	-
PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD	<u>(4,271,771)</u>	<u>24,631</u>
Profit after taxation is made up of the following:		
Realised amount	2,771,795	1,672,770
Unrealised amount	(7,043,566)	(1,648,139)
	<u>(4,271,771)</u>	<u>24,631</u>
Distributions for the financial period:		
Net distributions	<u>2,982,490</u>	<u>1,140,439</u>
Gross/net distributions per unit	<u>0.0126</u>	<u>0.0069</u>

NOMURA RINGGIT BOND FUND 1

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

	<u>31.03.2021</u>	<u>31.03.2020</u>
	RM	RM
ASSETS		
Financial assets at fair value through profit or loss ("FVTPL")	234,857,333	162,050,463
Cash at bank	510,323	565,879
Deposit with licensed financial institution	17,001,000	6,501,816
Interest receivable	815	454
TOTAL ASSETS	<u>252,369,471</u>	<u>169,118,612</u>
LIABILITIES		
Amount due to Manager	35,724	24,677
Amount due to Trustee	6,304	4,355
Other payables and accruals	17,970	21,921
TOTAL LIABILITIES	<u>59,998</u>	<u>50,953</u>
NET ASSET VALUE ("NAV") OF THE FUND	<u>252,309,473</u>	<u>169,067,659</u>
EQUITY		
Unitholders' capital	249,785,333	166,998,787
Retained earnings	2,524,140	2,068,872
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	<u>252,309,473</u>	<u>169,067,659</u>
UNITS IN CIRCULATION	<u>244,415,128</u>	<u>166,110,130</u>
NAV PER UNIT (RM) (EX-DISTRIBUTION)	<u>1.0323</u>	<u>1.0178</u>

NOMURA RINGGIT BOND FUND 1

STATEMENT OF CHANGES IN NET ASSETS VALUE FOR THE FINANCIAL PERIOD FROM 01 JANUARY 2021 TO 31 MARCH 2021

	<u>Unitholders' capital</u> RM	<u>Retained earnings</u> RM	<u>Total</u> RM
Balance as at 1 January 2021	223,289,209	9,778,401	233,067,610
Total comprehensive income for the financial period	-	(4,271,771)	(4,271,771)
Creation of units	24,585,190	-	24,585,190
Reinvestment of distributions	2,982,490	-	2,982,490
Cancellation of units	(1,071,556)	-	(1,071,556)
Distributions	-	(2,982,490)	(2,982,490)
Balance as at 31 March 2021	<u>249,785,333</u>	<u>2,524,140</u>	<u>252,309,473</u>

	<u>Unitholders' capital</u> RM	<u>Retained earnings</u> RM	<u>Total</u> RM
Balance as at 1 January 2020	146,066,278	3,184,680	149,250,958
Total comprehensive income for the financial period	-	24,631	24,631
Creation of units	20,344,722	-	20,344,722
Reinvestment of distributions	1,140,439	-	1,140,439
Cancellation of units	(552,652)	-	(552,652)
Distributions	-	(1,140,439)	(1,140,439)
Balance as at 31 March 2020	<u>166,998,787</u>	<u>2,068,872</u>	<u>169,067,659</u>

NOMURA RINGGIT BOND FUND 1

STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD FROM 01 JANUARY 2021 TO 31 MARCH 2021

	<u>01.01.2021</u> To <u>31.03.2021</u> RM	<u>01.01.2020</u> To <u>31.03.2020</u> RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from sale of financial assets	16,227,750	10,600,000
Purchase of financial assets	(26,732,550)	(31,461,400)
Interest income from financial assets	2,447,603	1,654,907
Interest income from deposit with licensed financial institution	52,622	127,835
Manager's fee paid	(99,467)	(79,224)
Trustee's fee paid	(17,553)	(11,884)
Payment for other fees and expenses	(151)	(116)
Net cash used in operating activities and investing activities	<u>(8,121,746)</u>	<u>(19,169,882)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash proceeds from units created	24,585,190	20,344,722
Cash paid for units cancelled	(1,071,663)	(552,652)
Net cash generated from financing activities	<u>23,513,527</u>	<u>19,792,070</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	15,391,781	622,188
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF FINANCIAL PERIOD	2,119,542	6,445,507
CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL PERIOD	<u>17,511,323</u>	<u>7,067,695</u>
Cash and cash equivalents comprises of:		
Cash at bank	510,323	565,879
Deposit with licensed financial institution	17,001,000	6,501,816
	<u>17,511,323</u>	<u>7,067,695</u>