

Nomura Global High Conviction Fund

30 June 2021

Fund Commentary and Strategy

Despite the continuation of higher inflation reports the market continued the significant rotation towards Growth stocks that had started with the first above expectations inflation report in mid May. Similarly the US 10 year breakeven rate continued to fall throughout the month and nominal bond yields also fell. On the face of it this was surprising considering the above expectations inflation reports, but it appears that the markets had become rather over focused on that one issue (ie it had become a 'crowded position') and has since concluded, with the help of comments from the Federal Reserve and other central banks, that higher inflation will indeed be transitory. With that in mind it is less surprising that short term investors/speculators felt compelled to rapidly move out of the inflation hedge positions they had moved into over the last few months. Other economic data, such as employment reports, were also a little disappointing and the surge in new Covid cases resulting from the emergence of the Covid-19 Delta variant, first observed in India, combined to dampen enthusiasm for post-Covid 're-opening' oriented stocks. Indeed the outperformance of Growth is the other side of the sell-off of 're-opening' stocks coin.

As the cycle progresses we expect Quality stocks to perform well, with the lower quality and/or highly cyclical stocks typically working better in the early part of the cycle. Indeed for a Quality-Core strategy such as Global High Conviction the riskiest part of the economic cycle, from a performance perspective, should already be passed. Indeed, although it outperformed, the strategy did experience a significant headwind in late 2020 and early 2021. Having said that the nature of this cycle is different, as we have seen in June, in that unpredictable non-traditionally economic factors can have a significant impact on the economic outcome and market sentiment. The most prominent is the Delta variant, which is more transmissible and apparently less well combated by the existing vaccines, according to the live data from Israel. In June sectors and regions were not strongly impactful on performance, rather the type of stocks within those sectors and regions made the biggest difference. Here the slight underweight to Growth stocks was a drag on performance with the exposure to stocks sensitive to 're-opening' being the other key drag.

During the month we reduced the weighting to Inditex, which is a retailer with several brands, Zara being the most well-known. This has proven to be a good decision with the stock now approx. 10% below where we reduced the weight. We also trimmed the holding in Moody's, a bond rating agency. Importantly however we initiated a position in Taiwan Semi-Conductor Manufacturing (known as TSMC), which is the world leader in the manufacture of the most advanced semi-conductor/electronic chips.

Fund Objectives

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

Target Fund

Nomura Funds Ireland – Global High Conviction Fund

Benchmark

MSCI All Country World Index

Asset Allocation

A maximum of 99.5% of the Fund's NAV to be invested in the Target Fund; the remaining 0.5% may be kept in liquid assets.

Distribution Policy

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.

Cumulative Fund Returns (%)

	1 Month	3 Months	6 Months	1 year	Since Launch
	31/5/2021	31/3/2021	31/12/2020	30/6/2020	13/12/2016
	To	To	To	To	To
	30/6/2021	30/6/2021	30/6/2021	30/6/2021	30/6/2021
Class MYR	0.13	6.86	14.51	28.80	59.74
Benchmark MYR	1.86	7.06	14.98	32.89	57.59
Class USD*	-0.46	6.74	10.92	N/A	20.40
Benchmark USD*	1.20	6.93	11.40	N/A	23.73

Calendar Year Returns (%)

	YTD 2021	2020	2019	2018	2017
Class MYR	14.51	10.06	27.81	-7.82	7.58
Benchmark MYR	14.98	12.43	22.79	-9.31	9.72
Class USD*	10.92	8.55	N/A	N/A	N/A
Benchmark USD*	11.40	11.06	N/A	N/A	N/A

Source: Refinitiv Lipper

Performance data is calculated based on the changes in the Fund's NAV price per unit for the specified length of time and on the assumption that any dividends declared are reinvested into the Fund. All data presented are as of 30 June 2021 unless otherwise specified. Data in relation to the Target Fund is sourced from Nomura Asset Management U.K. Ltd.

* The Nomura Global High Conviction Fund was launched on 13 December 2016. However, there were no units in circulation for Class USD during the period from 19 May to 22 October 2020, hence 1 year cumulative fund returns are not available, while since inception cumulative fund returns are measured from 23 October 2020 to 30 June 2021. Calendar year returns for 2020 are measured from 23 October 2020 to 31 December 2020.

Key facts as at 30 June 21

Launch Date	13-Dec-2016
Fund Type	Equity Feeder (Wholesale)
Year End	31 August
Fund Size/ NAV per Unit (MYR Class)	2,243,588.63/ 1.5974
Fund Size/ NAV per Unit (USD Class)	3,000.99/ 1.2069
Minimum Initial Investment	MYR 1,000 USD 1,000
Minimum Subsequent Investment	MYR 1,000 USD 1,000

Sales charge

Up to 5.0% on the NAV per Unit

Management fees

Up to 1.8% p.a. on the NAV of the Fund

Disclaimer:

This marketing material was prepared by Nomura Asset Management Malaysia Sdn. Bhd. (Registration No. 200601028939 (748695-A)) ("NAMM") for information purposes only and is not intended as an offer, solicitation or recommendation with respect to the purchase or sale of any particular investment. This marketing material has not been reviewed by the Securities Commission Malaysia ("SC"). Before investing in the Fund, investors are advised to read and understand the contents of The Nomura Global High Conviction Fund ("Fund")'s Information Memorandum dated 6 January 2017 ("IM") and Product Highlights Sheet ("PHS") which highlights the key features and risks of the Fund. Both the IM and PHS have been lodged with the SC but it should not be taken to indicate that SC recommends the Fund. SC takes no responsibility for the contents of the IM, the PHS and this marketing material; makes no representations as to their accuracy or completeness; and expressly disclaims all liability arising from, or in reliance upon the whole or any part of their contents. Copies of the IM and PHS can be obtained from our office and application for units can only be made on receipt of an application form referred to and accompanying a copy of the IM. Among others, investors should be aware: i) of the risks and costs involved in investing in the Fund; ii) that the price of units (in the Fund) and distributions payable (if any) may go down as well as up; and iii) that past performance of the Fund and target fund (if any) should not be taken as an indication of its future performance. Investors should make their own risk assessment and seek professional advice, where necessary.

Nomura Global High Conviction Fund

30 June 2021

Asset Allocation (%)

Target Fund	99.29
Cash and Others*	0.71

* Included in 'Cash and Others' are cash on hand and net current assets / liabilities. Net current liabilities include amounts which are accrued (but not due and payable)

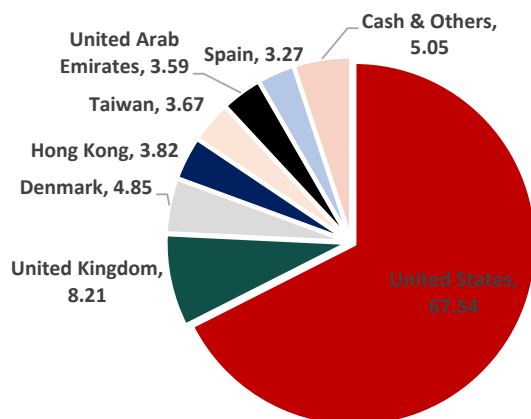
Top 5 Holdings of Target Fund (%)

Alphabet Inc. Class C	7.06
Microsoft Corporation	6.34
DaVita Inc.	6.31
Apple Inc.	6.07
Unilever PLC	5.38

Sector Breakdown of Target Fund (%)

Information Technology	27.40
Consumer Discretionary	17.59
Health Care	15.05
Communication Services	11.24
Consumer Staples	9.29
Industrials	7.99
Financials	6.39

Country Breakdown of Target Fund (%)



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