



NOMURA

Nomura Ringgit Bond Fund 1

Quarterly Report For The Period Ended 30 June 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)

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MANAGER'S REPORT

Fund Type, Category, Objective and Distribution Policy

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 30 June 2021

For the period under review from 1 April to 30 June 2021, the Fund has registered a 1.54% return. Compared to the Benchmark return of 0.46%, the Fund underperformed its Benchmark by 1.08%. The last published Net Asset Value ("NAV") per unit of the Fund as at 30 June 2021 was RM 1.0438 as compared to the NAV per unit as at 1 April 2021 of RM 1.0323. On the total NAV basis, the Fund's NAV stood at RM 418.43 million as at 30 June 2021.

Performance as at 30 June 2021

	1 Month (31/05/2021 – 30/06/2021)	3 months (31/03/2020- 30/06/2021)	6 Months (31/12/2020- 30/06/2021)	1 Year (30/06/2020- 30/06/2021)	Since Inception (01/07/2019- 31/03/2021)
Fund	0.36%	1.54%	-0.19%	2.51%	9.28%
Benchmark	0.15%	0.46%	0.92%	1.86%	4.74%
Outperformance/ (Underperformance)	0.20%	1.08%	-1.11%	0.65%	4.54%

Source of Fund and Benchmark Returns: Refinitiv Lipper

Volatility as at 30 June 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 April to 30 June 2021)

We continued to increase our holdings of corporate bonds over the quarter as the government bond market volatility declined. As the yield curve remained fairly steep between 5-10 year portion, we favoured corporate bonds in that tenure bucket. We maintained a cautious approach towards credit in light of the renewed COVID-19 surge in Malaysia, preferring defensive sectors such as power and telecommunication while avoiding vulnerable sectors such as toll roads and construction.

Summary of Asset Allocation

	<u>30 June 2021</u>	<u>31 March 2021</u>
Government Investment Issue	12.29%	4.05%
Corporate Bonds	78.21%	89.03%
Cash and other net current assets / liabilities	9.50%	6.92%
Total	<u>100.0%</u>	<u>100.0%</u>

Review of Market (1 April to 30 June 2021)

Malaysian Government Securities (“MGS”) rallied recovering some of the losses after the major fall in 1Q2021. MGS yield curve steepened over the quarter as front-end of the curve outperformed. Notably, front-end of the curve declined by circa 10 bps QoQ while long-end of the curve fell 3-9 bps QoQ. This was amid successive economic and social shut downs occurred locally in light of high local daily confirmed Covid-19 cases and reported deaths.

Year-to-date corporate bond issuance recorded a total of MYR 42.83 bil. Primary issuances were largely dominated by GG and AAA-rated issuers in 2Q2021. Notable issuance include Infracap Resources Berhad, DanaInfra Nasional Berhad, and Cagamas Berhad which issued MYR 5.75 bil, MYR 2.0 bil, and MYR 3.75 bil respectively. Within the financial space, RHB Bank Berhad and Bank Muamalat Malaysia Berhad issued MYR 500 mil separately. Meanwhile, reNIKOLA Solar Sdn Bhd, SP Setia Berhad, and UEM Sunrise issued MYR 390 mil, MYR 300 mil, and MYR 800 mil respectively.

In its May Monetary Policy Committee meeting, Bank Negara Malaysia (“BNM”) kept the Overnight Policy Rate unchanged at 1.75%. BNM sounded neutral in its monetary policy statement as it indicated further improvement in both global and local economy while it continued to highlight the potential downside risks to the economic recovery. BNM held the view that the anticipated spike in headline inflation in 2Q2021 will be temporary and transitory due to cost-push factor of higher global oil prices. Though BNM considered the current monetary policy stance to be appropriate and accommodative, it kept the door open for further rate cut should the downside risks materialize as it reiterated that future monetary policy will be data dependent.

On a side note, S&P Global Ratings (“S&P”) reaffirmed Malaysia’s foreign currency and local currency long-term issuer ratings at A- and A, respectively, and reiterated negative watch on the ratings. Though S&P is comforted with Malaysia’s strong external position, monetary policy flexibility, and record of supporting sustainable economic growth, the negative outlook reflects Malaysia’s continued pressures on its fiscal and debt settings. S&P also added that Malaysia’s ratings could face downward pressure over the next 12 to 24 months should its economic growth suffers a more prolonged downturn than expected or a weaker commitment to fiscal consolidation is evident. Meanwhile, S&P also revised its GDP forecast for Malaysia to 4.1% from 6.2% previously to account for the impact of MCO 3.0 since June 1.

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	1	222,423
500,000 - to 1,000,000	-	-
1,000,001 to 5,000,000	2	3,265.9
5,000,001 to 10,000,000	-	-
10,000,001 to 15,000,000	-	-
15,000,001 to 20,000,000	-	-
20,000,001 and above	1	397,405.990
Total	4	400,894.327

* Note : Excluding Manager's Stock

INCOME DISTRIBUTION

The Fund distributed a gross total of RM 0.0044 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-Jun-21	1.0463	16-Jun-21	1.0419	0.0044

FUND PERFORMANCE DATA

	As at 30 June 2021	As at 31 March 2021
Total NAV (RM)	418,434,281	252,309,473
NAV per Unit (RM)	1.0438	1.0323
Units in Circulation	400,894,327	244,415,128
Highest NAV (RM)	1.0465	1.0691
Lowest NAV (RM)	1.0334	1.0301

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 APRIL 2021 TO 30 JUNE 2021**

NOMURA RINGGIT BOND FUND 1
FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 01 APRIL 2021 TO 30 JUNE 2021

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NOMURA RINGGIT BOND FUND 1

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD FROM 01 APRIL 2021 TO 30 JUNE 2021

	<u>01.04.2021</u> To <u>30.06.2021</u> RM	<u>01.04.2020</u> To <u>30.06.2020</u> RM
INVESTMENT INCOME		
Interest income from financial assets	2,820,120	1,690,108
Interest income from deposits with licensed financial institutions	299,904	50,503
Net gain on financial assets at fair value through profit or loss ("FVTPL")	2,840,169	4,557,734
	<u>5,960,193</u>	<u>6,298,345</u>
EXPENSES		
Manager's fee	(166,645)	(75,510)
Trustee's fee	(29,408)	(13,325)
Audit fee	(2,643)	(2,635)
Tax agent's fee	(1,057)	(1,054)
Other expenses	(572)	(762)
	<u>(200,325)</u>	<u>(93,286)</u>
PROFIT BEFORE TAXATION	5,759,868	6,205,059
TAXATION	-	-
PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD	<u>5,759,868</u>	<u>6,205,059</u>
Profit after taxation is made up of the following:		
Realised amount	3,265,953	1,647,325
Unrealised amount	2,493,915	4,557,734
	<u>5,759,868</u>	<u>6,205,059</u>
Distributions for the financial period:		
Net distributions	<u>1,714,393</u>	<u>1,727,299</u>
Gross/net distributions per unit	<u>0.0044</u>	<u>0.0101</u>

NOMURA RINGGIT BOND FUND 1

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	<u>30.06.2021</u>	<u>30.06.2020</u>
	RM	RM
ASSETS		
Financial assets at fair value through profit or loss ("FVTPL")	378,702,571	176,708,409
Cash at bank	517,568	390,388
Deposit with licensed financial institution	44,641,140	3,223,177
Interest receivable	2,140	177
Amount due from Manager	-	35,000
TOTAL ASSETS	<u>423,863,419</u>	<u>180,357,151</u>
LIABILITIES		
Amount due to Manager	57,556	25,075
Amount due to Trustee	10,157	4,425
Other payables and accruals	5,361,425	12,891
TOTAL LIABILITIES	<u>5,429,138</u>	<u>42,391</u>
NET ASSET VALUE ("NAV") OF THE FUND	<u>418,434,281</u>	<u>180,314,760</u>
EQUITY		
Unitholders' capital	411,864,666	173,768,128
Retained earnings	6,569,615	6,546,632
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	<u>418,434,281</u>	<u>180,314,760</u>
UNITS IN CIRCULATION	<u>400,894,327</u>	<u>172,706,324</u>
NAV PER UNIT (RM) (EX-DISTRIBUTION)	<u>1.0438</u>	<u>1.0441</u>

NOMURA RINGGIT BOND FUND 1

STATEMENT OF CHANGES IN NET ASSETS VALUE FOR THE FINANCIAL PERIOD FROM 01 APRIL 2021 TO 30 JUNE 2021

	<u>Unitholders' capital</u> RM	<u>Retained earnings</u> RM	<u>Total</u> RM
Balance as at 1 April 2021	249,785,333	2,524,140	252,309,473
Total comprehensive income for the financial period	-	5,759,868	5,759,868
Creation of units	170,477,900	-	170,477,900
Reinvestment of distributions	1,714,393	-	1,714,393
Cancellation of units	(10,112,960)	-	(10,112,960)
Distributions	-	(1,714,393)	(1,714,393)
Balance as at 30 June 2021	<u>411,864,666</u>	<u>6,569,615</u>	<u>418,434,281</u>

	<u>Unitholders' capital</u> RM	<u>Retained earnings</u> RM	<u>Total</u> RM
Balance as at 1 April 2020	166,998,787	2,068,872	169,067,659
Total comprehensive income for the financial period	-	6,205,059	6,205,059
Creation of units	5,368,774	-	5,368,774
Reinvestment of distributions	1,727,299	-	1,727,299
Cancellation of units	(326,732)	-	(326,732)
Distributions	-	(1,727,299)	(1,727,299)
Balance as at 30 June 2020	<u>173,768,128</u>	<u>6,546,632</u>	<u>180,314,760</u>

NOMURA RINGGIT BOND FUND 1

STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD FROM 01 APRIL 2021 TO 30 JUNE 2021

	<u>01.04.2021</u>	<u>01.04.2020</u>
	To	To
	<u>30.06.2021</u>	<u>30.06.2020</u>
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from sale of financial assets	38,181,200	-
Purchase of financial assets	(173,283,060)	(10,000,000)
Interest income from financial assets	2,267,267	1,589,896
Interest income from deposit with licensed financial institution	298,579	50,781
Manager's fee paid	(144,814)	(75,112)
Trustee's fee paid	(25,555)	(13,255)
Payment for other fees and expenses	(11,172)	(13,482)
Net cash used in operating activities and investing activities	<u>(132,717,555)</u>	<u>(8,461,172)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash proceeds from units created	170,477,900	5,333,774
Cash paid for units cancelled	(10,112,960)	(326,732)
Net cash generated from financing activities	<u>160,364,940</u>	<u>5,007,042</u>
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	27,647,385	(3,454,130)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF FINANCIAL PERIOD	17,511,323	7,067,695
CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL PERIOD	<u>45,158,708</u>	<u>3,613,565</u>
Cash and cash equivalents comprises of:		
Cash at bank	517,568	390,388
Deposit with licensed financial institution	44,641,140	3,223,177
	<u>45,158,708</u>	<u>3,613,565</u>