# Nomura Global High Conviction Fund

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

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 Fund) 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 2021**

| | 1 Month (31/07/2021-31/08/2021) | 3 Months (31/05/2021–31/08/2021) | 6 Months (28/02/2021–31/08/2021) | 1 Year (31/08/20 – 31/08/2021) | 3 Year (31/08/2018-31/08/2021) | Since Launch (13/12/2016 – 31/08/2021) |
|---|---|---|---|---|---|---|
| **Fund – Class USD*** | 0.43% | 1.72% | 13.00% | N/A | N/A | N/A |
| **Benchmark – USD** | 2.36% | 4.19% | 12.80% | N/A | N/A | N/A |
| **Out/ (Under) Performance** | -1.92% | -2.47% | 0.20% | N/A | N/A | N/A |
| **Fund – Class MYR** | -1.11% | 2.46% | 15.95% | 21.75% | 43.34% | 63.46% |
| **Benchmark – MYR** | 0.83% | 5.01% | 15.85% | 26.48% | 43.41% | 62.47% |
| **Out/ (Under) Performance** | -1.94% | -2.56% | 0.10% | -4.73% | -0.07% | 0.99% |

*Source of Fund and Benchmark Returns: Refinitiv Lipper.*

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

**Volatility as at 31 August 2021**

| | 3-Year Volatility |
|---|---|
| **Fund – Class USD*** | **N/A** |
| **Fund– Class MYR** | **15.14%** |

*Source: Refinitiv Lipper.*

** 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.*

**MANAGER'S REPORT (CONTINUED)**

**Strategies Employed (31 August 2020 to 31 August 2021)**

During the period under review, the Fund remained closely aligned with its investment philosophies and process.

**Strategies Employed by the Target Fund (31 August 2020 to 31 August 2021)**

During the period under review, the Target Fund remained closely aligned with its investment philosophies and process.

September saw a pullback in the Fund returns, at -3.66% for the month which underperformed the benchmark by 6bps. The biggest contributor to performance in September was A. O. Smith, the American water heater company, its fundamentals remaining resilient despite its highly publicised short seller raid. We trimmed this holding into strength to add to Inditex. The greatest detractor over the month was Network International, the Middle Eastern payments processor. The stock was the victim of short selling, seemingly prompted by near-term economic concerns, but its long-term value drivers remain in place so we took the opportunity to increase our exposure by 65%.

Performance continued to be challenging in October, due to market and sector factors detailed below in the "Review of Market" section. The biggest detractors to performance over the month were Mastercard and Network International as both stocks are likely to be impacted by reduced cross-border travel as Covid infection rates rise across Europe and North America. Network International is now the largest detractor from strategy performance year-to-date prompting us to implement a review of our holding. This included talking to ex-employees, competitors and the company CFO along with other fund managers who were short the stock. Ultimately we decided to maintain the holding. The most likely explanation for its price weakness is the impact of the global pandemic on tourism in the United Arab Emirates and we expect this trend to reverse over the course of 2021. Moreover, the secular drivers of payments companies remain intact. The greatest contributors to strategy performance over October were Waters and Alphabet. Both companies reported stronger than expected third quarter results, helping to allay pandemic-related concerns.

The Target Fund's top stock contributors over November were Inditex, the Spanish fashion retailer and Zara brand owner, and Ross Stores, the American off-price retailer. Both are bricks-and-mortar businesses that were hit by the collapse in store visits during the pandemic. Both however, have distinct and durable consumer value propositions that should see them take market share when shoppers return to the stores.

The weakest contributor over the month was Humana, the American seniors-focused health insurer. It was a likely winner in a 'blue sweep' US election scenario, but that failed to materialise, and the stock has subsequently lagged its more economically sensitive peers. Microsoft was also relatively weak given its strong returns year to date which reduced its immediate attraction relative to stronger cyclical recovery plays. As for activity, we exited two positions over the course of the month. Compass Group, the UK-based contract catering and hospitality services business, was sold on concerns that the company has suffered a permanent impairment to its fair value during the Covid era. Specifically, we expect a continuation of the trend of working-from-home which is likely to scale back the company's addressable market. We also exited Lockheed Martin, the US defence business. The impact of the rollout of the market-leading F-35 aircraft is now largely reflected in consensus expectations and the stock was trading at our estimate of its fair value.

The Target 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.

**Strategies Employed by the Target Fund (31 August 2020 to 31 August 2021) (Continued)**

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 Target 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.

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 the Target Fund's 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.

Although sector allocations hit fund performance over the month of March, the broader market dynamics were reflected at the level of individual stock contributions. The greatest contributor for the Target Fund over the month was Persimmon, the UK property developer, as management's full year outlook was rosier than had been anticipated. A. O. Smith, the American water heater company, also performed strongly for the Target Fund, as it would be a likely beneficiary of President Biden's infrastructure package and initiatives to reduce the carbon footprint of buildings. PayPal was the Target Fund's greatest detractor as it was subject to profit taking following the bitcoin-related spike in February. Novo Nordisk was also weak as the Pharmaceuticals sector, in general, has been shunned in the chase for economic recovery plays.

**Strategies Employed by the Target Fund (31 August 2020 to 31 August 2021) (Continued)**

In terms of relative performance, the Target Fund outperformed its benchmark by approximately 6% through the month of April. This was achieved by maintaining an agnostic stance to growth versus value – where Target Fund Manager believe the biggest factor risks in the market now lie. Sector allocations negatively impacted fund performance over the second consecutive month as the Target Fund was underweight in the Financials and Materials sectors. This was offset by stock selection for which Alphabet was the largest contributor. The weakest contributor over the month was A.O. Smith, the American water heater company as the stock had rallied 24% heading into the new quarter. The Target Fund switched Humana, the US health insurer that focusses on the elderly, with Cigna, its competitor. Cigna has been out of favour ever since the acquisition of Express Scripts, the leading pharmacy benefits manager and the Target Fund Manager expects Cigna to re-rate as drug prices stabilise and confidence grows in the integration of the merger.

The Target Fund’s underweight positions in the Financials, Energy and Materials sectors proved to be a headwind to performance in May. Additionally weakness in the Technology stocks it held also contributed negatively to performance in May. The Target Fund’s stock selections contributed positively to performance in May, but this was offset by the sector headwind. During the month of May the Target Fund reduced the weighting to Inditex, which is a retailer with several brands, Zara being the most well-known and added back Ross Stores.

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.

Global equity markets’ upward momentum moderated in July, as concerns mounted that the new Covid-19 variant will derail the economic recoveries, inflation has peaked and second quarter earnings season is as good as it gets. In sympathy, the yield on the US 10-year treasury currently languishes at 1.3%, 60bp lower than where it was at the start of the year. In terms of the funds positioning, we have maintained a close to net neutral exposure to the growth and value factors. Historically there has been a strong correlation between the relative performances of these factors and the US treasury yield curves. This relationship is an important but unknowable bet, so given our bottom-up process, will not take. During the month, the top contributor was Novo Nordisk, the world-leading diabetes drug company, as early prescription data showed strong uptake of its new obesity drug. Alphabet, the parent company for the Google search engine, also helped as Q2 revenues grew by 62% year-on-year in Q2 with strength across all of it key businesses. PayPal and Network International, the payment processors, hurt performance as PayPal’s Q2 revenues and outlook disappointed.

**Strategies Employed by the Target Fund (31 August 2020 to 31 August 2021) (Continued)**

At least in the UK, a developed economy and one of the furthest down the road to recovery, there are signs that inflation may not be as transient as many expect. It is also not obvious to us why very loose monetary policy, implemented to stimulate weak economies by lowering financing costs, will not accomplish the reverse when tapered. Against this backdrop, we remain resolutely focussed on maintaining net neutral exposure to Value versus Growth. Having said that taking advantage of some attractively valued, high quality cyclical/recovery oriented opportunities such as Inditex, a fast fashion market leader, in Europe and DaVita, the biggest kidney dialysis provider in the US has tilted the fund a little towards a recovery from the pandemic. Our base case scenario remains that the world will emerge from the pandemic, as it has done throughout history, with the strongest franchises best positioned to take market share when it does.

In August, the greatest detractor was Mastercard, the leading global payments processor. After the stellar results in July the stock saw some profit taking as some market commentators focussed on the potential headwind of buy-now-pay-later purchasing. The top contributor over the month was DaVita following strong second quarter results and a full year guidance upgrade. The inflated, in our view, pandemic-related cost expectations were scaled back and there seems to be good traction with the businesses value-based care offering.

Source: Nomura Asset Management U.K. Ltd

**Summary of Asset Allocation**

| | 31 August 2021 | 31 August 2020 |
|---|---|---|
| Target Fund | 98.96% | 99.50% |
| Cash and Others# | 1.04% | 0.50% |
| Total | 100.00% | 100.00% |

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

**Review of Market (31 August 2020 to 31 August 2021)**

After five months of consecutive gains, global equity markets sold off in response to rising Covid-19 infections rates and nervousness ahead of the US Presidential elections. Despite the increasingly worrying headlines, we have maintained our sanguine outlook for several reasons. Firstly, a second Covid wave heading into autumn is the typical of the seasonality all other coronavirus epidemics including seasonal flu, so all things being equal we should expect infection rates to fall back again heading into spring. Secondly, death rates have collapsed despite higher numbers of tests, suggesting that the lethality of the virus is nowhere near that of six months ago; most likely a result of greater vigilance by the elderly and better treatment protocols. With morbidity heavily skewed to those over 75 years old, stronger isolation measures by this age group would be expected to have a positive impact on morbidity statistics. As for treatments, the use of dexamethasone alone, a widely available and cheap immunosuppressant, cuts the risk of death by 30% in the sickest patients. Thirdly, there are encouraging signs on the subject of a Covid vaccine. With several phase three (P3) readouts approaching, each day that passes without a major safety issue increases the probability of a positive outcome. Final stage testing primarily explores any unusual side effects but vaccines are the single most likely type of therapy to succeed in P3 trials. As each trial has an 85% chance of success, just three would result in a greater than 99% probability of at least one succeeding and there are currently ten P3 trials underway with many more to follow.

**Review of Market (31 August 2020 to 31 August 2021) (Continued)**

Over the last week of the October, investors reacted to the US election polls pointing to the likelihood of a Democratic Party clean sweep. Under this scenario, the Democrats would have had the ability to implement an aggressive fiscal stimulus to boost the US economy with detrimental effects on US debt levels, dollar strength and funding costs. This, coupled with the threat of action against perceived monopolistic technology companies, saw investors move to de-risk portfolios ahead of the vote. The threat of structural change to the US healthcare system saw widespread selling of this sector in particular, whilst the prospect of fiscal stimulus saw many US infrastructure-oriented stocks rally. Four of the five top performing sectors in October were Energy, Materials, Real Estate and Utilities. The worst four performing sectors over October were Information Technology, Healthcare, Consumer Staples and Industrials.

Equities rallied sharply around the globe in November in response to Joe Biden's victory in the US Presidential elections combined with the failure of the Democrats to win emphatically in the Senate; the latter reassuring investors fearing a post-election spending splurge. Further good news followed shortly thereafter in the shape of Pfizer's positive Covid-19 vaccine trial readout. Whilst market volatility declined over the month and US Treasury yields rose, the most remarkable dynamic was the rotation towards value shares; the MSCI All-Country World Index beating its growth counterpart by 4.51%. As immunization programs are rolled out globally, companies exposed to cyclical growth are likely to see their earnings rebound sharply over 2021. Many of those have suffered severe downgrades to earnings expectations alongside valuation de-ratings and, on that basis alone, we would not be surprised to see value continue to outperform. The question of how much further and for how much longer this rotation continues, is undoubtedly foremost in the minds of many investors. We take no strong view, but would remind new and seasoned readers alike of the importance we place on not taking a big bet either way. Heading into November, we strove to keep the strategy largely neutral in this respect and so far, our risk containment efforts appear to have succeeded. At the time of writing, the rotation into value is still underway and could be further boosted in the event of a 'soft' Brexit.

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.

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.

The global pandemic remains the overarching driver of financial markets over the month of March yet despite rising infection rates across continental Europe and Latin America along with concerns over the safety of AstraZeneca's vaccine global equity markets continued to rally. Concerns were apparently shrugged off as Covid-19 vaccination efforts gathered pace and fiscal and monetary stimulus remains highly accommodative. Critically, inflationary pressures remain subdued for the time being and explicit guidance from both the US Federal Reserve and European Central Bank, which they expect them to remain so, has encouraged animal spirits. Anticipation of another US stimulus package, this time targeting $3 trillion on infrastructure, education, and the environment, buoyed those sectors most exposed. In particular, Utilities and Industrials were two of the top performing sectors over the month. By way of contrast, Information Technology and Communication Services, two of the sectors least exposed to economic stimulus, were also the weakest performers over March.

**Review of Market (31 August 2020 to 31 August 2021) (Continued)**

With both the US Federal Reserve and European Central Bank reassuring that they will 'look the other way' at the first shoots of inflation, so first rate rises are not forecast until the end of 2022. Markets are well and truly back into Goldilocks territory. Notwithstanding an inflationary shock, possibly from a geopolitical crisis, there could well be clear skies ahead for asset prices until things really start heating up, and we are a long way from that today. Fortunately, the riskiest past of the cycle for Quality-Core investments, primarily the first stage of economic rebound, appears to be passing if the strategy's relative performance is any indication.

Markets continued to rise with the MSCI All-Country World Index up 10% year to the end of May. May saw the first of the long anticipated higher inflation reports, with the April inflation number proving to be well ahead of consensus expectations. Oddly though inflation expectations implied by the market via the US 10 year breakeven rate (the gap between nominal and inflation protected bonds) rose prior to the inflation data announcement but then fell back again afterwards ending the month back where it started. The debate continues to focus on the likely longevity of higher inflation and here we have the competing arguments of a 'base effect' from the weakest periods of 2020 and apparently remaining slack in the economy set against somewhat anecdotal evidence of staff shortages in industries such as retail and hospitality. Indications from central banks are that rates are likely to remain low, but the market may become concerned that this is unsustainable. The riskiest part of the cycle for Quality-Core investments is, generally speaking, the first stage of economic rebound as this is the period when lower quality, highly cyclical type stocks tend to do well, from a low base, having collapsed during the recessionary period. Of course this cycle is somewhat different to the normal economic cycle, having been created by the Covid-19 pandemic and so we expect 'bumps in the road' as the recovery continues and/or pandemic restrictions on personal freedoms are ended or extended. The debate over inflation being the current 'bump'.

In June, 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.

With regard to the new Covid-19 Delta variant, despite its high transmissibility, the US Center for Disease Control states that authorise vaccines "are highly effective at preventing severe disease and death". Furthermore, with the UK the first and only major economy to rescind most lockdown measures, we suspect it may be too soon to call the end of the global economic recovery. In the UK, for instance, despite a startling rise in infections that coincided with the return to school and the Euros football events, rates have now started to fall. Critically, the ratio of seven day average infections to deaths, an indicator of disease burden, has dropped from approximately 2.1% at the start of the year to 0.3% at present. If the UK with 89% of its adults inoculated and 5% GDP growth quarter-on-quarter expected for Q2 is a precedent for the strength of recoveries elsewhere, the good news may not be over. By way of comparison, the Eurozone has 2% estimated GDP growth in Q2 amidst slower vaccine rollouts. Accordingly, notwithstanding the fund's aggregate factor exposure, we have populated it with some high quality recovery plays such as Inditex and NVR.

**Review of Market (31 August 2020 to 31 August 2021) (Continued)**

Global equity markets' continued to rally in August despite concerns that the new Covid-19 variant will derail the economic growth and delay recoveries. Markets were supported by surprisingly dovish comments from Federal Reserve Chair Jerome Powell's Jackson Hole speech and the implications for long-term interest rates. As a key determinant of equity valuations, this played out in the relative performances of Value versus Growth factors over the month. The MSCI Global Value Index led the market over the first half of August but a sharp reversal saw the MSCI Growth Index end the month 1.64% ahead of it. With US consumer prices hitting a 13-year high in July, even policy hawks expect this to ameliorate as easy comparators are lapped. But the extent of the deceleration and what level will persist into next year remains uncertain.

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 | 2 | 4,528 |
| 10,001 to 50,000 | 0 | - |
| 50,001 to 100,000 | 0 | - |
| 100,001 to 200,000 | 0 | - |
| 200,001 to 300,000 | 0 | - |
| 300,001 and above | 0 | - |
| Total | 2 | 4,528 |

**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 | 43,944 |
| 50,001 to 100,000 | 0 | - |
| 101,000 to 200,000 | 0 | - |
| 200,00 to 300,000 | 0 | |
| 300,001 and above | 2 | 1,395,410 |
| Total | 3 | 1,439,354 |

** 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 2021 | Class USD | Class MYR |
|---|---|---|
| Total NAV | 5,623.56 | 2,369,004.72 |
| NAV per Unit | 1.2421 | 1.6458 |
| Unit in Circulation | 4,527.54 | 1,439,354.44 |
| Highest NAV per Unit | 1.2421 | 1.6743 |
| Lowest NAV per Unit | 0.9229 | 1.2231 |

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

**NOMURA GLOBAL HIGH CONVICTION FUND**

**FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2021**

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# NOMURA GLOBAL HIGH CONVICTION FUND

## FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2021

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## NOMURA GLOBAL HIGH CONVICTION FUND

## STATEMENT OF COMPREHENSIVE INCOME
## FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2021

| | Note | 2021<br>USD | 2020<br>USD |
|---|---|---|---|
| **INVESTMENT INCOME** | | | |
| Net gain on financial assets at fair value through profit or loss ("FVTPL") | 3 | 92,765 | 41,861 |
| | | 92,765 | 41,861 |
| **OTHER INCOME** | | | |
| Net loss on foreign currency exchange | | (526) | (5,608) |
| | | (526) | (5,608) |
| **EXPENSES** | | | |
| Management fee | 4 | (6,760) | (3,600) |
| Trustee fee | 5 | (84) | (40) |
| Auditors' remuneration | 6 | - | (1,576) |
| Tax agent's fee | 6 | - | (1,134) |
| Other expenses | | (1,285) | (1,299) |
| | | (8,129) | (7,649) |
| **PROFIT BEFORE TAXATION** | | 84,110 | 28,604 |
| **TAXATION** | 7 | - | - |
| **INCREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS** | | 84,110 | 28,604 |
| Increase in net assets attributable to unitholders is made up of the following: | | | |
| Realised amount | | 6,192 | 35,509 |
| Unrealised amount | | 77,918 | (6,905) |
| | | 84,110 | 28,604 |

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 2021

| | Note | 2021<br>USD | 2020<br>USD |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and cash equivalents | 8 | 5,267 | 4,275 |
| Financial assets at fair value through profit or loss ("FVTPL") | 3 | 569,633 | 316,356 |
| Amount due from Manager | 9 | 1,566 | 286 |
| Amount due from Provider | 10 | 6,602 | - |
| **TOTAL ASSETS** | | 583,068 | 320,917 |
| | | | |
| **LIABILITIES** | | | |
| Amount due to Manager | 11 | 7,002 | 292 |
| Amount due to Trustee | | 10 | 4 |
| Auditors' remuneration | | - | 1,576 |
| Tax agent's fee | | - | 1,134 |
| **TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (2020: TOTAL LIABILITIES)*** | | 7,012 | 3,006 |
| | | | |
| **NET ASSET VALUE OF THE FUND** | | 576,056 | 317,911 |
| | | | |
| **NET ASSETS ATTRIBUTABLE TO UNITHOLDERS*** | | 576,056 | 317,911 |

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 2021 (CONTINUED)

| | Note | 2021<br>USD | 2020<br>USD |
|---|---|---|---|
| **REPRESENTED BY** | | | |
| **FAIR VALUE OF OUTSTANDING UNITS (USD)** | | | |
| MYR Class | | 570,432 | 317,911 |
| USD Class | | 5,624 | - |
| **NUMBER OF UNIT IN CIRCULATION (UNITS)** | | | |
| MYR Class | 12(a) | 1,439,354 | 985,769 |
| USD Class | 12(b) | 4,528 | - |
| **NET ASSET VALUE PER UNIT (USD)** | | | |
| MYR Class | | 0.3963 | 0.3225 |
| USD Class | | 1.2421 | - |
| **NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES** | | | |
| MYR Class | | 1.6458 | 1.3426 |
| USD Class | | 1.2421 | - |

* Net assets attributable to unitholders are classified as financial liabilities as at 31 August 2021 and as equity as at 31 August 2020 as there were no units in circulation for USD Class as at 31 August 2020.

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 2021

| | 2021<br>USD | 2020<br>USD |
|---|---|---|
| **Net assets attributable to unitholders at the beginning of the financial year*** | 317,911 | 263,195 |
| Movement due to units created and cancelled during the financial year: | | |
| Creation of units from applications | | |
| - USD Class | 4,996 | 36,690 |
| - MYR Class | 239,268 | 383,018 |
| Cancellation of units | | |
| - USD Class | - | (46,944) |
| - MYR Class | (70,229) | (346,652) |
| | 491,946 | 289,307 |
| Increase in net assets attributable to unitholders during the financial year | 84,110 | 28,604 |
| **Net assets attributable to unitholders at the end of financial year*** | 576,056 | 317,911 |

* During the financial year ended 31 August 2021, net assets attributable to unitholders are classified as financial liability. During the financial 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 2021

| | Note | 2021<br>USD | 2020<br>USD |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Proceed from sale of investments | | 66,281 | 415,940 |
| Purchase of investments | | (238,433) | (561,200) |
| Management fee paid | | (6,272) | (3,521) |
| Rebate on management fee | | 4,182 | 2,759 |
| Trustee fee paid | | (78) | (39) |
| Payment for other fees and expenses | | (3,994) | (4,062) |
| Net realised foreign exchange loss | | (550) | (5,362) |
| Net cash used in operating activities | | (178,864) | (155,485) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Proceeds from creation of units | | 243,785 | 549,940 |
| Payments for cancellation of units | | (64,007) | (393,596) |
| Net cash generated from financing activities | | 179,778 | 156,344 |
| **NET INCREASE IN CASH AND CASH EQUIVALENTS** | | 914 | 859 |
| **EFFECTS OF FOREIGN CURRENCY EXCHANGE** | | 78 | 34 |
| **CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR** | | 4,275 | 3,382 |
| **CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR** | 8 | 5,267 | 4,275 |

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

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2021

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.

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

- 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 are 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 have to apply the revised Framework from 1 September 2020.

- Amendments to MFRS 101 and MFRS 108 'Definition of Material' (effective 1 January 2020) clarify the definition of materiality and use a consistent definition throughout MFRSs and the Conceptual Framework for Financial Reporting.

## A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

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

The revised Framework and adoption of the amendments to published standards did not have any impact on the current year or any prior period and is not likely to affect future periods.

(b) Standards and amendments that have been issued but not yet effective

- Amendments to MFRS 3 'Reference to Conceptual Framework' (effective 1 January 2022) replace the reference to Framework for Preparation and Presentation of Financial Statements with 2018 Conceptual Framework.
- Annual Improvements to MFRSs 2018 – 2020 Cycle (effective for annual periods beginning on or after 1 January 2022).
- Amendments to MFRS 137 'onerous contracts—cost of fulfilling a contract' (effective 1 January 2022) clarify that direct costs of fulfilling a contract include both the incremental cost of fulfilling the contract as well as an allocation of other costs directly related to fulfilling contracts.
- Amendments to MFRS 101 'Classification of liabilities as current or non-current (effective 1 January 2023) clarify that a liability is classified as non-current if an entity has a substantive right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

  A liability is classified as current if a condition is breached at or before the reporting date and a waiver is obtained after the reporting date.

The adoption of the above standards, amendments to standards or interpretations is not expected to have a material effect on the financial statements of the Fund.

## 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 Provider 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 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 unitholders' contribution to the Fund meet the definition of puttable instruments classified as financial liability under MFRS132 "Financial Instruments: Presentation".

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 exercise the right to put back the unit to the Fund.

Prior to 1 September 2020, the Fund classified its puttable instruments as equities in accordance with MFRS 132 (Amendment), "Financial Instruments: Presentation". However, the amendment requires puttable financial instruments that do not meet the definition of an equity to be classified as financial liability where certain strict criteria are not 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 2021 (CONTINUED)

### G UNITHOLDERS' CAPITAL (CONTINUED)

These conditions were no longer met upon issuance of the USD Class by the Fund on 23 October 2020. 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.

### J INCREASE/DECREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

Income not distributed is included in net assets attributable to unitholders.

## NOTES TO FINANCIAL STATEMENTS
## FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2021

### 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:

| 2021 | Note | Financial assets at amortised cost USD | Financial assets at fair value through profit or loss USD | Total USD |
|---|---|---|---|---|
| Cash and cash equivalents | 8 | 5,267 | - | 5,267 |
| Financial assets at fair value through profit or loss ("FVTPL") | 3 | - | 569,633 | 569,633 |
| Amount due from Manager | 9 | 1,566 | - | 1,566 |
| Amount due from Provider | 10 | 6,602 | - | 6,602 |
| Total | | 13,435 | 569,633 | 583,068 |
| **2020** | | | | |
| Cash and cash equivalents | 8 | 4,275 | - | 4,275 |
| Financial assets at fair value through profit or loss ("FVTPL") | 3 | - | 316,356 | 316,356 |
| Amount due from Manager | 9 | 286 | - | 286 |
| Total | | 4,561 | 316,356 | 320,917 |

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 USD | Between 1 month to 1 year USD | Total USD |
|---|---|---|---|
| 2021 | | | |
| Amount due to Manager | 7,002 | - | 7,002 |
| Amount due to Trustee | 10 | - | 10 |
| Net assets attributable to unitholders | 576,056 | - | 576,056 |
| Contractual cash out flows | 583,068 | - | 583,068 |
| 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 |

* 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.

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

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 Provider USD | Amount due from Manager USD | Total USD |
|---|---|---|---|---|
| 2021 | | | | |
| Financial institutions | | | | |
| - AAA | 5,267 | - | - | 5,267 |
| - Not Rated | - | 6,602 | 1,566 | 8,168 |
| | 5,267 | 6,602 | 1,566 | 13,435 |
| 2020 | | | | |
| Financial institutions | | | | |
| - AAA | 4,275 | - | - | 4,275 |
| - Not Rated | - | - | 286 | 286 |
| | 4,275 | - | 286 | 4,561 |

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

## 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 USD576,056 (2020: USD317,911). 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:

| | 2021 | 2020 |
|---|---|---|
| | USD | USD |
| Financial assets at fair value through profit or loss: | | |
| Collective investment scheme | 569,633 | 316,356 |

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 |
| 2021 | | | |
| Financial assets at fair value through profit or loss: | | | |
| - Collective investment scheme | + 5 | 598,115 | 28,482 |
| | - 5 | 541,151 | (28,482) |
| 2020 | | | |
| Financial assets at fair value through profit or loss: | | | |
| - Collective investment scheme | + 5 | 332,174 | 15,818 |
| | - 5 | 300,538 | (15,818) |

## 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 |
|---|---|---|
| 2021 | | |
| Financial assets | | |
| Cash and cash equivalents | 4,448 | 4,448 |
| Financial liabilities | | |
| Net assets attributable to unitholders | 570,432 | 570,432 |
| 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 |

## 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 | |
|---|---|---|---|
| | | 2021 USD | 2020 USD |
| Ringgit Malaysia | +/- 5 | +/- 28,299 | +/- 60 |

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 unitholders' 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<br>USD | Level 2<br>USD | Level 3<br>USD | Total<br>USD |
|---|---|---|---|---|
| 2021 | | | | |
| Financial assets at fair value through profit or loss: | | | | |
| - Collective investment scheme | 569,633 | - | - | 569,633 |
| 2020 | | | | |
| Financial assets at fair value through profit or loss: | | | | |
| - Collective investment scheme | 316,356 | - | - | 316,356 |

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")

| | 2021 USD | 2020 USD |
|---|---|---|
| At FVTPL: | | |
| - Collective investment scheme – foreign | 569,633 | 316,356 |
| | | |
| Net gain on financial assets at FVTPL | | |
| - realised gain on sale of investments | 9,833 | 45,795 |
| - unrealised gain/(loss) | 77,894 | (6,659) |
| - management fee rebate on collective investment scheme # | 5,038 | 2,725 |
| | 92,765 | 41,861 |

# 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 2021 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 | 2,793 | 473,630 | 569,633 | 98.89 |

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 |

## 4 MANAGEMENT FEE

In accordance with the Deed, the Manager is entitled to a management fee at a rate not exceeding 3% (2020: 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% (2020: 1.60%) 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 not exceeding 0.10% (2020: 0.10%) per annum of the net asset value of the Fund but subject to a minimum fee of RM18,000.00 per annum (excluding foreign custodian fees and charges).

The trustee fee provided in the financial statements is 0.02% (2020: 0.02%) per annum based on the net asset value of the Fund, calculated on a daily basis for the financial year, or a minimum yearly fee of RM 9,000

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

## 6 AUDITORS' REMUNERATION AND TAX AGENT'S FEE

For the financial year ended 31 August 2021, auditors' remuneration of RM6,250 (equivalent to: USD1,503) and tax agent's fee of RM4,500 (equivalent to: USD1,082) are borne by the Manager.

## 7 TAXATION

| | 2021<br>USD | 2020<br>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:

| | 2021<br>USD | 2020<br>USD |
|---|---|---|
| Profit before taxation | 84,110 | 28,604 |
| Taxation at Malaysian statutory rate of 24% (2020: 24%) | 20,186 | 6,865 |
| Tax effect of: | | |
| Investment income not subject to tax | (22,137) | (8,701) |
| Expenses not deductible for tax purposes | 329 | 594 |
| Restriction on tax deductible expenses for Wholesale Funds | 1,622 | 1,242 |
| Taxation | - | - |

## NOTES TO FINANCIAL STATEMENTS
## FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2021 (CONTINUED)

### 8 CASH AND CASH EQUIVALENTS

| | 2021<br>USD | 2020<br>USD |
|---|---|---|
| Cash and bank balances | 5,267 | 4,275 |

### 9 AMOUNT DUE FROM MANAGER

| | 2021<br>USD | 2020<br>USD |
|---|---|---|
| Creation of units | 425 | - |
| Rebate on management fee | 1,141 | 286 |
| | 1,566 | 286 |

### 10 AMOUNT DUE FROM PROVIDER

| | 2021<br>USD | 2020<br>USD |
|---|---|---|
| Sale of investments | 6,602 | - |

### 11 AMOUNT DUE TO MANAGER

| | 2021<br>USD | 2020<br>USD |
|---|---|---|
| Cancellation of units | 6,222 | - |
| Management fee | 780 | 292 |
| | 7,002 | 292 |

### 12 NUMBER OF UNITS IN CIRCULATION

| | 2021<br>No. of units | 2020<br>No. of units |
|---|---|---|
| (a) MYR CLASS | | |
| At beginning of the financial year | 985,769 | 894,608 |
| Creation of units during the financial year arising from applications | 645,209 | 1,235,750 |
| Cancellation of units | (191,624) | (1,144,589) |
| At end of the financial year | 1,439,354 | 985,769 |

## 12 NUMBER OF UNITS IN CIRCULATION (CONTINUED)

| (b) USD CLASS | 2021<br>No. of units | 2020<br>No. of units |
|---|---|---|
| At beginning of the financial year | - | 5,287 |
| Creation of units during the financial year arising from applications | 4,528 | 35,516 |
| Cancellation of units | - | (40,803) |
| At end of the financial year | 4,528 | - |

## 13 TRANSACTIONS WITH FINANCIAL INSTITUTIONS

Details of transactions with the provider of the CIS for the financial year ended 31 August 2021 is as follows:

| Name of Provider | Value of trade<br>USD | Percentage of total trade<br>% |
|---|---|---|
| Brown Brothers Harriman | 311,317 | 100 |

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

| Name of Provider | Value of trade<br>USD | Percentage of total trade<br>% |
|---|---|---|
| Brown Brothers Harriman | 849,380 | 100 |

The financial institution above is not related to the Manager.

## 14 MANAGEMENT EXPENSE RATIO ("MER")

| | 2021 % | 2020 % |
|---|---|---|
| MER | 0.73 | 2.43 |

MER is derived from the following calculation:

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

| | | |
|---|---|---|
| A | = | Management fee (net of management fee rebate) |
| 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 USD422,766 (2020: USD202,283).

## 15 PORTFOLIO TURNOVER RATIO ("PTR")

| | 2021 | 2020 |
|---|---|---|
| PTR (times) | 0.36 | 1.99 |

PTR is derived from the following calculation:

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

Where: total acquisition for the financial year = USD238,433 (2020: USD433,440)
total disposal for the financial year = USD63,050 (2020: USD370,145)

## 16 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.

## 17 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue by the Manager on 22 October 2021.

NOMURA

## NOMURA GLOBAL HIGH CONVICTION FUND

## STATEMENT BY THE MANAGER

We, Nor Rejina Abdul Rahim and Atsushi Ichii, being two of the Directors of Nomura Asset Management Malaysia Sdn Bhd (the "Manager"), do hereby state that, in the opinion of the Manager, the accompanying financial statements set out on pages 1 to 25 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 2021 and of its financial performance, changes in net assets attributable to unitholders and cash flows for the financial year ended 31 August 2021 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

ATSUSHI ICHII
Director

Kuala Lumpur
22 October 2021

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 2021.

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**

**Ng Lai Peng**
Authorised Signatory

Kuala Lumpur, Malaysia
22 October 2021

**CIMB COMMERCE TRUSTEE BERHAD** 199401027349 (313031-A)
17th Floor Menara CIMB No. 1 Jalan Stesen Sentral 2 Kuala Lumpur Sentral 50470 Kuala Lumpur Malaysia
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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 2021, 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 2021, 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 25.

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.

*PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), Chartered Accountants, Level 10, 1 Sentral, Jalan Rakyat, Kuala Lumpur Sentral, P.O. Box 10192, 50706 Kuala Lumpur, Malaysia*
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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
22 October 2021