



NOMURA

Nomura Ringgit Bond Fund 1

Quarterly Report For The Period Ended 30 September
2021

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

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

Table of Contents

MANAGER'S REPORT	ii
TRANSACTIONS WITH FINANCIAL INSTITUTIONS AND BROKERS/DEALERS	iv
SOFT COMMISSIONS RECEIVED FROM BROKERS	iv
BREAKDOWN OF UNITHOLDERS BY SIZE	iv
INCOME DISTRIBUTION	v
FUND PERFORMANCE DATA	v

APPENDIX

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

MANAGER'S REPORT

Fund Type, Category, Objective and Distribution Policy

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 September 2021

For the period under review from 01 July to 30 September 2021, the Fund has registered a 0.52% return. Compared to the Benchmark return of 0.47%, the Fund outperformed its Benchmark by 0.06%. The last published Net Asset Value ("NAV") per unit of the Fund as at 30 September 2021 was RM 1.0430 as compared to the NAV per unit as at 30 June 2021 of RM 1.0438. On the total NAV basis, the Fund's NAV stood at RM 420.71 million as at 30 September 2021.

Performance as at 30 September 2021

	1 Month (31/08/2021 – 30/09/2021)	3 months (30/06/2020- 30/09/2021)	6 Months (31/03/2020- 30/09/2021)	1 Year (30/09/2020- 30/09/2021)	Since Inception (01/07/2019- 30/09/2021)
Fund	-0.49%	0.52%	2.07%	0.73%	9.85%
Benchmark	0.15%	0.47%	0.93%	1.85%	5.22%
Outperformance/ (Underperformance)	-0.64%	0.06%	1.14%	-1.12%	4.62%

Source of Fund and Benchmark Returns: Refinitiv Lipper

Volatility as at 30 September 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 July to 30 September 2021)

We maintained a preference for corporate bonds in the 5-7Y portion of the curve given the steepness. However, we reduced our duration slightly and raised cash in light of rising market volatility. Looking forward into 2022, we see emerging opportunity in the cyclical sectors on the back of the ongoing economic reopening.

Summary of Asset Allocation

	<u>30 September 2021</u>	<u>30 June 2021</u>
Government Investment Issue	12.03%	12.29%
Corporate Bonds	83.61%	78.21%
Cash and other net current assets / liabilities	4.36%	9.50%
Total	100.0%	100.0%

Review of Market (1 July to 30 September 2021)

Tracking global yield movements, domestic bond market experienced elevated volatility over the quarter. Market sentiment was generally cautious amid a change of Malaysia's government administration, a hawkish US Federal Reserve, fear of contagion owing to China Evergrande Group's debt problems, as well as inflation concerns due to surging energy prices. Malaysian Government Securities ("**MGS**") yield curve flattened as front-end of the curve spiked by 19-37 bps QoQ while belly of the curve rose circa 7 bps QoQ. Meanwhile, long-end of the curve, particularly the 20Y and 30Y MGS, was well supported by foreign inflows with yields lower by 12 bps QoQ and 4 bps QoQ respectively.

Year-to-date corporate bond issuance recorded a total of MYR 55.3 bil. Notable GG issuances in 3Q2021 include Lembaga Pembiayaan Perumahan Sektor Awam and Malaysia Rail Link Sdn Berhad which issued MYR 4 billion and MYR 3 billion respectively. Within the AA-rated space, UEM Sunrise Berhad, Sabah Development Bank Berhad, and Country Garden Real Estate Sdn Berhad issued MYR 440 million, MYR 580 million, and MYR 60 million respectively.

As widely expected, Bank Negara Malaysia ("**BNM**") kept its Overnight Policy Rate unchanged at 1.75% and maintained its neutral stance in its statement in September. BNM noted the continued, but unsynchronized, recovery of the global economy, while it remained cautious on the global growth outlook stemming from the emergence of Covid-19 variants of concern and potential risk of heightened market volatility amid policy normalization in major economies. Domestically, BNM sounded optimistic on the domestic growth momentum going into 2022, supported by the further easing of containment measures, positive vaccination progress, and continued global growth recovery. Though BNM considered the current monetary policy stance to be appropriate and accommodative, it kept the door open for any policies needed to ensure a sustainable economic recovery as it reiterated that future monetary policy would continue to be data dependent.

TRANSACTIONS WITH FINANCIAL INSTITUTIONS AND BROKERS/DEALERS

Cross Trades (1 July to 30 September 2021)

During the financial period under review, one (1) cross trade was conducted between the Fund and other private mandates.

Value of trades (RM)

Private mandate	5,012,600
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All transactions were executed through RHB Investment Bank Berhad on an arm's length and fair value basis.

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	253.660
500,000 - to 1,000,000	-	-
1,000,001 to 5,000,000	2	3,308.8
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	399,793.154
Total	4	403,355.653

* Note : Excluding Manager's Stock

INCOME DISTRIBUTION

The Fund distributed a gross total of RM 0.0063 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-Sep-21	1.0557	17-Sep-21	1.0491	0.0063

FUND PERFORMANCE DATA

	As at 30 September 2021	As at 30 June 2021
Total NAV (RM)	420,707,192	418,434,281
NAV per Unit (RM)	1.0430	1.0438
Units in Circulation	403,355,653	400,894,327
Highest NAV (RM)	1.0557	1.0465
Lowest NAV (RM)	1.0430	1.0334

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 01 JULY 2021 TO 30 SEPTEMBER 2021

NOMURA RINGGIT BOND FUND 1

FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 01 JULY 2021 TO 30 SEPTEMBER 2021

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

NOMURA RINGGIT BOND FUND 1

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD FROM 01 JULY 2021 TO 30 SEPTEMBER 2021

	01.07.2021 To 30.09.2021 RM	01.07.2020 To 30.09.2020 RM
INVESTMENT INCOME		
Interest income from financial assets	3,714,760	1,762,579
Interest income from deposits with licensed financial institutions	110,765	111,251
Net (loss)/gain on financial assets at fair value through profit or loss ("FVTPL")	(1,391,711)	2,568,348
	<u>2,433,814</u>	<u>4,442,178</u>
EXPENSES		
Manager's fee	(180,641)	(87,495)
Trustee's fee	(31,878)	(15,440)
Audit fee	(2,672)	(2,664)
Tax agent's fee	(1,069)	(1,066)
Other expenses	(234)	(553)
	<u>(216,494)</u>	<u>(107,218)</u>
PROFIT BEFORE TAXATION	2,217,320	4,334,960
TAXATION	-	-
PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD	<u>2,217,320</u>	<u>4,334,960</u>
Profit after taxation is made up of the following:		
Realised amount	3,609,031	1,903,090
Unrealised amount	(1,391,711)	2,431,870
	<u>2,217,320</u>	<u>4,334,960</u>
Distributions for the financial period:		
Net distributions	<u>2,526,504</u>	<u>1,365,559</u>
Gross/net distributions per unit	<u>0.0063</u>	<u>0.0063</u>

NOMURA RINGGIT BOND FUND 1

STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2021

	<u>30.09.2021</u>	<u>30.09.2020</u>
	RM	RM
ASSETS		
Financial assets at fair value through profit or loss ("FVTPL")	402,375,557	196,803,625
Cash at bank	962,987	504,677
Deposit with licensed financial institution	17,512,679	34,096,588
Interest receivable	840	1,588
Amount due from Manager	-	40,000
TOTAL ASSETS	<u>420,852,063</u>	<u>231,446,478</u>
LIABILITIES		
Amount due to Manager	123,357	32,217
Amount due to Trustee	10,414	5,685
Other payables and accruals	11,100	10,579
TOTAL LIABILITIES	<u>144,871</u>	<u>48,481</u>
NET ASSET VALUE ("NAV") OF THE FUND	<u>420,707,192</u>	<u>231,397,997</u>
EQUITY		
Unitholders' capital	414,446,761	221,881,964
Retained earnings	6,260,431	9,516,033
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	<u>420,707,192</u>	<u>231,397,997</u>
UNITS IN CIRCULATION	<u>403,355,653</u>	<u>217,934,295</u>
NAV PER UNIT (RM) (EX-DISTRIBUTION)	<u>1.0430</u>	<u>1.0618</u>

NOMURA RINGGIT BOND FUND 1

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

	<u>Unitholders' capital</u> RM	<u>Retained earnings</u> RM	<u>Total</u> RM
Balance as at 1 July 2021	411,864,666	6,569,615	418,434,281
Total comprehensive income for the financial period	-	2,217,320	2,217,320
Creation of units	277,859	-	277,859
Reinvestment of distributions	2,526,504	-	2,526,504
Cancellation of units	(222,268)	-	(222,268)
Distributions	-	(2,526,504)	(2,526,504)
Balance as at 30 September 2021	<u>414,446,761</u>	<u>6,260,431</u>	<u>420,707,192</u>

	<u>Unitholders' capital</u> RM	<u>Retained earnings</u> RM	<u>Total</u> RM
Balance as at 1 July 2020	173,768,128	6,546,632	180,314,760
Total comprehensive income for the financial period	-	4,334,960	4,334,960
Creation of units	46,927,436	-	46,927,436
Reinvestment of distributions	1,365,559	-	1,365,559
Cancellation of units	(179,159)	-	(179,159)
Distributions	-	(1,365,559)	(1,365,559)
Balance as at 30 September 2020	<u>221,881,964</u>	<u>9,516,033</u>	<u>231,397,997</u>

NOMURA RINGGIT BOND FUND 1

STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD FROM 01 JULY 2021 TO 30 SEPTEMBER 2021

	<u>01.07.2021</u>	<u>01.07.2020</u>
	To	To
	<u>30.09.2021</u>	<u>30.09.2020</u>
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from sale of financial assets	20,000,000	16,980,000
Purchase of financial assets	(49,535,800)	(34,908,500)
Interest income from financial assets	2,835,507	2,164,212
Interest income from deposit with licensed financial institution	112,066	109,839
Manager's fee paid	(179,182)	(80,354)
Trustee's fee paid	(31,620)	(14,180)
Payment for other fees and expenses	(3,945)	(6,594)
Net cash used in operating activities and investing activities	<u>(26,802,974)</u>	<u>(15,755,577)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash proceeds from units created	277,859	46,922,436
Cash paid for units cancelled	(157,927)	(179,159)
Net cash generated from financing activities	<u>119,932</u>	<u>46,743,277</u>
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	(26,683,042)	30,987,700
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF FINANCIAL PERIOD	45,158,708	3,613,565
CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL PERIOD	<u>18,475,666</u>	<u>34,601,265</u>

Cash and cash equivalents comprises of:

Cash at bank	962,987	504,677
Deposit with licensed financial institution	17,512,679	34,096,588
	<u>18,475,666</u>	<u>34,601,265</u>

