



NOMURA

Nomura Ringgit Bond Fund 2

Quarterly Report For The Period Ended 30 September 2021

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

TRUSTEE: DEUTSCHE TRUSTEE MALAYSIA BHD
Business Registration No. : 200701005591 (763590-H)

Table of Contents

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

APPENDIX

STATEMENT OF FINANCIAL POSITION	1
STATEMENT OF COMPREHENSIVE INCOME	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 2 (the "Fund") is a wholesale fixed income fund which seeks to generate regular income by investing in fixed income securities whilst carefully considering capital preservation on behalf of its investors.

The Fund will distribute income on a monthly 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 -0.17% return. Compared to the Benchmark return of 0.47%, the Fund underperformed its Benchmark by -0.63%. The last published Net Asset Value ("NAV") per unit of the Fund as at 30 September 2021 was RM 0.9744 as compared to the NAV per unit as at 30 June 2021 of RM 0.9808. On the total NAV basis, the Fund's NAV stood at RM 265.05 million as at 30 September 2021.

Performance as at 30 September 2021

	1 Month (31/08/2021 – 30/09/2021)	3 months (30/06/2021- 30/09/2021)	6 Months (31/03/2020- 30/09/2021)	1 Year (30/09/2020- 30/09/2021)	Since Inception (28/07/2020- 30/09/2021)
Fund	-0.73%	-0.17%	1.30%	-1.04%	-0.75%
Benchmark	0.15%	0.47%	0.93%	1.85%	2.18%
Outperformance/ (Underperformance)	-0.89%	-0.63%	0.37%	-2.89%	-2.93%

Source of Fund and Benchmark Returns: Refinitiv Lipper

Volatility as at 30 September 2021

	3-Year
Fund	N/A

Source: 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 maintained 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>
Malaysian Government Securities / Government Investment Issues / Government Guaranteed Securities	33.87%	34.02%
Corporate Bonds / Sukuk	63.60%	60.09%
Cash and other net current assets / liabilities	2.53%	5.89%
Total	100.00%	100.00%

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.

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
Less than 500,000	-	-
500,000 - to 1,000,000	-	-
1,000,001 to 5,000,000	-	-
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	272,007.887
Total	1	272,007.887

INCOME DISTRIBUTION

The Fund distributed a gross total of RM 0.0048 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	0.9871	17-Sep-21	0.9817	0.0048

FUND PERFORMANCE DATA

	As at 30 September 2021	As at 30 June 2021
Total NAV (RM)	265,051,520	266,794,512
NAV per Unit (RM)	0.9744	0.9808
Unit in Circulation	272,007,887	272,007,887
Highest NAV (RM)	0.9872	0.9880
Lowest NAV (RM)	0.9744	0.9789

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

The logo features a stylized 'N' composed of overlapping red and pink geometric shapes on the left, and the word 'NOMURA' in white, bold, uppercase letters on a solid red rectangular background to the right.

NOMURA

NOMURA RINGGIT BOND FUND 2

FINANCIAL STATEMENTS

**FOR THE FINANCIAL PERIOD FROM 1 JULY 2021 TO 30
SEPTEMBER 2021**

NOMURA RINGGIT BOND FUND 2

FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 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 2
STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD FROM 1 JULY 2021 TO 30 SEPTEMBER 2021

	Financial period from 1-07-2021 to 30-09-2021 RM	Financial period from 28-7-2020 to 30-09-2020 RM
INVESTMENT INCOME		
Interest income from unquoted fixed income securities through profit or loss ("FVTPL")	2,068,191	764,215
Interest income from deposits with licensed financial institutions at amortised cost	44,742	108,455
Net loss on financial assets at fair value through profit or loss ("FVTPL")	<u>(2,391,218)</u>	<u>(448,518)</u>
Gross (Loss)/Income	<u>(278,285)</u>	<u>424,152</u>
EXPENSES		
Management fee	(135,003)	(62,617)
Trustee's fee	(20,250)	(9,442)
Audit fee	(2,405)	(2,482)
Tax agent's fee	(1,042)	(1,406)
Other expenses	<u>(369)</u>	<u>(58)</u>
	<u>(159,069)</u>	<u>(76,005)</u>
(LOSS)/PROFIT BEFORE TAXATION	(437,354)	348,147
TAXATION	<u>-</u>	<u>-</u>
(LOSS)/PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>(437,354)</u>	<u>348,147</u>
(Loss)/profit after taxation is made up as follows:		
Realised amount	1,953,864	796,665
Unrealised amount	<u>(2,391,218)</u>	<u>(448,518)</u>
	<u>(437,354)</u>	<u>348,147</u>

NOMURA RINGGIT BOND FUND 2
STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2021

	30-09-2021	30-09-2020
	RM	RM
ASSETS		
Financial assets at fair value through profit or loss ("FVTPL")	258,340,846	197,556,529
Cash and cash equivalents	<u>6,771,566</u>	<u>86,066,030</u>
TOTAL ASSETS	<u>265,112,412</u>	<u>283,622,559</u>
LIABILITIES		
Accrued management fee	43,945	36,415
Amount due to Trustee	6,592	5,462
Amount due to broker	-	10,778,647
Other payables and accruals	<u>10,355</u>	<u>3,888</u>
TOTAL LIABILITIES	<u>60,892</u>	<u>10,824,412</u>
NET ASSET VALUE	<u>265,051,520</u>	<u>272,798,147</u>
UNITHOLDER'S FUNDS		
Unitholders' capital	272,450,000	272,450,000
(Accumulated losses)/retained earnings	<u>(7,398,480)</u>	<u>348,147</u>
NET ASSET ATTRIBUTABLE TO UNITHOLDERS	<u>265,051,520</u>	<u>272,798,147</u>
UNITS IN CIRCULATION	<u>272,007,887</u>	<u>272,007,887</u>
NET ASSET VALUE PER UNIT (RM) (EX DISTRIBUTION)	<u>0.9744</u>	<u>1.0029</u>

NOMURA RINGGIT BOND FUND 2
STATEMENT OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL PERIOD FROM 1 JULY 2021 TO 30 SEPTEMBER 2021

	Unitholders' Capital RM	Retained Earnings RM	Total RM
Balance as at 1 July 2021	272,450,000	(5,655,488)	266,794,512
Movement in unitholders' contribution:			
Total comprehensive loss for the financial period	-	(437,354)	(437,354)
Distributions	-	(1,305,638)	(1,305,638)
Balance as at 30 September 2021	<u>272,450,000</u>	<u>(7,398,480)</u>	<u>265,051,520</u>
Balance as at 28 July 2020	-	-	-
Movement in unitholders' contribution:			
Total comprehensive income for the financial period	-	348,147	348,147
Creation of units from applications	<u>272,450,000</u>	<u>-</u>	<u>272,450,000</u>
Balance as at 30 September 2020	<u>272,450,000</u>	<u>348,147</u>	<u>272,798,147</u>

NOMURA RINGGIT BOND FUND 2
STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD FROM 1 JULY 2021 TO 30 SEPTEMBER 2021

	Financial period from 1-07-2021 to 30-09-2021 RM	Financial period from 28-7-2020 to 30-09-2020 RM
CASH FLOWS FROM OPERATING ACTIVITY		
Purchase of investments	(10,000,000)	(185,921,150)
Interest income from unquoted fixed income investments	2,399,145	(541,035)
Interest income from deposits with licensed financial institutions	44,742	108,455
Management fee paid	(134,967)	(26,202)
Trustee's fee paid	(20,244)	(3,980)
Payment for other fees and expenses	(369)	(58)
	<u>(7,711,693)</u>	<u>(186,383,970)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Cash proceeds from creation of units	-	272,450,000
Distribution paid	(1,305,638)	-
	<u>(1,305,638)</u>	<u>272,450,000</u>
Net cash (used in)/generated from financing activities	<u>(1,305,638)</u>	<u>272,450,000</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(9,017,331)	86,066,030
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	15,788,897	-
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	<u>6,771,566</u>	<u>86,066,030</u>
Cash and cash equivalents comprise:		
Cash at banks	<u>6,771,566</u>	<u>86,066,030</u>