



**NOMURA**

# Nomura Ringgit Bond Fund 2

Quarterly Report For The Period Ended 31 December 2021

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

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

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## 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 31 December 2021

For the period under review from 01 October to 31 December 2021, the Fund has registered a 0.43% return. Compared to the Benchmark return of 0.47%, the Fund underperformed its Benchmark by 0.04%. The last published Net Asset Value (“NAV”) per unit of the Fund as at 31 December 2021 was RM 0.9690 as compared to the NAV per unit as at 30 September 2021 of RM 0.9744. On the total NAV basis, the Fund’s NAV stood at RM 263.58 million as at 31 December 2021.

### Performance as at 31 December 2021

	1 Month (30/11/2021 – 31/12/2021)	3 months (30/09/2021- 31/12/2021)	6 Months (30/06/2021- 31/12/2021)	1 Year (31/12/2020- 31/12/2021)	Since Inception (28/07/2020- 31/12/2021)
<b>Fund</b>	0.37%	0.43%	0.27%	(1.02%)	(0.32%)
<b>Benchmark</b>	0.16%	0.47%	0.93%	1.85%	2.66%
<b>Outperformance/ (Underperformance)</b>	0.21%	(0.04%)	(0.66%)	(2.87%)	(2.98%)

Source of Fund and Benchmark Returns: Refinitiv Lipper

### Volatility as at 31 December 2021

	3-Year
<b>Fund</b>	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 October to 31 December 2021)

We maintained a preference for corporate bonds in the 5-10Y 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 opportunities in the cyclical sectors on the back of the ongoing economic reopening. We intend to shift our asset allocation from government bonds to corporate bonds given the more favourable risk reward dynamics of corporate bonds.

### Summary of Asset Allocation

	<u>31 December 2021</u>	<u>30 September 2021</u>
Malaysian Government Securities / Government Investment Issues / Government Guaranteed Securities	33.75%	33.87%
Corporate Bonds / Sukuk	63.76%	63.60%
Cash and other net current assets / liabilities	2.48%	2.53%
Total	100.00%	100.00%

### Review of Market (1 October to 31 December 2021)

Tracking global yield movements, Government Investment Issues yield curve bear-flattened as front-end of the curve experienced intensified selling pressure over the quarter. This was on the back of hawkish tilt of major central banks, global inflationary pressure, and the commencement of US Federal Reserve's long-anticipated quantitative easing tapering. In particular, front-end and belly of the curve underperformed as yields surged 21-34 bps QoQ and 14-17 bps QoQ respectively, while long-end of the curve remained well-supported with yields lower by 3-5 bps QoQ.

Primary issuances picked up strongly in 4Q2021 despite rising rates. For the year of 2021, total corporate bond issuance stood at MYR 75.4 billion. Notable issuances over the quarter include PONSB Capital Berhad, Maybank Ageas Holdings Berhad, and Tenaga Nasional Berhad which issued MYR 450 million, MYR 1.0 billion, and MYR 3.0 billion respectively. Within the A-rated space, Cenergi SEA Berhad issued MYR 210 million of Green Sukuk Wakalah, while MCIS Insurance Berhad and Yinson Holdings Berhad issued MYR 200 million and MYR 1.0 billion respectively.

In its final Monetary Policy Meeting of the year, Bank Negara Malaysia ("**BNM**") kept the Overnight Policy Rate unchanged at 1.75% and maintained its neutral stance in its statement. While acknowledging the continued strength in global demand, BNM is cautious on the supply chain disruptions, elevated commodity prices, labour shortages, and rising inflation. Domestically, BNM indicated that economic activity has bottomed in July and is expected to continue its growth momentum going into 2022, given improving consumer spending and further policy support. As economic activity normalizes, BNM projects core inflation to remain muted for the rest of the year before edging upwards, albeit still benign. Though BNM considered the current monetary policy stance to be appropriate and accommodative, BNM reiterated that future monetary policy will continue to be data dependent given the uncertainties and downside risks to the growth outlook.

## 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	-	-
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	272,007.89
<b>Total</b>	<b>1</b>	<b>272,007.89</b>

## INCOME DISTRIBUTION

The Fund distributed a gross total of RM 0.0096 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)
27-Dec-21	0.9772	28-Dec-21	0.9674	0.0096

## FUND PERFORMANCE DATA

	<u>As at 31 December 2021</u>	<u>As at 30 September 2021</u>
Total NAV (RM)	263,584,646	265,051,520
NAV per Unit (RM)	0.9690	0.9744
Unit in Circulation	272,007,887	272,007,887
Highest NAV (RM)	0.9772	0.9872
Lowest NAV (RM)	0.9648	0.9744

*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 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 OCTOBER 2021  
TO 31 DECEMBER 2021**

**NOMURA RINGGIT BOND FUND 2**

**FINANCIAL STATEMENTS**

**FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2021 TO 31 DECEMBER 2021**

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**NOMURA RINGGIT BOND FUND 2**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2021 TO 31 DECEMBER 2021**

	<b>Financial period from 1-10-2021 to 31-12-2021 RM</b>	<b>Financial period from 1-10-2020 to 31-12-2020 RM</b>
<b>INVESTMENT INCOME</b>		
Interest income from unquoted fixed income securities through profit or loss ("FVTPL")	2,096,809	2,161,722
Interest income from deposits with licensed financial institutions at amortised cost	34,339	181,238
Net loss on financial assets at fair value through profit or loss ("FVTPL")	<u>(829,685)</u>	<u>(1,046,541)</u>
Gross Income	<u>1,301,463</u>	<u>1,296,419</u>
<b>EXPENSES</b>		
Management fee	(133,252)	(137,745)
Trustee's fee	(19,988)	(20,662)
Audit fee	(2,405)	(3,568)
Tax agent's fee	(1,042)	(2,022)
Other expenses	<u>(374)</u>	<u>(409)</u>
	<u>(157,061)</u>	<u>(164,406)</u>
PROFIT BEFORE TAXATION	1,144,402	1,132,013
TAXATION	<u>-</u>	<u>-</u>
PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u><u>1,144,402</u></u>	<u><u>1,132,013</u></u>
Profit after taxation is made up as follows:		
Realised amount	1,974,087	2,167,718
Unrealised amount	<u>(829,685)</u>	<u>(1,035,705)</u>
	<u><u>1,144,402</u></u>	<u><u>1,132,013</u></u>

**NOMURA RINGGIT BOND FUND 2**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2021**

	<b>31-12-2021</b>	<b>31-12-2020</b>
	<b>RM</b>	<b>RM</b>
<b>ASSETS</b>		
Financial assets at fair value through profit or loss ("FVTPL")	257,034,676	239,299,643
Cash and cash equivalents	<u>6,615,588</u>	<u>34,693,338</u>
<b>TOTAL ASSETS</b>	<u>263,650,264</u>	<u>273,992,981</u>
<b>LIABILITIES</b>		
Accrued management fee	45,058	46,385
Amount due to Trustee	6,759	6,958
Other payables and accruals	<u>13,801</u>	<u>9,478</u>
<b>TOTAL LIABILITIES</b>	<u>65,618</u>	<u>62,821</u>
<b>NET ASSET VALUE</b>	<u>263,584,646</u>	<u>273,930,160</u>
<b>UNITHOLDER'S FUNDS</b>		
Unitholders' capital	272,450,000	272,450,000
(Accumulated loss)/retained earnings	<u>(8,865,354)</u>	<u>1,480,160</u>
<b>NET ASSET ATTRIBUTABLE TO UNITHOLDERS</b>	<u>263,584,646</u>	<u>273,930,160</u>
<b>UNITS IN CIRCULATION</b>	<u>272,007,887</u>	<u>272,007,887</u>
<b>NET ASSET VALUE PER UNIT (RM)</b> <b>(EX DISTRIBUTION)</b>	<u>0.9690</u>	<u>1.0071</u>

**NOMURA RINGGIT BOND FUND 2**  
**STATEMENT OF CHANGES IN NET ASSET VALUE**  
**FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2021 TO 31 DECEMBER 2021**

	<b>Unitholders' capital RM</b>	<b>Retained earnings RM</b>	<b>Total RM</b>
Balance as at 1 October 2021	272,450,000	(7,398,480)	265,051,520
Movement in unitholders' contribution:			
Total comprehensive income for the financial period	-	1,144,402	1,144,402
Distributions	-	(2,611,276)	(2,611,276)
Balance as at 31 December 2021	<u>272,450,000</u>	<u>(8,865,354)</u>	<u>263,584,646</u>
Balance as at 1 October 2020	272,450,000	348,147	272,798,147
Movement in unitholders' contribution:			
Total comprehensive income for the financial period	-	1,132,013	1,132,013
Balance as at 31 December 2020	<u>272,450,000</u>	<u>1,480,160</u>	<u>273,930,160</u>

**NOMURA RINGGIT BOND FUND 2**  
**STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2021 TO 31 DECEMBER 2021**

	<b>Financial period from 1-10-2021 to 31-12-2021 RM</b>	<b>Financial period from 1-10-2020 to 31-12-2020 RM</b>
<b>CASH FLOWS FROM OPERATING ACTIVITY</b>		
Proceeds from sale of investments	-	8,181,050
Purchase of investments	-	(61,369,100)
Interest income from unquoted fixed income investments	2,573,293	1,781,470
Interest income from deposits with licensed financial institutions	34,339	181,238
Management fee paid	(132,140)	(127,775)
Trustee's fee paid	(19,821)	(19,166)
Payment for other fees and expenses	<u>(373)</u>	<u>(409)</u>
Net cash generated from/(used in) operating activities	<u>2,455,298</u>	<u>(51,372,692)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Distribution paid	<u>(2,611,276)</u>	-
Net cash used in financing activities	<u>(2,611,276)</u>	-
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(155,978)</b>	<b>(51,372,692)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD</b>	<u><b>6,771,566</b></u>	<u><b>86,066,030</b></u>
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>	<u><u><b>6,615,588</b></u></u>	<u><u><b>34,693,338</b></u></u>
Cash and cash equivalents comprise:		
Deposits with financial institutions	6,554,943	34,612,413
Cash at banks	<u>60,645</u>	<u>80,925</u>