



NOMURA

Nomura Global Shariah Strategic Growth Fund

Quarterly Report and Financial Statements
For The Period Ended 31 March 2022

MANAGER:

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

TRUSTEE:

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

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MANAGER'S REPORT

Fund Type, Category, Objective and Distribution Policy

The Nomura Global Shariah Strategic Growth Fund (the "Fund") is a Shariah wholesale fund which seeks to achieve long-term capital growth, primarily through the Fund's investment in foreign Shariah-compliant equities, Shariah-compliant sukuk, Shariah-compliant collective investment schemes, and Islamic money markets instruments.

As the Fund seeks to provide capital growth, distribution will be incidental at the discretion of the Manager. Distribution of income, if any, is at least on annual basis, subject to availability of income.

Benchmark

Absolute return of 6% per annum.

Performance as at 31 March 2022

	1 Month (28/Feb/22- 31/Mar/22)	3 Months (31/Dec/21- 31/Mar/22)	6 Months (30/Sep/21 – 31/Mar/22)	1 Year (31/Mar/21- 31/Mar/22)	3 Year*	Since Commencement (02/Jun/20 – 31/Mar/22)
Fund – Class A	0.55%	(5.47%)	(1.60%)	3.07%	-	18.33%
Benchmark	0.49%	1.47%	2.96%	6.00%	-	11.24%
Out/ (Under) Performance	0.06%	(6.94%)	(4.56%)	(2.93%)	-	7.09%
Fund – Class B	0.53%	(5.55%)	(1.74%)	2.77%	-	17.69%
Benchmark	0.49%	1.47%	2.96%	6.00%	-	11.24%
Out/ (Under) Performance	0.04%	(7.02%)	(4.70%)	(3.23%)	-	6.45%

*Note: The Fund was commenced on 2 June 2020 which is less than three years.

Source of Fund and Benchmark Returns: Refinitiv Lipper

Volatility as at 31 March 2022

	3-Year
Fund	N/A

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.

Strategies Employed (1 January to 31 March 2022)

During the period under review, the Fund remained closely aligned with its investment philosophies and process amidst volatility caused by monetary policy, inflation, geopolitics, and a potential impending recession. The Fund deploys a global multi asset strategy and allocation into global Shariah equities and sukuk varied throughout the review period, depending on the market environment.

Performance Review of the Fund (1 January to 31 March 2022)

In the month of January 2022, the Net Asset Value (“NAV”) for Class A decreased by -4.35%, whilst Class B was -4.38%. The equity book outperformed the Dow Jones Islamic Market (“DJIM”) but was still down -7%. A tighter United States of America (“US”) labour market led to significant pressure on the Federal Reserve to raise interest rates this year. The bond markets had priced 2 rate hikes going into year 2022, but by the end of January 2022, this had increased to 4-5 hikes. The speed of the re-pricing in was the key driver of the equity selloff. Our sukuk investments via the Nomura i-Income Fund, a Collective Investment Scheme (“CIS”), returned +0.05% despite a selloff in the US bond markets. This has strongly contributed to the stability of the Fund’s performance as global equity and bonds are selling off at the same time this year.

The NAV for Class A decreased by -1.72% and Class B by -1.74% in the month of February 2022. The equity book outperformed the DJIM slightly once more but was still down -2.88%. Whilst Russia's Gross Domestic Product (“GDP”) (economy) is c1% of global GDP, Russia is a material exporter for many commodities such as oil, gas, nickel, palladium, aluminum, copper and wheat. As such, the negative transmission from this war is curtailing supply of key global commodities hence leading to higher prices at a time when inflation is already high from the supply chain disruptions caused by the pandemic. We continue to position within energy and manage the exposures in cyclical sectors given the concerns of demand destruction from prolonged elevated energy prices. Our sukuk investments via the Nomura i-Income Fund, a CIS, returned +0.36% as markets seek safe haven refuge. That said, our exposure to fixed income remains slightly lower than average due to concerns of higher rates in the near term as inflation continues to be high.

The NAV for Class A increased by 0.55% and Class B by 0.53% in the month of March 2022. Continued fixed income selloff contributed to lower returns but the main drag for Fund’s performance came from ownership of China Internet/Technology. HSTECH fell by -10.73% in MYR terms in March 2022. The equity book underperformed the DJIM, largely due to our exposure to China Internet names. Excluding China, our equity portfolio was up +3.5% (ahead of the DJIM index). Note that HSTECH index actually fell c-32% in the first 2 weeks of March 2022 as US-China geopolitical risks increased and China’s American Depository Receipts facing de-listing. Given such extreme volatilities, we decided to reduce our exposure to China Technology (now only c3.1% of the Fund vs. c5.6% of the Fund as at 28 February 2022). As such, equity contribution excluding China was +1.86% for the month of March 2022, less China -1.02% = +0.84%. Our sukuk investments via the Nomura i-Income Fund, a CIS, returned -1.1% as yields continue to rise globally. That said, our exposure to fixed income has been lowered due to concerns of higher rates in the near term given the hawkishness of the US Federal Reserve. As such, our allocation to sukuk averaged c20.6% in March 2022. Whilst our money market investments via the Nomura i-Cash Fund, a CIS, returned +0.73%, negative impact from foreign exchange from cash held in foreign currencies meant that the overall contribution from fixed income & cash was -0.24% for the month of March 2022.

Summary of Asset Allocation

	<u>31 March 2022</u>	<u>31 December 2021</u>
Equity Securities	53.19%	59.22%
Collective Investment Schemes (CIS) – Equity	1.15%	2.12%
CIS – Malaysian Sukuk and Money Market Funds	32.61%	31.37%
Cash & Other	13.05%	7.29%
Total	100.00%	100.00%

Review of Market (1 January to 31 March 2022)

After starting the year on the front foot, global equities fell sharply through January 2022 as investors braced themselves for tighter monetary policy from central banks. The S&P 500 declined -5.2% across the month amid factor rotations. Bond yields jumped as investors increased rate hike expectations, with US 10-year yields climbing 27bps to 1.78%. Commodity prices surged with oil climbing \$13 to \$91/bbl driven by global supply concerns, and iron ore lifting US\$28 to US\$144/Mt supported by a restock ahead of Chinese New Year. Counter to the broad increase in commodity prices, gold prices dropped US\$11 to US\$1,795/oz as rates look to increase. The rise in commodity prices proved a tailwind for emerging market equities which outperformed developed market equities.

Global markets continued to struggle in February 2022, as geopolitical tensions saw investors reposition for an uncertain outlook. The Developed Market World index fell (-2.5%) in USD terms, largely driven by the S&P 500 which dropped -3.0%. In bond markets, US 10-year yields increased 5bps to 1.84% in February 2022, as the market brought forward expectations of rate hikes. Commodity prices saw strong upward moves, particularly in gold which lifted US\$115 to US\$1,910/oz as investors repositioned into safe-haven asset classes. Brent oil also edged higher by US\$10 to US\$110/bbl as markets reacted to the impacts of sanctions on oil and gas exports. Contrasting these price rises, iron ore declined US\$7 to US\$137/Mt as persisting geopolitical tensions could see a steeper cost curve and higher freight rates. The Morgan Stanley Capital International (“**MSCI**”) World Developed Markets Index declined (-2.5%) in USD terms, but outperformed relative to the emerging markets index which fell -3.0%. Persisting geopolitical tensions could prove a headwind for emerging market equities as investors become risk-off among global uncertainty. Globally, the energy (+5.2%), materials (+2.0%), and healthcare (-0.4%) relatively outperformed in USD terms. The communication services (-5.4%), information technology (-4.7%), and consumer discretionary sectors (-4.4%) underperformed the most in February 2022.

March 2022 was a strong month for equities as markets rose towards the month-end on news of peace talks between Russia and Ukraine. Australia's Australian Securities Exchange (“**ASX**”) 200 was the standout which materially outperformed the MSCI Developed Markets Index, returning +6.9% in AUD terms and 10.6% in USD terms, driven by strong commodity prices pushing energy and material names higher as well as a strong rebound in technology stocks. The MSCI Developed Markets Index rose +2.8% in USD terms, driven by the S&P 500 climbing +3.7%. Strengthening rate hike outlooks saw material bond sell-offs once more. US 10-year yields also materially sold off by 49bps to 2.32%. Commodity prices continued to rise, Brent oil moved up US \$7 to US\$108/bbl on continuing geopolitical tensions restricting supply. Iron ore climbed US\$17 to US\$153/Mt as markets expect robust restocking demand post COVID19. Interestingly, gold rose US\$32 in March 2022 to US\$1,942 continuing from a strong gain in February 2022 as investors reduced their safe-haven asset exposure. Global investors largely remain positive on the economic outlook of developed nations despite high inflation and approaching rate hikes, as geopolitical tensions continue to keep investors wary of emerging markets. Globally, the energy (+7.8%), real estate investment trusts (+6.8%) and materials (+5.4%) relatively outperformed in USD terms. The consumer Staples (+0.3%), financials (+0.7%), and communication services sectors (+0.8%) relatively underperformed in March 2022.

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

Fund - Class A

Size of holdings(units)	No. of unitholders	No. of units held*
Less than 5,000	-	-
5,001 to 10,000	-	-
10,001 to 50,000	1	30,002
50,001 to 500,000	-	-
500,001 and above	3	13,778,197
Total	4	13,808,199

Fund - Class B

Size of holdings (units)	No. of unitholders	No. of units held*
Less than 5,000	-	-
5,001 to 10,000	-	-
10,001 to 50,000	-	-
50,001 to 500,000	1	497,765
500,001 and above	3	4,936,181
Total	4	5,433,946

* Note: Excluding Manager's Stock.

INCOME DISTRIBUTION

The Fund did not declare any income over the period under review.

FUND DATA

As at 31 March 2022	Class A	Class B
Total NAV (RM)	16,339,587	6,395,120
NAV per Unit (RM)	1.1833	1.1769
Units in Circulation	13,808,199	5,433,946
Highest NAV (RM)	1.2557	1.2498
Lowest NAV (RM)	1.1231	1.1171

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

**NOMURA GLOBAL SHARIAH STRATEGIC GROWTH FUND (“NGSSGF”)
FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022**

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**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022**

	Financial period from 1-1-2022 to 31-3-2022 RM	Financial period from 1-1-2021 to 31-3-2021 RM
INVESTMENT INCOME		
Dividend income	56,235	31,216
Net (loss)/gain on financial assets at fair value through profit or loss ("FVTPL")	(1,332,163)	198,760
OTHER INCOME		
Net loss on forward currency contracts	-	(137,854)
Net gain on foreign currency exchange	45,526	214,310
Rebate on management fee	4,034	2,014
Gross (Loss)/Income	<u>(1,226,368)</u>	<u>308,446</u>
EXPENSES		
Management fee	(72,234)	(50,169)
Trustee's fee	(3,699)	(3,699)
Shariah Adviser's fee	(3,137)	(2,355)
Audit fee	(2,352)	(1,767)
Tax agent's fee	(1,020)	(1,001)
Custody Fees	(5,443)	(5,612)
Other expenses	(4,207)	(7,838)
	<u>(92,092)</u>	<u>(72,441)</u>
(LOSS)/PROFIT BEFORE TAXATION	(1,318,460)	236,005
TAXATION	<u>(6,833)</u>	<u>(4,080)</u>
(LOSS)/PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u><u>(1,325,293)</u></u>	<u><u>231,925</u></u>
(Loss)/Profit after taxation is made up as follows:		
Realised amount	(504,907)	(93,825)
Unrealised amount	(820,386)	325,750
	<u><u>(1,325,293)</u></u>	<u><u>231,925</u></u>

**STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022**

	31-3-2022	31-3-2021
	RM	RM
ASSETS		
Financial assets at fair value through profit or loss ("FVTPL")	19,792,729	15,323,588
Amount due from Manager	1,000	128,665
Amount due from broker	597,414	179,051
Dividend receivables	7,878	3,111
Cash and cash equivalents	2,439,403	1,478,017
TOTAL ASSETS	<u>22,838,424</u>	<u>17,112,432</u>
LIABILITIES		
Derivative Liability	-	27,933
Accrued management fee	24,270	17,942
Amount due to Manager	639	111,022
Amount due to Trustee	1,274	1,274
Amount due to Shariah Adviser	1,043	1,570
Amount due to broker	66,174	204,552
Other payables and accruals	10,317	54,358
TOTAL LIABILITIES	<u>103,717</u>	<u>418,651</u>
NET ASSET VALUE	<u>22,734,707</u>	<u>16,693,781</u>
UNITHOLDER'S FUNDS		
Unitholders' capital	21,002,677	15,150,506
Retained earnings	1,732,030	1,543,275
NET ASSET ATTRIBUTABLE TO UNITHOLDERS		
- MYR NGSSGFA CLASS	16,339,587	11,766,193
- MYR NGSSGFB CLASS	6,395,120	4,927,588
	<u>22,734,707</u>	<u>16,693,781</u>
UNITS IN CIRCULATION		
- MYR NGSSGFA CLASS	13,808,199	10,249,118
- MYR NGSSGFB CLASS	5,433,946	4,302,815
	<u>19,242,145</u>	<u>14,551,933</u>
NET ASSET VALUE PER UNIT		
- MYR NGSSGFA CLASS	1.1833	1.1480
- MYR NGSSGFB CLASS	1.1769	1.1452

**STATEMENT OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022**

	Unitholders' capital RM	Retained earnings RM	Total RM
Balance as at 1 January 2021	12,887,760	1,311,350	14,199,110
Movement in unitholders' contribution:			
Creation of units from applications			
- MYR NGSSGFA CLASS	1,036,173	-	1,036,173
- MYR NGSSGFB CLASS	2,173,715	-	2,173,715
Cancellation of units			
- MYR NGSSGFA CLASS	(136,621)	-	(136,621)
- MYR NGSSGFB CLASS	(810,521)	-	(810,521)
Total comprehensive income for the financial period	-	231,925	231,925
Balance as at 31 March 2021	15,150,506	1,543,275	16,693,781
Balance as at 1 January 2022	20,547,939	3,057,323	23,605,262
Movement in unitholders' contribution:			
Creation of units from applications			
- MYR NGSSGFA CLASS	380,000	-	380,000
- MYR NGSSGFB CLASS	466,899	-	466,899
Cancellation of units			
- MYR NGSSGFA CLASS	(5,357)	-	(5,357)
- MYR NGSSGFB CLASS	(386,804)	-	(386,804)
Total comprehensive loss for the financial period	-	(1,325,293)	(1,325,293)
Balance as at 31 March 2022	21,002,677	1,732,030	22,734,707

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022**

	Financial period from 1-1-2022 to 31-3-2022 RM	Financial period from 1-1-2021 to 31-3-2021 RM
CASH FLOWS FROM OPERATING		
Proceeds from sale of Shariah-compliant investments	4,629,603	6,228,399
Purchase of Shariah-compliant instruments	(4,302,950)	(7,857,553)
Dividend received	44,683	26,614
Management fee paid	(73,059)	(46,977)
Rebate on management fee	4,034	2,078
Trustee's fee paid	(3,699)	(3,699)
Payment for other fees and expenses	(12,098)	(19,608)
Net realised gain/(loss) on forward foreign currency contracts	15,201	(9,348)
Net realised loss on foreign currency exchange	(21,073)	-
Net cash generated from/(used in) operating activities	<u>280,642</u>	<u>(1,680,094)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Cash proceeds from creation of units	845,899	3,111,888
Payments for cancellation of units	(395,121)	(836,120)
Net cash generated from financing activities	<u>450,778</u>	<u>2,275,768</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	731,420	595,674
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	<u>1,707,983</u>	<u>882,343</u>
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	<u><u>2,439,403</u></u>	<u><u>1,478,017</u></u>
Cash and cash equivalents comprise:		
Cash at banks	<u><u>2,439,403</u></u>	<u><u>1,478,017</u></u>

SHARIAH ADVISER'S REPORT TO THE UNITHOLDERS OF NOMURA GLOBAL SHARIAH STRATEGIC GROWTH FUND

We have acted as the Shariah Adviser of Nomura Global Shariah Strategic Growth Fund ("the Fund"). Our responsibility is to ensure that the procedures and processes employed by Nomura Asset Management Malaysia Sdn Bhd are in accordance with Shariah principles.

We hereby confirm:

1. To the best of our knowledge, after having made all reasonable enquiries, Nomura Asset Management Malaysia Sdn Bhd has operated and managed the Fund during the period covered by these financial statements in accordance with the Shariah principles and requirements and complied with the applicable guidelines, rulings or decisions issued by the Securities Commission Malaysia pertaining to Shariah matters;
2. The assets of the Fund comprise instruments that have been classified as Shariah-compliant by the Shariah Supervisory Board of Dow Jones Islamic Market Indices. As for the instruments which are not classified as Shariah-compliant by the Shariah Supervisory Board of Dow Jones Islamic Market Indices, we have reviewed the said instruments and confirmed that these instruments are Shariah-compliant; and
3. The instruments which was earlier classified as Shariah-compliant and subsequently reclassified as Shariah non-compliant by the Shariah Supervisory Board of Dow Jones Islamic Market Indices consist of JD Sports Fashion PLC. This reclassified Shariah non-compliant instrument shall be disposed as advised by the Fund's Shariah Adviser.

For ZICO Shariah Advisory Services Sdn Bhd

A handwritten signature in black ink, appearing to read "Aida Othman", with a horizontal line underneath the name.

DR. AIDA OTHMAN

Designated Person Responsible for Shariah Matters Relating to the Fund

Kuala Lumpur