



NOMURA

Nomura Ringgit Bond Fund 1

Quarterly Report For The Period Ended 31 March 2022

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 31 March 2022

For the period under review from 1 January 2022 to 31 March 2022, the Fund has registered a 0.15% return. Compared to the Benchmark return of 0.46%, the Fund has underperformed its Benchmark by 0.31%. The last published Net Asset Value (“NAV”) per unit of the Fund as at 31 March 2022 was RM 1.0262 as compared to the NAV per unit as at 31 December 2021 of RM 1.0359. On the total NAV basis, the Fund's NAV stood at RM 430.51 million as at 31 March 2022.

Performance as at 31 March 2022

	1 Month (28/02/2022 – 31/03/2022)	3 months (31/12/2021- 31/03/2022)	6 Months (30/09/2021- 31/03/2022)	1 Year (31/03/2021- 31/03/2022)	Since Commencement (02/07/2019- 31/03/2022)
Fund	(0.28%)	0.15%	0.07%	2.15%	9.93%
Benchmark	0.16%	0.46%	0.92%	1.85%	6.19%
Outperformance/ (Underperformance)	(0.44%)	(0.31%)	(0.85%)	0.30%	3.74%

Source of Fund and Benchmark Returns: Refinitiv Lipper

Volatility as at 31 March 2022

	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 January to 31 March 2022)

We see value in the present steepness of the belly of the credit curve, particularly as the 3-7 year portion remains fairly steep, making for an attractive rolldown play. We took advantage of primary issuances over the quarter to add corporate bonds that were attractively priced while disposing of lower yielding bonds.

Summary of Asset Allocation

	<u>31 March 2022</u>	<u>31 December 2021</u>
Government Investment Issue	11.48%	11.69%
Corporate Bonds	79.90%	85.08%
Cash and other net current assets / liabilities	8.62%	3.23%
Total	100.0%	100.0%

Review of Market (1 January to 31 March 2022)

Domestic bond market experienced heightened volatility over the quarter. Global inflation pressure saw a renewed surge on rising commodity prices as the conflict in Ukraine worsened over the quarter, with little signs of a near-term resolution. The Federal Reserve made a hawkish pivot in its March 2022 meeting, indicating that the central bank could hike rates by 1.75% for 2022. This drove a bear-flattening trend in the US Treasury yield curve, which spilled over into the domestic government bond market into the quarter end. The local bond market saw a spike in volatility following a lull over the earlier part of the quarter. Domestic market sentiment was cautious following the news of the launch of the Employees Provident Fund Special Withdrawal facility. Overall, in line with rising global yields, Malaysian Government Securities yield curve shifted upwards with yields surging 23-40 bps QoQ across the curve.

Year-to-date corporate bond issuance recorded a total of MYR 14.14 billion. Issuances were skewed towards the AA-rated space, notably, Kuala Lumpur Kepong Berhad, Point Zone (M) Sdn Berhad, and Dialog Group Berhad issued MYR 2.0 billion, MYR 650 million, and MYR 500 million respectively. Within the A-rated space, YNH Property Berhad issued MYR 323 million while MEX I Capital Berhad completed its restructuring exercise with a total issuance of MYR 1.125 billion in multiple tranches.

Bank Negara Malaysia (“**BNM**”) kept its Overnight Policy Rate unchanged at 1.75% in its March Monetary Policy Committee meeting. While acknowledging the continued recovery in the global economy and expecting the domestic growth recovery to strengthen in 2022, BNM maintained its neutral stance as it reiterated that risks to the domestic growth outlook remain tilted to the downside and highlighted that the ongoing Russia-Ukraine conflict has emerged as a key risk to global growth. In addition, despite the increase in the Jan-22 core inflation, BNM expects core inflation to remain modest amid continued slack in the economy and labour market. Overall, we view that BNM is not in a rush to embark on its policy normalization cycle and is in a wait-and-see mode to assess the impact from the ongoing geopolitical developments and the monetary policy tightening trajectory of major central banks.

TRANSACTIONS WITH FINANCIAL INSTITUTIONS AND BROKERS/DEALERS

Cross Trades (1 January to 31 March 2022)

During the financial period under review, one (1) cross trade was conducted between the Fund and other private mandate(s) managed by the Manager's related company.

Value of trades (RM)

Private mandate	5,205,250
-----------------	------------------

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	165.61
500,000 - to 1,000,000	-	-
1,000,001 to 5,000,000	2	2,965.19
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	416,401.68
Total	4	419,532.48

* Note : Excluding Manager's Stock

INCOME DISTRIBUTION

The Fund distributed a gross total of RM 0.0113 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-Mar-22	1.0432	16-Mar-22	1.0320	0.0113

FUND PERFORMANCE DATA

	As at 31 March 2022	As at 31 December 2021
Total NAV (RM)	430,506,159	430,089,708
NAV per Unit (RM)	1.0262	1.0359
Units in Circulation	419,532,479	415,181,179
Highest NAV (RM)	1.0434	1.0422
Lowest NAV (RM)	1.0251	1.0316

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 JANUARY 2022 TO 31 MARCH 2022

NOMURA RINGGIT BOND FUND 1

FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 01 JANUARY 2022 TO 31 MARCH 2022

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 JANUARY 2022 TO 31 MARCH 2022

	<u>01.01.2022</u> To <u>31.03.2022</u> RM	<u>01.01.2021</u> To <u>31.03.2021</u> RM
INVESTMENT INCOME		
Interest income from financial assets	3,821,900	2,186,289
Interest income from deposits with licensed financial institutions	95,261	53,240
Net loss on financial assets at fair value through profit or loss ("FVTPL")	(3,084,323)	(6,387,827)
Other income	11	-
	<u>832,849</u>	<u>(4,148,298)</u>
EXPENSES		
Manager's fee	(180,733)	(101,713)
Trustee's fee	(31,894)	(17,949)
Audit fee	(2,614)	(2,614)
Tax agent's fee	(1,046)	(1,046)
Other expenses	(271)	(151)
	<u>(216,558)</u>	<u>(123,473)</u>
PROFIT/ (LOSS) BEFORE TAXATION	616,291	(4,271,771)
TAXATION	-	-
PROFIT/ (LOSS) AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD	<u>616,291</u>	<u>(4,271,771)</u>
Profit after taxation is made up of the following:		
Realised amount	3,510,396	2,771,795
Unrealised amount	(2,894,105)	(7,043,566)
	<u>616,291</u>	<u>(4,271,771)</u>
Distributions for the financial period:		
Net distributions	<u>4,692,339</u>	<u>2,982,490</u>
Gross/net distributions per unit	<u>0.0113</u>	<u>0.0126</u>

NOMURA RINGGIT BOND FUND 1

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022

	<u>31.03.2022</u>	<u>31.03.2021</u>
	RM	RM
ASSETS		
Financial assets at fair value through profit or loss ("FVTPL")	393,416,114	234,857,333
Cash at bank	673,523	510,323
Deposit with licensed financial institution	36,573,000	17,001,000
Interest receivable	1,754	815
TOTAL ASSETS	<u>430,664,391</u>	<u>252,369,471</u>
LIABILITIES		
Amount due to Manager	128,722	35,724
Amount due to Trustee	11,010	6,304
Other payables and accruals	18,500	17,970
TOTAL LIABILITIES	<u>158,232</u>	<u>59,998</u>
NET ASSET VALUE ("NAV") OF THE FUND	<u>430,506,159</u>	<u>252,309,473</u>
EQUITY		
Unitholders' capital	431,233,503	249,785,333
Retained earnings	(727,344)	2,524,140
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	<u>430,506,159</u>	<u>252,309,473</u>
UNITS IN CIRCULATION	<u>419,532,479</u>	<u>244,415,128</u>
NAV PER UNIT (RM) (EX-DISTRIBUTION)	<u>1.0262</u>	<u>1.0323</u>

NOMURA RINGGIT BOND FUND 1

STATEMENT OF CHANGES IN NET ASSETS VALUE FOR THE FINANCIAL PERIOD FROM 01 JANUARY 2022 TO 31 MARCH 2022

	<u>Unitholders' capital</u> RM	<u>Retained earnings</u> RM	<u>Total</u> RM
Balance as at 1 January 2022	426,741,004	3,348,704	430,089,708
Total comprehensive income for the financial period	-	616,291	616,291
Creation of units	249,904	-	249,904
Reinvestment of distributions	4,692,339	-	4,692,339
Cancellation of units	(449,744)	-	(449,744)
Distributions	-	(4,692,339)	(4,692,339)
Balance as at 31 March 2022	<u>431,233,503</u>	<u>(727,344)</u>	<u>430,506,159</u>

	<u>Unitholders' capital</u> RM	<u>Retained earnings</u> RM	<u>Total</u> RM
Balance as at 1 January 2021	223,289,209	9,778,401	233,067,610
Total comprehensive income for the financial period	-	(4,271,771)	(4,271,771)
Creation of units	24,585,190	-	24,585,190
Reinvestment of distributions	2,982,490	-	2,982,490
Cancellation of units	(1,071,556)	-	(1,071,556)
Distributions	-	(2,982,490)	(2,982,490)
Balance as at 31 March 2021	<u>249,785,333</u>	<u>2,524,140</u>	<u>252,309,473</u>

NOMURA RINGGIT BOND FUND 1

STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD FROM 01 JANUARY 2022 TO 31 MARCH 2022

	<u>01.01.2022</u> To <u>31.03.2022</u> RM	<u>01.01.2021</u> To <u>31.03.2021</u> RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from sale of financial assets	35,066,700	16,227,750
Purchase of financial assets	(15,753,250)	(26,732,550)
Interest income from financial assets	4,195,566	2,447,603
Interest income from deposit with licensed financial institution	94,809	52,622
Other income	11	-
Manager's fee paid	(179,697)	(99,467)
Trustee's fee paid	(31,711)	(17,553)
Payment for other fees and expenses	(271)	(151)
Net cash generated/ (used) in operating activities and investing activities	<u>23,392,157</u>	<u>(8,121,746)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash proceeds from units created	254,904	24,585,190
Cash paid for units cancelled	(383,411)	(1,071,663)
Net cash (used)/ generated from financing activities	<u>(128,507)</u>	<u>23,513,527</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	23,263,650	15,391,781
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF FINANCIAL PERIOD	13,982,873	2,119,542
CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL PERIOD	<u>37,246,523</u>	<u>17,511,323</u>

Cash and cash equivalents comprises of:

Cash at bank	673,523	510,323
Deposit with licensed financial institution	36,573,000	17,001,000
	<u>37,246,523</u>	<u>17,511,323</u>