



**NOMURA**

# **Nomura Global High Conviction Fund**

Quarterly Report and Financial Statements  
For The Period Ended 31 May 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 .....	iii-v
SOFT COMMISSIONS RECEIVED FROM BROKERS .....	v
BREAKDOWN OF UNITHOLDERS BY SIZE.....	vi
INCOME DISTRIBUTION .....	vi
FUND DATA .....	vi

## Appendix

STATEMENT OF COMPREHENSIVE INCOME.....	1
STATEMENT OF FINANCIAL POSITION .....	2-3
STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS .....	4
STATEMENT OF CASH FLOWS.....	5

## MANAGER'S REPORT

### Fund Type, Category, Objective and Distribution Policy

The Nomura Global High Conviction Fund (the "Fund") is a wholesale feeder fund which seeks to achieve long term capital growth by investing in the Target Fund (Nomura Funds Ireland plc – Global High Conviction) which invests primarily in global equity securities.

Distribution of income, if any, is subject to the availability of income and shall be in line with the dividend policy of the Target Fund.

### Benchmark

MSCI All Country World Index.

### Performance as at 31 May 2022

	1 Month (30/Apr/22- 31/May/22)	3 Months (28/Feb/22- 31/May/22)	6 Months (30/Nov/21 – 31/May/22)	1 Year (31/May/21- 31/May/22)	3 Year (31/May/19- 31/May/22)	Since Commencement (02/Feb/17- 31/May/22)*
Fund – Class USD	-3.33	-7.22	-13.09	-15.54	N/A	2.16
Benchmark – USD*	-0.13	-6.48	-10.15	-8.24	N/A	12.19
<b>Out/ (Under) Performance</b>	-3.20	-0.74	-2.94	-7.30	N/A	-10.03
Fund – Class MYR	-2.82	-3.29	-9.53	-10.40	28.33	42.95
Benchmark – MYR	0.44	-2.47	-6.58	-2.59	38.61	48.85
<b>Out/ (Under) Performance</b>	-3.26	-0.82	-2.95	-7.81	-10.28	-5.90

Source of Fund and Benchmark Returns: Refinitiv Lipper.

\* There were no units in circulation for Class USD during the period from 19 May 2020 to 22 October 2020. Hence, the since commencement performance calculation commenced from 23 October 2020.

### Volatility as at 31 May 2022

	3-Year
Fund – Class USD#	N/A
Fund – Class MYR	14.45%

Source: Refinitiv Lipper.

# There were no units in circulation for Class USD during the period from 19 May 2020 to 22 October 2020. Hence, there is no volatility for Class USD as the information is less than three (3) years.

Volatility is measured by calculating the annualised standard deviation on the Fund's month-end returns for the immediate preceding 36 months.

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.

## Performance Review of the Target Fund (1 March 2022 to 31 May 2022)

The Target Fund was ahead of benchmark up until the middle of the month of March, but then in the strong growth rally in the second half of the month, lost performance with NVR and AO Smith the key losers and not holding Tesla (which rallied 40% from the mid-month low to the end of March) also being a notable negative contributor to performance. Across the whole month, the key detractors were Persimmon, NVR and AO Smith. NVR and Persimmon were hit by higher interest rates, which will push mortgage rates up although this is offset by the continued tightness of housing supply particularly in the UK. The flammable cladding issues remain an overhang for Persimmon despite having very limited exposure to high rise apartment building construction, although it appears the issue is now moving towards resolution. AO Smith was weaker after China again moved to Covid related lock-downs in some places. China is a large market for AO Smith. The best performing stocks were in healthcare, which rallied in the month. Thermo Fisher and Novo Nordisk were the main winners.

In April, the Target Fund benefitted from its philosophical focus on higher quality companies, which tend to outperform in difficult periods. In particular the Target Fund Manager did well from being overweight healthcare stocks, which was an outperforming sector, but generally the outperformance came from stock selection. Ross Stores did well, rising 10% in the month with Pepsi Co also up, 2.6%, and Mastercard up 1.8%. With oil price high the Energy stocks performed well and that the Target Fund Manager held none of them was a negative influence. The Target Fund Manager tends to find Energy companies to be of lower quality and difficult to invest in, but ultimately if oil price is high then their profits will be boosted. That said the Target Fund Manager observe now that politicians may consider good profits from high oil prices as 'windfall' profits that should be subject to additional tax. Whether you agree with this or not, given the cyclical nature of their profitability (that is to say there is no 'windloss' tax claw back ever proposed) it illustrates the quality issue these companies face. The Target Fund Manager also observe the market has become increasingly intolerant of disappointing earnings results, particularly among "Growth" stocks, with multiple significant falls on disappointment. This is again an indication of a panicky market.

The key issue for the Target Fund in May was the performance of the sectors to which it is exposed rather than specific stocks. Primarily the overweight position in Consumer stocks, which has been a source of higher quality companies and thus several long term holdings for the Target Fund. That said Ross Stores a discount clothing retailer, in particular, fell sharply on weaker than expected quarterly results and a bearish outlook which focused on the pressure the consumer is under from rising fuel and food costs. The Target Fund had more success in stocks like Comcast which performed well in the month after falling the previous month with other stocks such as AiA also contributing well.

*Source: Nomura Asset Management U.K. Ltd*

### Summary of Asset Allocation

	<u>31 May 2022</u>	<u>28 Feb 2022</u>
Target Fund	99.45%	98.93%
Cash and Others <sup>#</sup>	0.55%	1.07%
Total	100.00%	100.00%

<sup>#</sup> Included in Cash and Others are cash on hand and net current assets/ liabilities

### **Review of Market (1 March 2022 to 31 May 2022)**

The US 10 year bond yield rallied throughout March, rising from roughly 1.85% to 2.35% as investors focused on high inflation and the prolonged effect on inflation due to the conflict in Ukraine. Oil price, for example, shot up to around \$130 per barrel at the start of the month before falling back to \$110 by the end of the month. This is materially higher than 12 months ago and that plus other commodity price increases will flow through to input costs and ultimately consumer prices in the coming months. The reaction from central banks has been to raise policy rates, with the Federal Reserve raising by 25bp in March and increasingly making hawkish comments, implying much more tightening is yet to come. The US real yield is now getting close to positive for the first time since the pandemic started. Early in March, this had the expected effect of causing a rally in value stocks, however perhaps surprisingly that rally reversed later in the month with growth recovering with high growth/high valuation stocks in particular, for example Tesla, doing particularly well (up 40% from the mid-month low to the end of March).

The US 10 year yield continued to rally in April which naturally pressures equity valuation and “Growth” stocks in particular. Continued concerns over inflation and that the need for central banks to move to an increasingly hawkish stance has increasingly become the central scenario assumption for the markets hence the rise in bond yield. Oil price remained high although down from its peak and supply chain disruption remained an issue particularly with China continuing to follow a zero Covid policy and thus locking down parts of the country. These are additionally inflationary factors and in totality created a worrying environment for investors, hence the market sold off, with the high valuation Growth stocks, which the Target Fund Manager tends to avoid, bearing the brunt of the selling and thus contributing to the Target Fund’s outperformance.

The US 10 year bond yield oscillated in May rising at the start then falling back as the market initially focused on inflation in what seemed a good economy and then began to focus more on the potentially weaker economic situation drawing closer. Continued concerns over inflation and the need for central banks to move to an increasingly hawkish stance has become the central scenario but it is the impact of this on the economy that is where the market has uncertainty. Hence the oscillations. Oil price rose over the course of May and consequently energy stocks did by far the best in the month. Meanwhile food prices also continued to rise, which put additional pressure on consumers and that started to show in the results of several retail stocks with the Consumer sectors the worst performing in the month.

*Source: Nomura Asset Management U.K. Ltd*

### **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 USD

Size of holdings (units)	No. of unitholders	No. of units held*
Less than 10,000	2	4,433.87
10,000 to 50,000	-	-
50,001 to 100,000	-	-
101,000 to 200,000	-	-
200,00 to 300,000	-	-
300,001 and above	-	-
<b>Total</b>	<b>2</b>	<b>4,433.87</b>

### Fund - Class MYR

Size of holdings (units)	No. of unitholders	No. of units held*
Less than 10,000	-	-
10,000 to 50,000	2	55,352.59
50,001 to 100,000	-	-
101,000 to 200,000	-	-
200,00 to 300,000	-	-
300,001 and above	2	1,388,708.89
<b>Total</b>	<b>4</b>	<b>1,444,061.48</b>

\* Note: Excluding Manager's Stock.

## INCOME DISTRIBUTION

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

## FUND DATA

As at 31 May 2022*	Class USD	Class MYR
Total NAV (USD)	4,541	471,824
NAV per Unit	1.0241	1.4295
Unit in Circulation	4,434	1,444,061
Highest NAV	1.1393	1.5315
Lowest NAV	0.9637	1.3510

\* All information is in its respective class currency unless otherwise stated.

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 background to the right.

**NOMURA**

**NOMURA GLOBAL HIGH CONVICTION FUND**

**FINANCIAL STATEMENTS**

**FOR THE FINANCIAL PERIOD ENDED 31 MAY 2022**

## **NOMURA GLOBAL HIGH CONVICTION FUND**

### **FINANCIAL STATEMENTS**

**FOR THE FINANCIAL PERIOD ENDED 31 MAY 2022**

<b>CONTENTS</b>	<b>PAGE(S)</b>
STATEMENT OF COMPREHENSIVE INCOME	1
STATEMENT OF FINANCIAL POSITION	2 - 3
STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	4
STATEMENT OF CASH FLOWS	5



**NOMURA GLOBAL HIGH CONVICTION FUND**

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

	01.03.2022 To <u>31.05.2022</u> USD	01.03.2021 To <u>31.05.2021</u> USD
<b>INVESTMENT INCOME</b>		
Net (loss)/gain on financial assets at fair value through profit or loss ("FVTPL")	(30,753)	43,726
	<u>(30,753)</u>	<u>43,726</u>
<b>OTHER INCOME</b>		
Net loss on foreign currency exchange	(4,916)	(424)
Rebate on management fee	1,493	1,317
	<u>(3,423)</u>	<u>893</u>
<b>EXPENSES</b>		
Management fee	(2,016)	(1,757)
Trustee fee	(25)	(22)
Other expenses	(131)	(365)
	<u>(2,172)</u>	<u>(2,144)</u>
<b>(LOSS)/PROFIT BEFORE TAXATION</b>	(36,348)	42,475
<b>TAXATION</b>	-	-
<b>(DECREASE)/INCREASE IN NET ASSET ATTRIBUTABLE TO UNITHOLDERS</b>	<u>(36,348)</u>	<u>42,475</u>
(Decrease)/Increase of net asset attributable to unitholders is made up of the following:		
Realised amount	(3,105)	1,562
Unrealised amount	(33,243)	40,913
	<u>(36,348)</u>	<u>42,475</u>

**NOMURA GLOBAL HIGH CONVICTION FUND**

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

	<u>31.05.2022</u>	<u>31.05.2021</u>
	USD	USD
<b>ASSETS</b>		
Cash and cash equivalents	2,089	3,859
Financial assets at fair value through profit or loss ("FVTPL")	473,950	534,787
Amount due from Manager	962	934
Amount due from Provider	228	-
<b>TOTAL ASSETS</b>	<u>477,229</u>	<u>539,580</u>
<b>LIABILITIES</b>		
Amount due to Provider	222	-
Amount due to Manager	634	725
Amount due to Trustee	8	9
<b>TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS)</b>	<u>864</u>	<u>734</u>
<b>NET ASSET VALUE OF THE FUND</b>	<u>476,365</u>	<u>538,846</u>
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>	<u>476,365</u>	<u>538,846</u>

**NOMURA GLOBAL HIGH CONVICTION FUND**

**STATEMENT OF FINANCIAL POSITION AS AT 31 MAY 2022 (CONTINUED)**

	<u>31.05.2022</u>	<u>31.05.2021</u>
	USD	USD
<b>REPRESENTED BY</b>		
<b>FAIR VALUE OF OUTSTANDING UNITS (USD)</b>		
MYR CLASS	471,824	535,831
USD CLASS	<u>4,541</u>	<u>3,015</u>
<b>NUMBER OF UNIT IN CIRCULATION (UNITS)</b>		
MYR CLASS	1,444,061	1,384,978
USD CLASS	<u>4,434</u>	<u>2,487</u>
<b>NET ASSET VALUE PER UNIT (USD)</b>		
MYR CLASS	0.3267	0.3869
USD CLASS	<u>1.0241</u>	<u>1.2125</u>
<b>NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES</b>		
MYR CLASS	1.4295	1.5954
USD CLASS	<u>1.0241</u>	<u>1.2125</u>

## NOMURA GLOBAL HIGH CONVICTION FUND

### STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FOR THE FINANCIAL PERIOD ENDED 31 MAY 2022

	01.03.2022 To 31.05.2022 <u>USD</u>	01.03.2021 To 31.05.2021 <u>USD</u>
<b>Net assets attributable to unitholders at the beginning of the financial period</b>	531,453	375,922
Movement due to units created and cancelled during the financial period:		
Creation of units from applications		
- USD Class	-	-
- MYR Class	31,101	140,583
Cancellation of units		
- USD Class	(46)	-
- MYR Class	(49,795)	(20,134)
(Decrease)/Increase in net assets attributable to unitholders during the financial period	(36,348)	42,475
<b>Net assets attributable to unitholders at the end of financial period</b>	<u>476,365</u>	<u>538,846</u>

**NOMURA GLOBAL HIGH CONVICTION FUND**

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

	01.03.2022 To <u>31.05.2022</u> USD	01.03.2021 To <u>31.05.2021</u> USD
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Proceed from sale of investments	53,415	20,729
Purchase of investments	(30,259)	(137,295)
Management fee paid	(2,030)	(1,498)
Rebate on management fee	1,569	1,108
Trustee fee paid	(25)	(19)
Payment for other fees and expenses	(131)	(365)
Net realised foreign exchange loss	(6,371)	(438)
Net cash generated from / (used in) operating activities	<u>16,168</u>	<u>(117,778)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from creation of units	30,873	140,583
Payments for cancellation of units	(50,245)	(20,134)
Net cash (used in) / generated from financing activities	<u>(19,372)</u>	<u>120,449</u>
<b>NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(3,204)</b>	<b>2,671</b>
<b>EFFECTS OF FOREIGN CURRENCY EXCHANGE</b>	<b>(1)</b>	<b>14</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD</b>	<u>5,294</u>	<u>1,174</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	<u><u>2,089</u></u>	<u><u>3,859</u></u>