



NOMURA

Nomura Global Shariah Strategic Growth Fund

Quarterly Report and Financial Statements
For The Period Ended 30 June 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 30 June 2022

	1 Month (31/May/22- 30/Jun/22)	3 Months (31/Mar/22- 30/Jun/22)	6 Months (31/Dec/21 – 30/Jun/22)	1 Year (30/Jun/21– 30/Jun/22)	3 Year*	Since Commencement (02/Jun/20 – 30/Jun/22)
Fund – Class A	-3.99%	-8.97%	-13.96%	-11.24%	-	7.71%
Benchmark	0.49%	1.47%	2.96%	6.00%	-	12.88%
Out/ (Under) Performance	-4.48%	-10.44%	-16.92%	-17.24%	-	-5.17%
Fund – Class B	-4.02%	-9.05%	-14.09%	-11.51%	-	7.04%
Benchmark	0.49%	1.47%	2.96%	6.00%	-	12.88%
Out/ (Under) Performance	-4.51%	-10.52%	-17.05%	-17.51%	-	-5.84%

**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 30 June 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 April to 30 June 2022)

During the period under review, the Fund remained closely aligned with its investment philosophies and process amidst continued volatility caused by monetary policy, inflation, geopolitics, monetary policy in response, 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 April to 30 June 2022)

April was a challenging month for global markets, especially for multi asset strategies as both equities and sukuk fell together. The MSCI All Country World Index (“**ACWI**”) fell by -5.32% and the Dow Jones Islamic Market World Index (“**DJIM**”) fell by -6.62% in MYR terms. The Fund’s NAV for Class A, fell by -4.39% whilst Class B fell -4.41%, as equity investments contributed approximately -3.51%, sukuk investments contributed -0.48% and FX derivatives (hedges) contributed -0.32%. Whilst we have significantly reduced our exposure to the high growth technology since the start of the year, our preference has been for the reasonably priced large cap technology, which appears to have lost its leadership in April. Whilst we were still able to manage the relative performance to the DJIM, the equity book is still down -6.38% hence contributing -3.51% to the NAV of the Fund. Meanwhile, our sukuk investments via the Nomura i-income Fund, a Collective Investment Scheme (“**CIS**”), returned -2.37% as yields continue to rise globally. Whilst 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, our sukuk investments contributed -0.48% to the NAV of the Fund, with both contributions from equities and sukuk negative. Lastly, as the Ringgit continued to weaken against the US dollar (as rate differentials are likely to narrow), the Fund started to hedge its dollar ringgit exposure. Circa 1/3rd of the Fund’s dollar exposure is now hedged at month end (hedges carried out in stages). However, the net effect of the hedges put in place is a headwind of -0.32% to the NAV of the Fund, as ringgit continued to weaken throughout the month.

Unfortunately in May, the Fund’s NAV for Class A, fell a further -0.84% and Class B returned -0.87% as equity investments contributed -0.74%, sukuk investments contributed +0.12% and FX derivatives (hedges) contributed -0.12%. The equity book outperformed the DJIM slightly, as our exposure to energy stocks contributed significantly as oil prices continued to rise. However, as the market sold off in the first 2 weeks, we decided to reduce our equity exposure further to be more defensive in this volatile macro environment. As such, allocation to equity at month end is at 46.6%, of which c4% are energy stocks (inflation hedge). This compares to the April equity allocation at 53.2% (of which c4% are energy stocks). Note that as the market recovered towards the end of the month, our lowered equity exposure could not regain some of the losses, therefore equity contribution was lower at -0.74%. Our sukuk investments via the Nomura i-income Fund (CIS), returned +0.74% as the domestic recovered some of the losses this year. Whilst 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, our sukuk investments contributed +0.12% to the NAV of the Fund. The Ringgit continued to weaken against the US dollar hence our hedges contributed -0.12% to the Fund NAV. We continued to increase our hedges slightly - circa 36% of the Fund’s dollar exposure is now hedged at month end.

June was yet another volatile and challenging month for global markets. The DJIM fell by -7.5% and the ACWI fell by -7.8% (both in MYR terms) for the month of June and with this, marks one of the worst starts to the year in the last 100 years. The Fund’s NAV for Class A, fell by -3.99% as equity investments contributed -3.73%, sukuk investments contributed -0.03% and FX derivatives (hedges) contributed -0.07%. The equity book outperformed the DJIM slightly, helped by relatively better returns from China and Europe. That said, equity markets continue to fall as fears of Fed induced recession increased as inflation data for May came in higher than expected. Energy which has contributed significantly year to date fell c-15% in the month as fears of recession led crude oil prices lower. As the market continued to sell off this month, we decided to reduce our equity exposure further to be more defensive (despite having reduced in May). As such, allocation to equity at month end is at 34.9%, of which c3.7% are energy stocks (Inflation hedge + fundamental thesis on oil). This compares to the May equity allocation at 46.6% (of which c4% are energy stocks). Our sukuk investments via the Nomura i-income Fund (CIS), returned -0.3% as global yields continue to rise. Whilst our exposure to fixed income has been lowered due to concerns of higher rates given the hawkishness of the US Federal Reserve, our sukuk investments contributed -0.03% to the NAV of the Fund. The Ringgit continued to weaken against the US dollar hence our hedges contributed -0.07% to the Fund NAV. However, we decided to remove all of our USDMYR hedges post the US May Consumer Price Index (“**CPI**”) print as the dollar is likely to continue moving higher as global recession fears increase and expectations of a hawkish US Federal Reserve.

We continue to be defensive with our asset allocation, with equity allocation further reduced this month, whilst keeping a relatively high exposure to the energy sector (as a hedge for inflation). We wait for the opportunity to add to risk assets.

Summary of Asset Allocation

	<u>30 June 2022</u>	<u>31 March 2022</u>
Equity Securities	34.92%	53.19%
Collective Investment Schemes (CIS) – Equity	-	1.15%
CIS – Malaysian Sukuk and Money Market Funds	26.77%	32.61%
Cash & Other	38.31%	13.05%
Total	100.00%	100.00%

Review of Market (1 April to 30 June 2022)

As mentioned above, April represented a tough month for global markets, and multi asset strategies in particular, with equities and bonds falling in tandem. For equities, this was due to enhanced fears of a slowdown coupled with persistently high inflation. Bond markets saw material moves through April, US 10-year yields backed-up 56bps to 2.89% off the back of rising inflation fears and further Federal Reserve rate hikes. The upward trend of commodity prices moderated. Brent Oil climbed US\$1 to US\$109/bbl while Iron Ore prices dropped US\$11 to US\$142/Mt as China's economic turnaround impacted both oil and steel demand. Gold fell US\$31 to US\$1,911 as the Federal Reserve's hawkish tone and the potential of positive real rates places downward pressure on prices. In equity sector performance, Consumer Staples (+0.9%), Energy (-1.4%), and Utilities (-3.5%) relatively outperformed in USD terms. The Communication Services (-13.8%), Consumer Discretionary (-12.1%), and IT sectors (-11.8%) relatively underperformed in April.

Global equities had mixed results in May, as the willingness of central banks to shift monetary policy weighed on investor sentiment. The Morgan Stanley Capital International ("MSCI") World Developed Markets Index slightly declined (-0.2%), while the S&P 500 lifted (+0.2%) in local currency terms. Contrasting this, US yields moved 5bps lower to 2.84%, which was underpinned by the potential easing of the Fed's rate hike path. Commodity prices saw mixed trends. Supply chain pressures saw Brent Oil climb US\$12 to US\$122/bbl. While Iron Ore prices dropped US\$6 to US\$137/ Mt as China's intensifying COVID restrictions and property cycle impacted demand. Gold fell sharply by US\$60 to US\$1,852 as rising global rates proved a headwind. The MSCI World Developed markets index fell (-0.2%) in USD terms, underperforming relative to the Emerging markets index, which fell (-3.0%). Globally, the Energy (+13.5%), Utilities (+3.2%), and Financials (+2.9%) relatively outperformed in USD terms. The REITs (-4.6%), Consumer Staples (-3.8%), and Consumer Discretionary sectors (-3.5%) relatively underperformed in May.

June was yet another weak month for global equities, as investors continue to price in concerns over rising inflation levels and the chance of an economic recession. The MSCI Developed Markets Index fell (-7.7%), driven by the S&P 500 declining (-8.3%) in local currency terms. US yields also sold off 13bps to 2.98%, as key inflation metrics continue to surprise to the upside. Commodity prices saw a broad fall. High US inventories saw Brent Oil prices pull back US\$8 to US\$114/bbl. While Iron Ore prices dropped US\$16 to US\$123/Mt as China's economic downturn continues to impact demand and profit margins in domestic steel mills. Gold dropped by US\$22 to US\$1,817 as rising global rates remain a headwind. The MSCI World Developed markets index fell (-8.6%) in USD terms, underperforming relative to the Emerging markets index, which fell (-5.4%) in USD terms. Globally, the Health Care (-3.1%), Consumer Staples (-3.3%), and Utilities (-6.9%) relatively outperformed in USD terms. The Materials (-15.6%), Energy (-15.0%), and Financials sectors (-10.3%) relatively underperformed in June.

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	12,908,511
Total	4	12,938,512

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	2	963,755
500,001 and above	2	4,461,472
Total	4	5,425,227

* Note: Excluding Manager's Stock.

INCOME DISTRIBUTION

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

FUND DATA

As at 30 June 2022	Class A	Class B
Total NAV (RM)	13,935,618	5,807,158
NAV per Unit (RM)	1.0771	1.0704
Units in Circulation	12,938,512	5,425,227
Highest NAV (RM)	1.1955	1.1889
Lowest NAV (RM)	1.0687	1.0622

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 30 JUNE 2022**

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**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

	Financial period from 1-4-2022 to 30-6-2022 RM	Financial period from 1-4-2021 to 30-6-2021 RM
INVESTMENT (LOSS)/INCOME		
Dividend income	64,326	95,583
Net (loss)/gain on financial assets at fair value through profit or loss ("FVTPL")	(2,280,022)	940,753
OTHER INCOME		
Net (loss)/gain on forward currency contracts	(141,242)	13,711
Net gain/(loss) on foreign currency exchange	431,883	(7,540)
Rebate on management fee	3,994	2,508
Gross (Loss)/Income	<u>(1,921,061)</u>	<u>1,045,015</u>
EXPENSES		
Management fee	(67,620)	(55,990)
Trustee's fee	(3,740)	(3,740)
Shariah Adviser's fee	(3,171)	(4,490)
Audit fee	(2,379)	(1,786)
Tax agent's fee	(1,707)	(1,012)
Custody Fees	(5,798)	(6,766)
Other expenses	<u>(8,251)</u>	<u>(5,260)</u>
	<u>(92,666)</u>	<u>(79,044)</u>
(LOSS)/PROFIT BEFORE TAXATION	(2,013,727)	965,971
TAXATION	<u>(11,920)</u>	<u>(8,848)</u>
(LOSS)/PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u><u>(2,025,647)</u></u>	<u><u>957,123</u></u>
(Loss)/Profit after taxation is made up as follows:		
Realised amount	(680,343)	369,008
Unrealised amount	<u>(1,345,304)</u>	<u>588,115</u>
	<u><u>(2,025,647)</u></u>	<u><u>957,123</u></u>

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	30-6-2022	30-6-2021
	RM	RM
ASSETS		
Financial assets at fair value through profit or loss ("FVTPL")	12,199,921	15,976,182
Amount due from Manager	1,369	107,476
Amount due from broker	3,567,272	-
Dividend receivables	3,701	2,359
Cash and cash equivalents	4,036,299	2,147,744
TOTAL ASSETS	19,808,562	18,233,761
LIABILITIES		
Accrued management fee	21,278	18,852
Amount due to Manager	9,953	-
Amount due to Trustee	1,233	1,233
Amount due to Shariah Adviser	1,034	6,060
Other payables and accruals	32,288	5,927
TOTAL LIABILITIES	65,786	32,072
NET ASSET VALUE	19,742,776	18,201,689
UNITHOLDER'S FUNDS		
Unitholders' capital	20,036,393	15,701,291
(Accumulated loss)/Retained earnings	(293,617)	2,500,398
NET ASSET ATTRIBUTABLE TO UNITHOLDERS		
- MYR NGSSGFA CLASS	13,935,618	12,292,620
- MYR NGSSGFB CLASS	5,807,158	5,909,069
	19,742,776	18,201,689
UNITS IN CIRCULATION		
- MYR NGSSGFA CLASS	12,938,512	10,130,218
- MYR NGSSGFB CLASS	5,425,227	4,885,244
	18,363,739	15,015,462
NET ASSET VALUE PER UNIT		
- MYR NGSSGFA CLASS	1.0771	1.2135
- MYR NGSSGFB CLASS	1.0704	1.2096

**STATEMENT OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

	Unitholders' capital RM	(Accumulated loss)/ Retained earnings RM	Total RM
Balance as at 1 April 2022	21,002,677	1,732,030	22,734,707
Movement in unitholders' contribution:			
Creation of units from applications			
- MYR NGSSGFA CLASS	45,000	-	45,000
- MYR NGSSGFB CLASS	371,331	-	371,331
Cancellation of units			
- MYR NGSSGFA CLASS	(1,000,890)	-	(1,000,890)
- MYR NGSSGFB CLASS	(381,725)	-	(381,725)
Total comprehensive loss for the financial period	-	(2,025,647)	(2,025,647)
Balance as at 30 June 2022	20,036,393	(293,617)	19,742,776
Balance as at 1 April 2021	15,150,506	1,543,275	16,693,781
Movement in unitholders' contribution:			
Creation of units from applications			
- MYR NGSSGFB CLASS	843,185	-	843,185
Cancellation of units			
- MYR NGSSGFA CLASS	(141,587)	-	(141,587)
- MYR NGSSGFB CLASS	(150,813)	-	(150,813)
Total comprehensive income for the financial period	-	957,123	957,123
Balance as at 30 June 2021	15,701,291	2,500,398	18,201,689

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

	Financial period from 1-4-2022 to 30-6-2022 RM	Financial period from 1-4-2021 to 30-6-2021 RM
CASH FLOWS FROM OPERATING		
Proceeds from sale of Shariah-compliant investments	7,231,290	16,342,886
Purchase of Shariah-compliant instruments	(4,556,180)	(16,087,547)
Dividend received	58,412	87,468
Management fee paid	(70,612)	(55,079)
Rebate on management fee	4,007	2,233
Trustee's fee paid	(3,781)	(3,781)
Tax paid	(1,825)	-
Payment for other fees and expenses	(17,084)	(12,228)
Net realised (loss) on forward foreign currency contracts	(123,358)	(65,451)
Net realised gain on foreign currency exchange	33,379	-
Net cash generated from operating activities	2,554,248	208,501
CASH FLOW FROM FINANCING ACTIVITIES		
Cash proceeds from creation of units	417,331	864,649
Payments for cancellation of units	(1,374,683)	(403,423)
Net cash (used in)/generated from financing activities	(957,352)	461,226
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,596,896	669,727
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	2,439,403	1,478,017
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	4,036,299	2,147,744
Cash and cash equivalents comprise:		
Cash at banks	4,036,299	2,147,744

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; and
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;
3. The instrument 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 had been fully disposed of on 12 May 2022 and 17 May 2022 in accordance with the Fund's Shariah investment guidelines as provided in the Fund's Master Deed and supplemental Deeds, if any, as disclosed in the Fund's information memorandum/ disclosure document /prospectus.
4. BHP Group is an existing constituent of the Dow Jones Islamic Market Developed Markets Index and had subsequently received Woodside Energy Group Limited, Shariah non-compliant stocks as a result of a corporate action. This Shariah non-compliant stock shall be disposed of in accordance with the Fund's Shariah investment guidelines as provided in the Fund's Master Deed and supplemental Deeds, if any, as disclosed in the Fund's information memorandum/ disclosure document /prospectus.

For ZICO Shariah Advisory Services Sdn Bhd

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

DR. AIDA OTHMAN

Designated Person Responsible for Shariah Matters Relating to the Fund

Kuala Lumpur