

Nomura Global Sustainable Equity Fund

Annual Report and Audited Financial Statements For The
Financial Period From 18 June 2021 (Date of Launch) to 31 July
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)

AUDITOR:

Pricewaterhouse Coopers PLT
Business Registration No.: LLP0014401-LCA & AF1146

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This Annual Report is available, upon request, to unit holders without charge

1. FUND PROFILE

1.1 Fund Name

Nomura Global Sustainable Equity Fund (“**Fund**”)

1.2 Type and Category of Fund

Growth – Feeder Fund (Global equity)

1.3 Duration of the Fund

The Fund is an open-ended fund.

1.4 Investment Objectives

The Fund aims to achieve long-term capital growth by investing in the Nomura Funds Ireland – Global Sustainable Equity Fund USD-F (“**Target Fund**”).

1.5 Distribution Policy

Incidental. Distribution of income shall be in line with the dividend policy of the Target Fund.

1.6 Performance Benchmark

MSCI All Country World Index (“**Benchmark**”).

2. FUND PERFORMANCE

2.1 Key Fund Performance Data

Asset Allocation / Portfolio Composition	31 July 2022
Target Fund	98.92%
Cash and Others [#]	1.08%
Total	100.00%

[#] Included in ‘Cash and Others’ are cash on hand and net current assets/ liabilities. Net current liabilities include amounts which are accrued (but not due and payable).

Fund – MYR Class A

Category	Since Commencement, 9 July 2021 to 31 July 2022
Highest NAV per Unit (RM) ¹	1.0489
Lowest NAV per Unit (RM) ¹	0.8635
Total Return (%) ²	
- Capital growth (%)	(5.50)
- Income (%)	-
Gross/Net Distribution per unit (sen)	-
Total NAV (USD) ¹	212
NAV per Unit (RM)	0.9449
Unit in Circulation	1,000

Fund – MYR Class B

Category	Since Commencement, 9 July 2021 to 31 July 2022
Highest NAV per Unit (RM) ¹	1.0444
Lowest NAV per Unit (RM) ¹	0.8493
Total Return (%) ²	
- Capital growth (%)	(7.25)
- Income (%)	-
Gross/Net Distribution per unit (sen)	-
Total NAV (USD) ¹	3,212,192
NAV per Unit (RM)	0.9274
Unit in Circulation	15,406,885

Fund – USD Class

Category	Since Commencement, 9 July 2021 to 31 July 2022
Highest NAV per Unit (USD) ¹	1.0346
Lowest NAV per Unit (USD) ¹	0.8041
Total Return (%) ²	
- Capital growth (%)	(13.13)
- Income (%)	-
Gross/Net Distribution per unit (sen)	-
Total NAV (USD) ¹	29,828
NAV per Unit (USD)	0.8686
Unit in Circulation	34,342

Category	Since Commencement, 9 July 2021 to 31 July 2022
Total Expense Ratio (%) ³	2.06
Portfolio Turnover Ratio (time) ⁴	0.94

Notes:

- (1) *Figures shown as ex-distribution.*
- (2) *Total Return of the Fund and its Benchmark for a period are calculated based on the absolute return of the Fund for that period. The calculation of the Total Return of the Fund is based on NAV-to-NAV basis, and is sourced from Refinitiv Lipper. Fund performances include reinvestment of income distributions into the Fund. The performance figures are a comparison of the growth/decline in NAV for the stipulated period taking into account all the distributions payable (if any) during the stipulated period:*
 - **Capital Return**= {NAV per Unit End / NAV per Unit Beginning – 1} x 100
 - **Income Return**= {Income Distribution per Unit / NAV per Unit Ex-Distribution} x 100
- (3) *Total Expense Ratio ("TER") is calculated based on the total fees and expenses incurred by the Fund divided by the average net asset value of the Fund for the financial period calculated on daily basis.*
- (4) *Portfolio Turnover ratio ("PTR") is calculated based on the total acquisitions and total disposals of investment securities of the Fund for the financial period divided by the average net asset value of the Fund for the financial period calculated on daily basis.*

2.2 Average Total Return of the Fund

Fund – MYR Class A

	Since Commencement, 9 July 2021 to 31 July 2022
Average Total Return (%)	(5.18)

Source: Refinitiv Lipper

Fund – MYR Class B

	Since Commencement, 9 July 2021 to 31 July 2022
Average Total Return (%)	(6.84)

Source: Refinitiv Lipper

Fund – USD Class

	Since Commencement, 9 July 2021 to 31 July 2022
Average Total Return (%)	(12.40)

Source: Refinitiv Lipper

2.3 Annual Total Return of the Fund

Fund – MYR Class A

	Since Commencement, 9 July 2021 to 31 July 2022
Total Return (%) ¹	(5.50)
Benchmark (%)	(5.34)

Source: Refinitiv Lipper

Fund – MYR Class B

	Since Commencement, 9 July 2021 to 31 July 2022
Total Return (%) ¹	(7.25)
Benchmark (%)	(5.34)

Source: Refinitiv Lipper

Fund – USD Class

	Since Commencement, 9 July 2021 to 31 July 2022
Total Return (%) ¹	(13.13)
Benchmark (%)	(11.06)

Source: Refinitiv Lipper

Notes:

- (1) Annual Total Return of the Fund and its Benchmark for a period are calculated based on the absolute return of the Fund for that period. The calculation of the Annual Total Return of the Fund is based on NAV-to-NAV basis, and is sourced from Refinitiv Lipper. Fund performances include reinvestment of income distributions into the Fund. Further details on basis of calculation and assumption made in calculating returns is as follows:

The performance figures are a comparison of the growth/decline in NAV for the stipulated period taking into account all the distributions payable (if any) during the stipulated period:

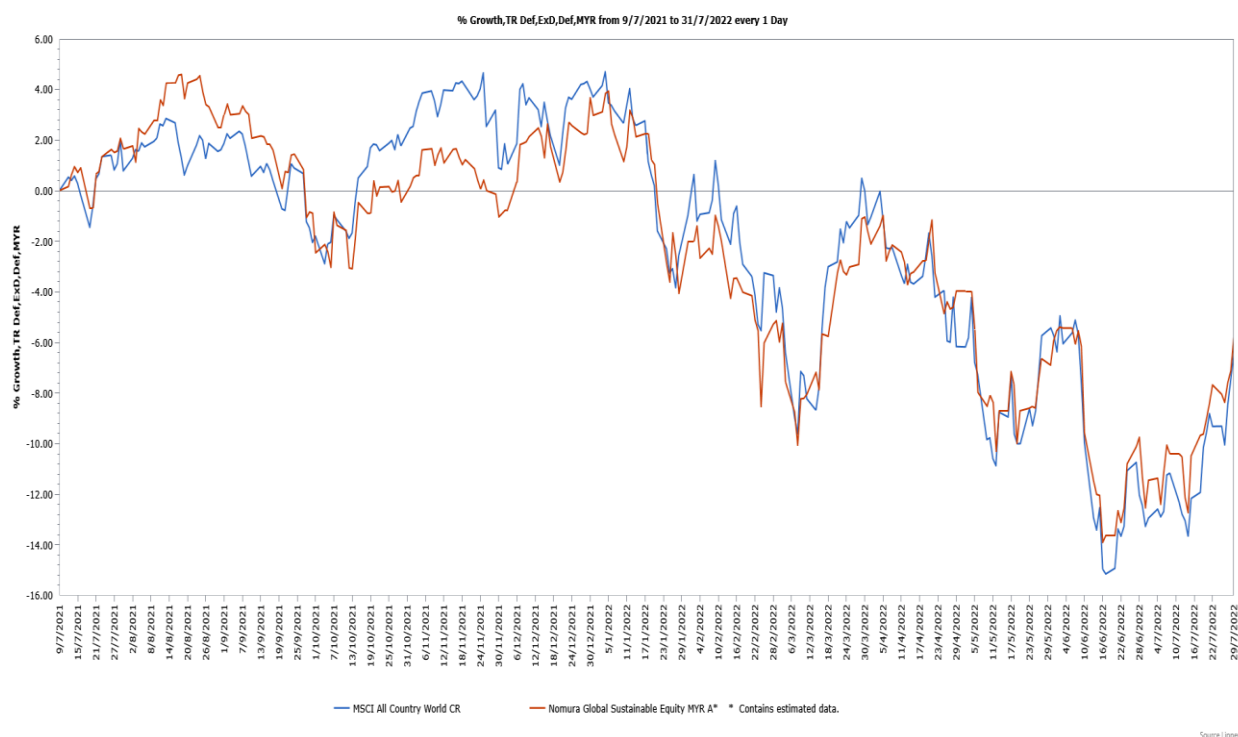
- **Capital Return** = $\{ \text{NAV per Unit End} / \text{NAV per Unit Beginning} - 1 \} \times 100$
- **Income Return** = $\{ \text{Income Distribution per Unit} / \text{NAV per Unit Ex-Distribution} \} \times 100$
- **Total Return** = $(1 + \text{Percentage Growth})^{1/n} - 1$

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

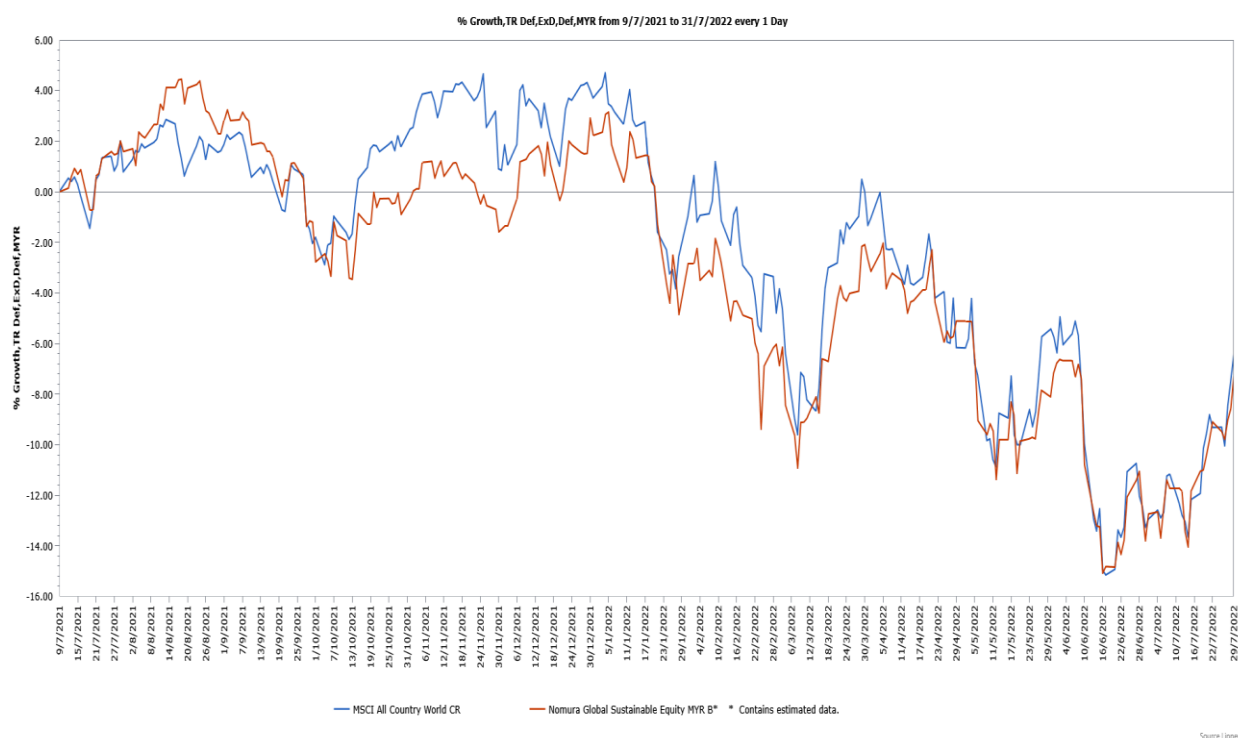
3. MANAGER'S REPORT

Performance of Nomura Global Sustainable Equity Fund from 9 July 2021 to 31 July 2022

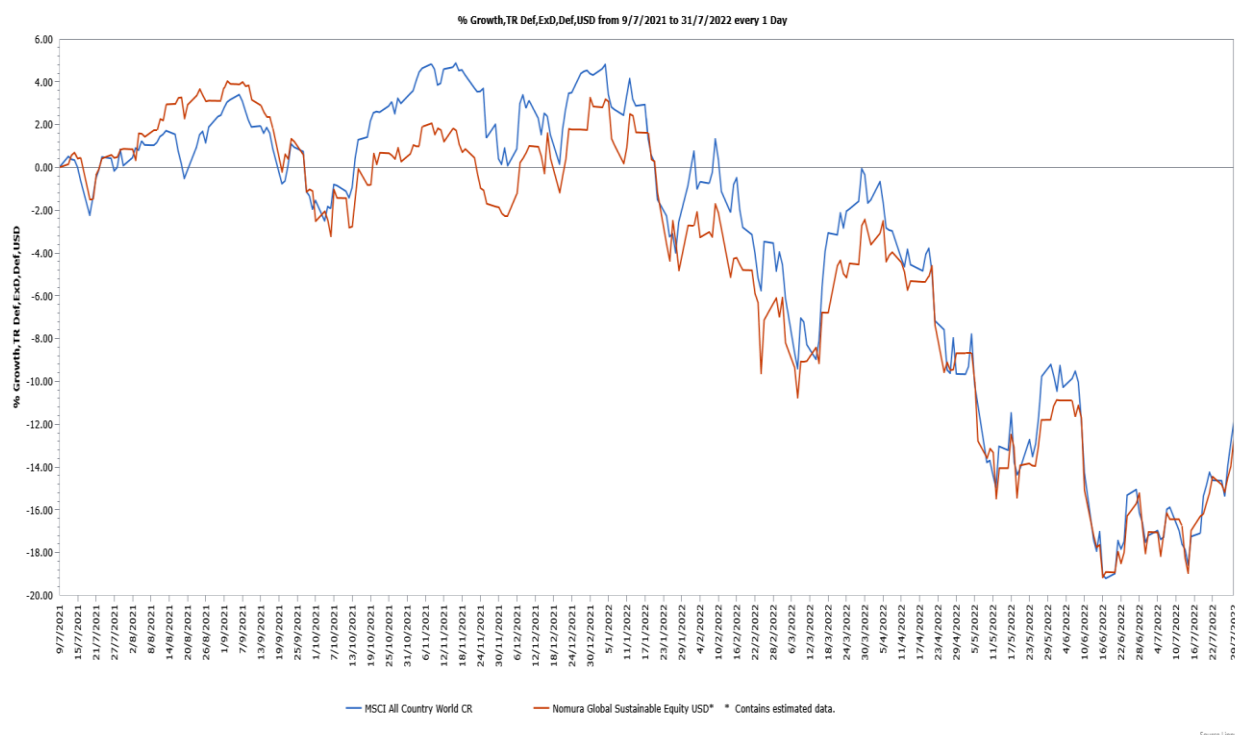
Fund – MYR Class A



Fund – MYR Class B



Fund – USD Class



Benchmark: MSCI All Country World Index

Source: The calculation of the Annual Total Return of the Fund is based on NAV-to-NAV basis, and is sourced from Refinitiv Lipper. Fund performances include reinvestment of income distributions into the Fund.

3.1 Performance for the period from 9 July 2021 to 31 July 2022

Fund – MYR Class A

For the period under review from 9 July 2021 to 31 July 2022, MYR Class A has registered -5.50% return. Compared to the Benchmark return of -5.34%, MYR Class A has underperformed the Benchmark by -0.16%. The Net Asset Value (NAV) per unit of MYR Class A as at 18 June 2021 (launch date) was RM 1.0000 compared to the NAV per unit as at 31 July 2022 of RM 0.9449. On the total NAV basis, MYR Class A's NAV stood at RM 944.93 as at 31 July 2022. During the period under review, MYR Class A has not declared any income distribution.

Fund – MYR Class B

For the period under review from 9 July 2021 to 31 July 2022, MYR Class B has registered -7.25% return. Compared to the Benchmark return of -5.34%, MYR Class B has underperformed the Benchmark by -1.91%. The Net Asset Value (NAV) per unit of MYR Class B as at 18 June 2021 (launch date) was RM 1.0000 compared to the NAV per unit as at 31 July 2022 of RM 0.9274. On the total NAV basis, MYR Class B's NAV stood at RM 14.29 million as at 31 July 2022. During the period under review, MYR Class B has not declared any income distribution.

Fund – USD Class

For the period under review from 9 July 2021 to 31 July 2022, USD Class has registered -13.13% return. Compared to the Benchmark return of -11.06%, USD Class has underperformed the Benchmark by -2.07%. The Net Asset Value (NAV) per unit of USD Class as at 18 June 2021 (launch date) was USD 1.0000 compared to the NAV per unit as at 31 July 2022 of USD 0.8686. On the total NAV basis, USD Class' NAV stood at USD 0.03 million as at 31 July 2022. During the period under review, USD Class has not declared any income distribution.

3.2 Review of Market and Target Fund for the period from 9 July 2021 to 31 July 2022

There were plentiful of negative events that occurred in this fiscal year including Delta variant, Russia-Ukrainian war, China lockdown and central bank tightening policy. These combined effects resulted in the contraction of market valuation and heightened level of the market volatility. The most obvious winners were the value stocks and energy names; while losers being the high growth names with stretched valuation.

For the fiscal year, the Target Fund outperformed the benchmark by 4bps as sector allocation contributed most of the total attribution. Strong headwinds from the underweight in energy sector was offset by the underweight in communication services and consumer discretionary; and overweight in healthcare and utilities. Stock selection was broadly neutral where the detractor in IT was offset by strong contribution from healthcare.

The greatest contributors to the performance of the Target Fund were Novo Nordisk and Cigna. On the other hand, the greatest detractors to the performance were Paypal and SAP.

Source: Nomura Asset Management U.K. Limited

3.3 Investment Outlook

Market volatility remains elevated into the beginning of the Fund's new fiscal year. The US 10 year treasury yield rose above 3% due to several Fed hawkish speeches throughout August. The idea of higher rates was reinforced by Powell's speech in the Jackson Hole meeting where the stance would not shift until the sight of meaningfully lower inflation. In addition, UK and EU central banks are in similar position given the tremendous inflation pressure mainly caused by inflated energy prices. While the challenging macro cycle does not accommodate a V-shaped broad market recovery without a shift into the supportive policy like we observed in late March 2020, we identify that there are still structural themes and individual ideas that would perform idiosyncratically throughout the volatile periods. Some of these themes are not new such as renewable energy to tackle the climate change, healthcare technology to cure diseases, and many more.

Another positive is that most of the significant impacts from events such as COVID-19, and Russia-Ukrainian war are now in the rear mirror as the market has well discounted them into its valuation. As long as inflation is well controlled, we think that the better fundamentals could well support the valuations to be above their historical across some key regions that the strategy has invested in such as US, UK and Japan.

Not surprisingly given the mentioned volatility that there could be lots of ups and downs in the market in the near-term but the likelihood of an utter market crash happening is relatively lower as compared to few months ago. In other words, the selection and allocation process for winners only become tougher but not impossible. Hence, we stay cautiously optimistic. We would be more selective in picking the oversold or undervalued opportunities to achieve the strategy's objective of generating long-term performance by analysing the fundamentals and considering the overall risk-reward. More importantly, we stay focused on efforts to deliver the positive impact. To conclude, we strongly believe it is more important than ever within this extremely volatile environment – in which markets are readjusting to unprecedented changes in levels of support combined with highly elevated geopolitical risk – to remain diligently focused on valuation and not chase 'Growth' or 'Impact' at any price.

Source: Nomura Asset Management U.K. Limited

3.4 Strategies Employed for the period from 9 July 2021 to 31 July 2022

For the financial period under review, the Fund has complied with the requirements of the Guidelines on Sustainable and Responsible Investment Funds.

The Fund invests in the Target Fund which invests in businesses that provide a positive impact on the sustainable development of society in accordance to the United Nation Sustainable Development Goals (“**UN SDGs**”). This includes the screening, selection, monitoring and realisation of the Target Fund’s investments by the Investment Manager.

The Fund remained primarily invested in the Target Fund with approximately 99% of the Fund’s assets being invested in the Target Fund during the period under review.

The Manager’s general approach to responsible investment can be found in its reports via the following link: <https://www.nomura-asset.com.my/responsible-investment/responsible-investing-reports/>

3.5 Strategies Employed by the Target Fund for the period from 9 July 2021 to 31 July 2022

Nomura Asset Management U.K. Limited, the investment manager of the Target Fund (“**Investment Manager**”) has set six UN SDGs aligned “Impact Goals,” reflecting its sustainable investment objective, to pursue over the long term. The “Impact Goals” are as follows:

- 1) Mitigate Climate Change,
- 2) Mitigate Natural Capital Depletion,
- 3) Eliminate Communicable Disease,
- 4) Mitigate the Obesity Epidemic,
- 5) Global Access to Basic Financial Services and
- 6) Global Access to Clean Drinking Water.

2021 Impact Report is available on:

<https://www.nomura-asset.co.uk/download/NAM-Impact-Report-2021.pdf>

Source: Nomura Asset Management U.K. Limited

NOMURA

What is *your* total impact?

Nomura Asset Management U.K. Limited

Nomura Global Sustainable Equity Fund
Impact Report 2021

The Global Sustainable Equity Fund Investee Company Impact

Per US\$1mm invested in the Global Sustainable Equity strategy it is estimated that the underlying holdings achieved the following impact. More details on individual company contribution are available in the appendix.

Mitigate Natural Capital Depletion



Recovered **603 kgs** of high value industrial and precious metals through recycling
2213 single use plastic water bottles displaced by filtration products

Mitigate Climate Change:



139 tonnes lower CO₂ emissions (scope 1+2+3) relative to MSCI ACWI
Equivalent to taking **30 cars off the road** and **59 tonnes** of reported emissions avoided from products (Scope 4)



3.34 kW of renewable energy
Connected and **\$2,701** of investment into Electric Networks



78 kWh of cathode material produced for electric vehicles
Enough to power **2 EVs**

Eliminate Communicable Disease



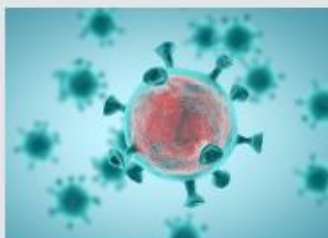
23 low income patients reached with treatments through access strategies – of which 7 represents HIV treatment



451 vaccines delivered last year (124 excluding COVID-19 vaccines)

per
US\$1mm
invested

COVID-19 (Eliminate Communicable Disease):



326 COVID-19 vaccines manufactured in 2021
97 COVID-19 PCR Diagnostic tests produced
1012 medical delivery devices committed for COVID-19 vaccines

Source: Company Reports, Nomura Asset Management Research, Company sustainability data is collected from each company's shareholder reports, regulatory filings, and/or other company-specific documentation. Impact data is susceptible to inconsistencies. There is currently no standardised, uniformly accepted methodology for companies to measure and report this data, which, in some cases, requires a conversion to allow for aggregation across the strategy. The slide contains estimates produced by NRM UK and has been prepared on a best efforts basis with a view of supporting an understanding of the impact of underlying holdings. Data has not been independently verified. Impact per US\$1 mm is taking into account the strategy's effective ownership of underlying companies. The impact is calculated as a proportion of our ownership relative to the companies' overall impact and is aggregated across all holdings. For example, if Company A reached 15.2mm people with HIV treatment through its access strategies, and considering the strategy holds 2% of its AUM in this company, US\$1 mm in the strategy would have a US\$20k holding in Company A. To calculate the impact we use the market cap of Company A and apply the following formula: $(\$20k \div \$\text{market cap}) \times 15.2\text{mm}$. The end result represents the estimated number of people reached with HIV treatment by the underlying companies within the portfolio per US\$1 mm invested.

Global Access to Basic Financial Services:



Supports **53** otherwise highly underserved individuals across Kenya having access to mobile payments



Provided **\$586 of mortgage financing** to the economically weak sector in India and **\$5,463 of loans** to micro, small and medium enterprises in Indonesia finance



Have reached **66 previously unbanked** individuals through financial access strategies since 2015



Provided insurance solutions in emerging economies for **25 individuals**

Global Access to Clean Drinking Water



2,140 litres of safe and clean drinking water



110 people reached through hygiene outreach and water access programmes

Mitigate the Obesity Epidemic:



Provided treatment for **5 diabetes sufferers**



10 members covered with medical insurance

3.6 Asset Allocation

Asset Allocation / Portfolio Composition	31 July 2022
Target Fund	98.92%
Cash and Others [#]	1.08%
Total	100.00%

[#] Included in 'Cash and Others' are cash on hand and net current assets/ liabilities. Net current liabilities include amounts which are accrued (but not due and payable).

There were no significant changes on the Fund's asset allocation during the financial period under review.

3.7 Target Fund's Top 10 Holdings

No.	Holdings Name	As at 31 July 2022 (% of Target Fund's NAV)
1	Thermo Fisher Scientific Inc.	4.39
2	Novo Nordisk A/S Class B	4.09
3	Mastercard Incorporated Class A	4.07
4	Johnson Controls International plc	4.01
5	Microsoft Corporation	4.00
6	NextEra Energy, Inc.	3.85
7	Taiwan Semiconductor Manufacturing Co., Ltd.	3.73
8	Alphabet Inc. Class A	3.59
9	Cisco Systems, Inc.	3.21
10	Becton, Dickinson and Company	3.13

Source: Nomura Asset Management U.K. Limited

3.8 Securities Lending or Repurchase Transactions

The Fund has not undertaken any securities lending or repurchase transactions during the financial period under review.

3.9 Income Distribution

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

3.10 Details of Any Unit Split Exercise

There was no unit split exercise during the financial period under review.

3.11 Significant Changes in the State of Affairs of the Fund

There were no significant changes in the state of affairs of the Fund during the financial period under review.

In addition, please find the latest changes to the Manager's board of directors as follows:

Mr. Leslie Yap Kim Loong
Mr. Atsushi Ichii
Mr. Wataru Ogihara (appointed on 29 June 2022)
Ms. Chooi Su May (appointed on 29 June 2022)
Mr. Johari Bin Abdul Muid*
Ms. Julia Binti Hashim*

* Independent director

3.12 Circumstances that Materially Affect Any Interest of Unit Holders

There were no circumstances that had materially affected the interest of the unit holders during the financial period under review.

3.13 Cross Trades Transactions

There were no cross trades conducted during the financial period under review.

3.14 Soft Commissions Received From Brokers

The Manager did not receive any soft commission during the financial period under review.

This Annual Report is prepared by the Manager of the Fund, Nomura Asset Management Malaysia Sdn. Bhd., for information purposes only. Past earnings of the Fund's distribution record is not a guarantee or reflection of the Fund's future earnings or future distributions. Investors are advised that unit prices, distributions payable and investment returns may go down, as well as up.

NOMURA GLOBAL SUSTAINABLE EQUITY FUND

FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 18 JUNE 2021
(DATE OF LAUNCH) TO 31 JULY 2022

NOMURA GLOBAL SUSTAINABLE EQUITY FUND

FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 18 JUNE 2021
(DATE OF LAUNCH) TO 31 JULY 2022

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NOMURA GLOBAL SUSTAINABLE EQUITY FUND

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD FROM 18 JUNE 2021 (DATE OF LAUNCH) TO 31 JULY 2022

		Financial period from 18.6.2021 (date of launch) to 31.7.2022 USD
	<u>Note</u>	
INVESTMENT LOSS		
Net loss on forward foreign currency contracts at fair value through profit or loss		(11,889)
Net loss on financial assets at fair value through profit or loss ("FVTPL")	3	(349,289)
		<u>(361,178)</u>
OTHER LOSS		
Net loss on foreign currency exchange		(5,414)
		<u>(5,414)</u>
EXPENSES		
Management fee	4	36,278
Trustee fee	5	2,758
Auditors' remuneration		2,530
Tax agent's fee		1,287
Other expenses		1,106
		<u>43,959</u>
LOSS BEFORE TAXATION		(410,551)
TAXATION	6	-
DECREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>(410,551)</u>
Decrease in net assets attributable to unitholders is made up of the following:		
Realised amount		(68,911)
Unrealised amount		(341,640)
		<u>(410,551)</u>

The accompanying summary of significant accounting policies and notes to the financial statements form an integral part of these financial statements.

NOMURA GLOBAL SUSTAINABLE EQUITY FUND

STATEMENT OF FINANCIAL POSITION AS AT 31 JULY 2022

	<u>Note</u>	<u>As at</u> <u>31.7.2022</u> USD
ASSETS		
Cash and cash equivalents	7	138,213
Financial assets at fair value through profit or loss ("FVTPL")	3	3,207,212
Amount due from Manager	8	721
TOTAL ASSETS		<u>3,346,146</u>
LIABILITIES		
Forward foreign currency contract	9	2,736
Amount due to Manager	10	97,033
Amount due to Trustee		780
Auditors' remuneration		2,530
Tax agent's fee		835
TOTAL LIABILITIES EXCLUDING NET ASSETS		<u>103,914</u>
ATTRIBUTABLE TO UNITHOLDERS		
NET ASSET VALUE OF THE FUND		<u>3,242,232</u>
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>3,242,232</u>

The accompanying summary of significant accounting policies and notes to the financial statements form an integral part of these financial statements.

NOMURA GLOBAL SUSTAINABLE EQUITY FUND

STATEMENT OF FINANCIAL POSITION AS AT 31 JULY 2022 (CONTINUED)

	<u>Note</u>	<u>As at</u> <u>31.7.2022</u> USD
REPRESENTED BY		
FAIR VALUE OF OUTSTANDING UNITS (USD)		
MYR CLASS A		212
MYR CLASS B		3,212,192
USD CLASS		<u>29,828</u>
NUMBER OF UNIT IN CIRCULATION (UNITS)		
MYR CLASS A	11(a)	1,000
MYR CLASS B	11(b)	15,406,885
USD CLASS	11(c)	<u>34,342</u>
NET ASSET VALUE PER UNIT (USD)		
MYR CLASS A		0.2124
MYR CLASS B		0.2085
USD CLASS		<u>0.8686</u>
NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES		
MYR CLASS A		0.9449
MYR CLASS B		0.9274
USD CLASS		<u>0.8686</u>

The accompanying summary of significant accounting policies and notes to the financial statements form an integral part of these financial statements.

NOMURA GLOBAL SUSTAINABLE EQUITY FUND

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FOR THE FINANCIAL PERIOD FROM 18 JUNE 2021 (DATE OF LAUNCH) TO 31 JULY 2022

	Financial period from 18.6.2021 (date of launch) to <u>31.7.2022</u> USD
Net assets attributable to unitholders at the date of launch	-
Movement due to units created and cancelled during the financial period:	
Creation of units from applications	
MYR CLASS A	241
MYR CLASS B	3,793,642
USD CLASS	39,454
	<u>3,833,337</u>
Cancellation of units	(175,660)
MYR CLASS B	(4,894)
USD CLASS	<u>(180,554)</u>
Decrease in net assets attributable to unitholders during the financial period	<u>(410,551)</u>
Net assets attributable to unitholders at the end of financial period	<u>3,242,232</u>

The accompanying summary of significant accounting policies and notes to the financial statements form an integral part of these financial statements.

NOMURA GLOBAL SUSTAINABLE EQUITY FUND

STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD FROM 18 JUNE 2021 (DATE OF LAUNCH) TO 31 JULY 2022

	<u>Note</u>	Financial period from 18.6.2021 (date of launch) to <u>31.7.2022</u> USD
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceed from sale of investments		117,655
Purchase of investments		(3,676,417)
Management fee paid		(31,958)
Rebate on management fee		1,994
Trustee fee paid		(1,978)
Tax agent fee paid		(452)
Payment for other fees and expenses		(1,106)
Net realised foreign exchange loss		(5,373)
Net realised loss on forward foreign currency contracts		(9,153)
Net cash used in operating activities		<u>(3,606,788)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from creation of units		3,832,882
Payments for cancellation of units		(87,881)
Net cash generated from financing activities		<u>3,745,001</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		138,213
EFFECTS OF FOREIGN CURRENCY EXCHANGE		-
CASH AND CASH EQUIVALENTS AT THE DATE OF LAUNCH		-
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	7	<u>138,213</u>

The accompanying summary of significant accounting policies and notes to the financial statements form an integral part of these financial statements.

NOMURA GLOBAL SUSTAINABLE EQUITY FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 18 JUNE 2021 (DATE OF LAUNCH) TO 31 JULY 2022

The following accounting policies have been used in dealing with items which are considered material in relation to the financial statements.

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of Nomura Global Sustainable Equity Fund (the “Fund”) have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) and International Financial Reporting Standards (“IFRS”). The financial statements have been prepared under the historical cost convention, as modified by financial assets and financial liabilities at fair value through profit or loss.

The preparation of financial statements in conformity with the MFRS and IFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported financial period. It also requires the Manager to exercise their judgment in the process of applying the Fund’s accounting policies. Although these estimates and judgment are based on the Manager’s best knowledge of current events and actions, actual results may differ.

(i) Standards and amendments to existing standards effective 1 January 2021.

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 January 2021 that have a material effect on the financial statements of the Fund.

(ii) New standards, amendments and interpretations effective after 1 January 2021 and have not been early adopted.

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2021, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Fund.

NOMURA GLOBAL SUSTAINABLE EQUITY FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 18 JUNE 2021 (DATE OF LAUNCH) TO 31 JULY 2022 (CONTINUED)

B PRESENTATION AND FUNCTIONAL CURRENCY

Items included in the financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates (the “functional currency”).

Due to mixed factors in determining the functional currency of the Fund, the Manager has used its judgement to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions and have determined the functional currency to be in United States Dollar (“USD”) primarily due to the following factors:

- i) Significant portion of the net asset value (“NAV”) is invested in the form of collective investment scheme denominated in USD.
- ii) Significant portion of the Fund’s expenses are denominated in USD.

The financial statements are presented in USD, which is the Fund’s presentation and functional currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

C INCOME RECOGNITION

For collective investment scheme (“CIS”), realised gains and losses on sale of investments are accounted for as the difference between the net disposal proceeds and the carrying amount of the investments, determined on a weighted average cost basis.

D TAXATION

Current tax expense is determined according to the Malaysian tax laws at the current rate based upon the taxable profits earned during the financial period.

E CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash and bank balances that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

NOMURA GLOBAL SUSTAINABLE EQUITY FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 18 JUNE 2021 (DATE OF LAUNCH) TO 31 JULY 2022 (CONTINUED)

F FINANCIAL ASSETS AND FINANCIAL LIABILITIES

(i) Classification

The Fund classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ('OCI') or through profit or loss), and
- those to be measured at amortised cost.

The Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions.

The Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. The contractual cash flows of the Fund's debt securities are solely principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments are measured at fair value through profit or loss.

Investments in CIS have contractual cash flows that do not represent SPPI, and therefore are classified as fair value through profit or loss.

The Fund classifies cash and cash equivalents and amount due from Manager as financial assets at amortised cost as these financial assets are held to collect contractual cash flows consisting of the amount outstanding.

The Fund classifies amount due to Manager, amount due to Trustee, auditor's remuneration and tax agent's fee as financial liabilities measured at amortised cost.

NOMURA GLOBAL SUSTAINABLE EQUITY FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 18 JUNE 2021 (DATE OF LAUNCH) TO 31 JULY 2022 (CONTINUED)

F FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(ii) Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date, the date on which the Fund commits to purchase or sell the asset. Investments are initially recognised at fair value. Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value.

Financial liabilities are recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the financial instrument.

Financial assets are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

Financial liabilities are derecognised when it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expired.

Unrealised gains or losses arising from changes in the fair value of the “financial assets at fair value through profit or loss” category are recognised in the statement of comprehensive income with net gain or loss on financial assets at fair value through profit or loss in the financial period in which they arise.

Collective investment scheme is valued based on the most recent published NAV per unit or share of such collective investment scheme or, if unavailable, on the last published price of such unit or share (excluding any sales charge included in such selling price).

Financial assets at amortised cost and other financial liabilities are subsequently carried at amortised cost using the effective interest method.

(iii) Impairment

The Fund measures credit risk and expected credit losses (“ECL”) using probability of default, exposure at default and loss given default. The Manager considers both historical analysis and forward looking information in determining any ECL. The Manager considers the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12 month ECL as any such impairment would be wholly insignificant to the Fund.

NOMURA GLOBAL SUSTAINABLE EQUITY FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 18 JUNE 2021 (DATE OF LAUNCH) TO 31 JULY 2022 (CONTINUED)

F FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(iii) Impairment (continued)

Significant increase in credit risk

A significant increase in credit risk is defined by the Manager as any contractual payment which is more than 30 days past due.

Definition of default and credit-impaired financial assets

Any contractual payment which is more than 90 days past due is considered credit impaired.

Write-off

The Fund write off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Fund may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains. There are no write-offs/recoveries during the financial period.

G UNITHOLDERS' CAPITAL

The unitholders' contribution to the Fund meet the definition of puttable instruments classified as financial liability under MFRS132 "Financial Instruments: Presentation".

The Fund issues cancellable units, in three classes of units, known respectively as MYR Class A, MYR Class B & USD Class, which are cancelled at the unitholders' option and do not have identical features subject to restrictions as stipulated in the Prospectus and Securities Commission's ("SC") Guidelines on Unit Trust Funds. The units are classified as financial liabilities.

Cancellable units can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's NAV of respective classes. The outstanding units are carried at the redemption amount that is payable at the date of the statement of financial position if the unitholders exercise the right to put back the unit to the Fund.

Units are created and cancelled at the unitholders' option at prices based on the Fund's NAV per unit of respective classes at the close of business on the relevant dealing day. The Fund's NAV per unit of respective classes is calculated by dividing the net assets attributable to unitholders of respective classes with the total number of outstanding units of respective classes.

NOMURA GLOBAL SUSTAINABLE EQUITY FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 18 JUNE 2021 (DATE OF LAUNCH) TO 31 JULY 2022 (CONTINUED)

H AMOUNT DUE FROM/TO PROVIDER

Amounts due from/to Provider represent receivables for collective investment scheme sold and payables for collective investment scheme purchased that have been contracted for but not yet settled or delivered on the statement of financial position date respectively.

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Fund shall measure the loss allowance on amounts due from provider at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the Provider, probability that the Provider will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required.

If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by the Provider as any contractual payment which is more than 30 days past due.

Any contractual payment which is more than 90 days past due is considered credit impaired.

I MANAGEMENT FEE REBATE

Management fee rebate derived from the Manager on an accrual basis to ensure no double charging of management fee. It is accrued daily based on the fair value of collective investment scheme held.

J INCREASE/DECREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

Income not distributed is included in net assets attributable to unitholders.

K DERIVATIVE FINANCIAL INSTRUMENTS

A derivative financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

The Fund's derivative financial instruments comprise forward foreign currency contracts. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Financial derivative positions will be "marked to market" at the close of each valuation day. Foreign exchange gains and losses on the derivative financial instrument are recognised in profit or loss when settled or at the date of the statement of financial position at which time they are included in the measurement of the derivative financial instrument. Derivative instruments that have a negative fair value are presented as liabilities as fair value through profit or loss.

The fair value of forward foreign currency contracts is determined using forward exchange rates on the date of the statement of financial position, with the resulting value discounted back to present value.

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and the nature of the item being hedged. Derivatives that do not qualify for hedge accounting are classified as financial assets/liabilities at fair value through profit or loss.

NOMURA GLOBAL SUSTAINABLE EQUITY FUND

NOTES TO FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 18 JUNE 2021 (DATE OF LAUNCH) TO 31 JULY 2022 (CONTINUED)

1 INFORMATION ON THE FUND

Nomura Global Sustainable Equity Fund (the “Fund”) was constituted pursuant to the execution of a Master Deed (the “Deed”) dated 26 March 2021 entered into between Nomura Asset Management Malaysia Sdn Bhd (the “Manager”) and Deutsche Trustees Malaysia Berhad (the “Trustee”).

The Fund was launched on 18 June 2021 and will continue its operations until terminated by the Manager or the Trustee as provided under Clause 12 of the Deed.

The Fund will invest in Nomura Funds Ireland – Global Sustainable Equity Fund USD-F (“Target Fund”), money market instruments, deposits, derivatives for hedging purposes, and any other form of investments as may be determined by the Manager and is permitted by the Securities Commission Malaysia from time to time that is in line with the Fund’s objective.

The Fund aims to achieve long-term capital growth by investing in the Target Fund.

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments are as follows:

<u>As at 31.7.2022</u>	<u>Note</u>	Financial assets at amortised <u>cost</u> USD	Financial assets at fair value through <u>profit or loss</u> USD	<u>Total</u> USD
Cash and cash equivalents	7	138,213	-	138,213
Financial assets at fair value through profit or loss (“FVTPL”)	3	-	3,207,212	3,207,212
Amount due from Manager	8	721	-	721
Total		<u>138,934</u>	<u>3,207,212</u>	<u>3,346,146</u>

All current liabilities are financial liabilities which are carried at amortised cost.

NOMURA GLOBAL SUSTAINABLE EQUITY FUND

NOTES TO FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 18 JUNE 2021 (DATE OF LAUNCH) TO 31 JULY 2022 (CONTINUED)

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

The Fund is exposed to a variety of risks which include liquidity risk, credit risk, capital risk, market risk (inclusive of price risk and currency risk), country risk, concentration risk and fund management risk.

Financial risk management is carried out through internal control processes adopted by the Manager and adherence to the investment restrictions as stipulated in the Deed and SC's Guidelines on Unit Trust Funds.

Liquidity risk

The Fund maintains sufficient level of liquid assets, after consultation with the Trustee, to meet anticipated payments and cancellation of units by the unitholders. Liquid assets comprise cash, deposits with licensed financial institutions and other instruments which are capable of being converted into cash within 7 days. The Fund aims to reduce its liquidity risk by maintaining a prudent level of liquid assets.

The table below summarises the Fund's financial liabilities into relevant maturity groupings based on the remaining year as at the statement of financial position date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	Less than 1 month USD	Between 1 month to 1 year USD	Total USD
<u>As at 31.7.2022</u>			
Forward foreign currency contract	2,736	-	2,736
Amount due to Manager	97,033	-	97,033
Amount due to Trustee	780	-	780
Other payables and accruals	-	3,365	3,365
Net assets attributable to unitholders	3,242,232	-	3,242,232
Contractual cash out flows	<u>3,342,781</u>	<u>3,365</u>	<u>3,346,146</u>

* Outstanding units are redeemed on demand at the unitholders' option. However, the Manager does not envisage that the contractual maturity disclosed in the table above will be representative of the actual cash outflows, as holders of these instruments typically retain them for the medium to long term.

NOMURA GLOBAL SUSTAINABLE EQUITY FUND

NOTES TO FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 18 JUNE 2021 (DATE OF LAUNCH) TO 31 JULY 2022 (CONTINUED)

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk

Credit risk refers to the ability of an issuer or a counter party to make timely payments of profit or principals payment on the maturity date. This may lead to a default in the payment of principal and interest and ultimately a reduction in the value of the Fund. In the case of the Fund, the Manager will endeavor to minimise the risk by selecting only licensed financial institutions with acceptable credit ratings.

For amount due from Manager, the settlement terms of units receivable from the Manager are governed by the SC's Guidelines on Unit Trust Funds.

Analysis of deposits with licensed financial institutions and bank balances by rating agency designation are as follows:

	<u>Bank balances</u> USD	<u>Amount due from Manager</u> USD	<u>Total</u> USD
<u>As at 31.7.2022</u>			
Financial institutions			
- AA1	138,213	-	138,213
- Not Rated	-	721	721
	<u>138,213</u>	<u>721</u>	<u>138,934</u>

The financial assets of the Fund are neither past due or impaired.

NOMURA GLOBAL SUSTAINABLE EQUITY FUND

NOTES TO FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 18 JUNE 2021 (DATE OF LAUNCH) TO 31 JULY 2022 (CONTINUED)

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Capital risk

The capital of the Fund is represented by net assets attributable to unitholders of USD3,242,232. The amount of net assets attributable to unitholder can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of the unitholders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for the unitholders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

Market risk

(a) Price risk

Price risk is the risk that the fair value of an investment of the Fund will fluctuate because of changes in market prices (other than those arising from currency risk).

The Fund's overall exposures to price risk are as follows:

	<u>As at</u> <u>31.7.2022</u>
	USD
<u>Financial assets at fair value through profit or loss:</u>	
Collective investment scheme	3,207,212

The table below summarises the sensitivity of the Fund's profit after tax and net asset value to movements in prices of investments at the end of each reporting year. The analysis is based on the assumptions that the price of the investments fluctuates by 5% with all other variables held constant.

	Change in price of investments %	Market value USD	Impact on profit after tax and net asset value USD
<u>As at 31.7.2022</u>			
Financial assets at fair value through profit or loss:			
- Collective investment scheme	+ 5 - 5	3,367,573 3,046,851	160,361 (160,361)

NOMURA GLOBAL SUSTAINABLE EQUITY FUND

NOTES TO FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 18 JUNE 2021 (DATE OF LAUNCH) TO 31 JULY 2022 (CONTINUED)

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market risk (continued)

(b) Currency risk

Currency risk is associated with investments denominated in Ringgit Malaysia. When the foreign currency fluctuates in an unfavorable movement against United States Dollar, the investments will face currency losses in addition to the capital gain/loss. The Manager will evaluate the likely directions of a foreign currency versus United States Dollar based on considerations of economic fundamentals such as interest differentials, balance of payments position, debt levels, and technical chart of considerations.

The following tables set out the foreign currency risk concentrations and counterparties of the Fund:

	Ringgit Malaysia USD	Total USD
<u>2022</u>		
<u>Financial assets</u>		
Amount due from Manager	455	455
Cash and cash equivalents	127,075	127,075
	<u>127,530</u>	<u>127,530</u>
<u>Financial liabilities</u>		
Amount due from Manager	92,713	92,713
Net assets attributable to unitholders	3,212,404	3,212,404
	<u>3,305,117</u>	<u>3,305,117</u>

NOMURA GLOBAL SUSTAINABLE EQUITY FUND

NOTES TO FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 18 JUNE 2021 (DATE OF LAUNCH) TO 31 JULY 2022 (CONTINUED)

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market risk (continued)

(b) Currency risk (continued)

The table below summarises the sensitivity of the Fund's profit after tax and net asset value to changes in foreign exchange movements at the end of each reporting year. The analysis is based on the assumption that the foreign exchange rate changes by 5%, with all other variables held constant. This represents management's best estimate of a reasonable possible shift in a foreign exchange rate, having regard to historical volatility of this rate. Any increase/ (decrease) in foreign exchange rate will result in a corresponding (decrease)/increase in the net assets attributable to unitholder by approximately 5%. Disclosures below are shown in absolute terms, changes and impacts could be positive and negative.

	% Change in foreign <u>exchange rate</u>	Impact on profit after tax and <u>net asset value</u>	2022 USD
Ringgit Malaysia	+/- 5	(158,879)	158,879

Country Risk

The risk of price fluctuation in foreign securities may arise due to political, financial and economic events in foreign countries. If this occurs, there is possibility that the net asset value of the Fund may be adversely affected.

Concentration Risk

The Fund, as a feeder fund, invests significantly all its assets in a CIS, any adverse effect on the CIS will inevitably affect the Fund as well. The performance of the Fund is also dependent on the performance of the CIS. This risk may be mitigated as the Manager is allowed to take temporary defensive positions in response to adverse market conditions. The Manager is also able to substitute the CIS with another fund with similar objective of the Fund if, in the Manager's opinion, the CIS no longer meets the Fund's objective subject to the unitholders' approval.

Fund management risk

There is the risk that the management company may not adhere to the investment mandate of the respective fund. With close monitoring by various relevant internal parties, investment management system being incorporated with limits and controls, and regular reporting to the senior management team, the management company is able to manage such risk. The Trustee has an oversight function over management of the Fund by the management company to safeguard the interests of the unitholders.

NOMURA GLOBAL SUSTAINABLE EQUITY FUND

NOTES TO FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 18 JUNE 2021 (DATE OF LAUNCH) TO 31 JULY 2022 (CONTINUED)

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Fair value estimation

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price).

The fair value of financial assets and liabilities traded in active market (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the year end date.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The fair value of financial assets and liabilities that are not traded in an active market is determined by using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each year end date. Valuation techniques used for non-standardised financial instruments such as options, currency swaps and other over-the-counter derivatives, include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

The fair values are based on the following methodology and assumptions:

- (i) For bank balance, the carrying value is a reasonable estimate of fair value.
- (ii) The carrying value less impairment provision of receivables and payables are assumed to approximate their fair values. The carrying value of the financial assets and financial liabilities approximate their fair value due to their short term nature.

Valuations are therefore adjusted, where appropriate, to allow for additional factors including model risk, liquidity risk and counterparty risk.

NOMURA GLOBAL SUSTAINABLE EQUITY FUND

NOTES TO FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 18 JUNE 2021 (DATE OF LAUNCH) TO 31 JULY 2022 (CONTINUED)

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Fair value hierarchy

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs for the asset and liability that are not based on observable market data (that is unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement.

Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgment by the Fund. The Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following table analyses within the fair value hierarchy the Fund's financial assets (by class) measured at fair value:

	<u>Level 1</u> USD	<u>Level 2</u> USD	<u>Level 3</u> USD	<u>Total</u> USD
<u>As at 31.7.2022</u>				
Financial assets at fair value through profit or loss:				
- Collective investment scheme	3,207,212	-	-	3,207,212
- Forward foreign currency contracts	-	(2,736)	-	(2,736)
	<u>3,207,212</u>	<u>(2,736)</u>	<u>-</u>	<u>3,204,476</u>

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include active listed equities and collective investment scheme. The Fund does not adjust the quoted prices for these instruments.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. These include forward foreign currency contracts. As Level 2 instruments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

The carrying values of cash and cash equivalents, amount due from Manager, and all current liabilities are reasonable approximation of the fair value due to their short-term nature.

NOMURA GLOBAL SUSTAINABLE EQUITY FUND

NOTES TO FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 18 JUNE 2021 (DATE OF LAUNCH) TO 31 JULY 2022 (CONTINUED)

3 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVTPL")

	<u>2022</u> USD
At FVTPL:	
- Collective investment scheme – foreign	<u>3,207,212</u>
	Financial period from 18.6.2021 (date of launch) to <u>31.7.2022</u> USD
Net loss on financial assets at FVTPL	
- realised loss on sale of investments	(12,687)
- unrealised loss	(338,863)
- management fee rebate on collective investment scheme #	<u>2,261</u> <u>(349,289)</u>

In arriving at the fair value of collective investment scheme, the management fee initially paid to the Manager of collective investment scheme have been considered as part of its net asset value. In order to prevent the double charging of management fee which is not permissible under SC's Guidelines on Unit Trust Funds, management fee charged on the Fund's investments in collective investment scheme have been refunded to the Fund. Accordingly, any rebate of management fee received from the Manager of collective investment scheme is reflected as an increase in the net asset value of the collective investment scheme.

Collective investment scheme – foreign as at 31 July 2022 is as follows:

	<u>Quantity</u> Units	Aggregate <u>Cost</u> USD	Fair <u>Value</u> USD	Percentage <u>of NAV</u> %
Nomura Funds Ireland - Global Sustainable Equity Fund (Class F USD)	<u>35,579</u>	<u>3,546,075</u>	<u>3,207,212</u>	<u>98.92</u>

NOMURA GLOBAL SUSTAINABLE EQUITY FUND

NOTES TO FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 18 JUNE 2021 (DATE OF LAUNCH) TO 31 JULY 2022 (CONTINUED)

3 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVTPL") (CONTINUED)

Top 10 holdings of the Target Fund for the financial period from 18 June 2021 (date of launch) to 31 July 2022:

<u>Security Name</u>	<u>Percentage of Target Fund NAV</u> %
Thermo Fisher Scientific Inc.	4.36
Novo Nordisk A/S	4.06
Mastercard Inc.	4.04
Johnson Controls International PLC	3.99
Microsoft Corporation	3.97
NextEra Energy Inc	3.83
Taiwan Semiconductor Manufacturing Co Ltd	3.71
Alphabet Inc. Class A	3.56
Cisco Systems Inc	3.19
Becton Dickinson and Co	3.11
	<u>37.82</u>

4 MANAGEMENT FEE

In accordance with the Deed, the Manager is entitled to a management fee at a rate not exceeding 3.00% per annum of the net asset value of each Class calculated and accrued on a daily basis.

For the financial period from 18 June 2021 (date of launch) to 31 July 2022, the management fee is recognised at a rate of 0.60% per annum of the NAV of MYR Class A and at the rate of 1.60 % per annum of the NAV of MYR Class B and USD Class respectively, calculated on a daily basis for the financial period.

There will be no further liability to the Manager in respect of the management fee other than the amounts recognised above.

5 TRUSTEE FEE

In accordance with the Deed, the Trustee is entitled to an annual fee at a rate not exceeding 0.10% per annum of the net asset value of the Fund but subject to a minimum fee of RM 12,000 (equivalent to : USD 2,758) per annum (excluding foreign sub-custodian fees and charges).

For the financial period from 18 June 2021 (date of launch) to 31 July 2022, the Trustee fee is recognised at a rate of 0.03% per annum on the NAV of the Fund (exclusive of foreign sub-custodian fees and charges) calculated on a daily basis for the financial period, subject to a minimum fee of RM12,000 (equivalent to : USD 2,758) per annum.

There will be no further liability to the Trustee in respect of the trustee fee other than the amounts recognised above.

NOMURA GLOBAL SUSTAINABLE EQUITY FUND

NOTES TO FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 18 JUNE 2021 (DATE OF LAUNCH) TO 31 JULY 2022 (CONTINUED)

6 TAXATION

Financial
period from
18.6.2021
(date of
launch) to
31.7.2022
USD

Current taxation - local

-

The numerical reconciliation between loss before taxation multiplied by the Malaysian statutory tax rate and tax expense of the Fund is as follows:

Financial
period from
18.6.2021
(date of
Launch) to
31.7.2022
USD

Loss before taxation

(410,551)

Taxation at Malaysian statutory rate of 24%

(98,532)

Tax effect of:

Investment loss not deductible for tax purpose

88,524

Expenses not deductible for tax purposes

2,114

Restriction on tax deductible expenses for Wholesale Funds

7,894

Taxation

-

NOMURA GLOBAL SUSTAINABLE EQUITY FUND

NOTES TO FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 18 JUNE 2021 (DATE OF LAUNCH) TO 31 JULY 2022 (CONTINUED)

7 CASH AND CASH EQUIVALENTS

As at
31.7.2022
USD

Cash and bank balances	<u>138,213</u>
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8 AMOUNT DUE FROM MANAGER

As at
31.7.2022
USD

Creation of units	455
Rebate on management fee	<u>266</u>
	<u>721</u>

9 DERIVATIVE LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

As at
31.7.2022
USD

<u>Derivative liabilities</u>	
Forward foreign currency contracts	<u>2,736</u>
	<u>2,736</u>

As at
31.7.2022
USD

Net realised loss on forward currency contracts	(9,153)
Net unrealised loss on forward currency contracts	<u>(2,736)</u>
	<u>(11,889)</u>

NOMURA GLOBAL SUSTAINABLE EQUITY FUND

NOTES TO FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 18 JUNE 2021 (DATE OF LAUNCH) TO 31 JULY 2022 (CONTINUED)

9 DERIVATIVE LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

(i) Forward foreign currency contracts as at 31 July 2022 is as follows:

	<u>Receivables</u>	<u>Payables</u>	<u>Fair</u> <u>Value</u>	Percentage of
	USD	USD	USD	NAV
				%
Standard Chartered Bank Malaysia Berhad	-	1,582	(1,582)	0.05
CIMB Bank Berhad	-	1,154	(1,154)	0.03
	-	2,736	(2,736)	0.08

As at 31 July 2022, the notional principal amount of the 2 outstanding forward foreign currency contracts amounted to USD332,729. The USD/MYR forward foreign currency contracts entered into during the financial period to minimise the risk of foreign exchange exposure between the USD and MYR for the Fund.

As the Fund has not adopted hedge accounting the change in fair value of the forward foreign currency contract is recognised immediately in statement of comprehensive income.

10 AMOUNT DUE TO MANAGER

	As at 31.7.2022 USD
Cancellation of units	92,713
Management fee	4,320
	<u>97,033</u>

11 NUMBER OF UNITS IN CIRCULATION

	As at 31.7.2022 No. of units
(a) MYR CLASS A	
At beginning of the financial period	-
Creation of units during the financial period arising from applications	<u>1,000</u>
At end of the financial period	<u>1,000</u>

NOMURA GLOBAL SUSTAINABLE EQUITY FUND

NOTES TO FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 18 JUNE 2021 (DATE OF LAUNCH) TO 31 JULY 2022 (CONTINUED)

11 NUMBER OF UNITS IN CIRCULATION (CONTINUED)

	As at 31.7.2022 No. of units
(b) MYR CLASS B	
At beginning of the financial period	-
Creation of units during the financial period arising from applications	16,221,178
Cancellation of units	(814,293)
At end of the financial period	<u>15,406,885</u>
(c) USD CLASS	
At beginning of the financial period	
Creation of units during the financial period arising from applications	39,826 (5,484)
At end of the financial period	<u>34,342</u>

12 TRANSACTIONS WITH FINANCIAL INSTITUTIONS

Details of transactions with the provider of the CIS for the financial period ended 31 July 2022 is as follows:

	Value of trade USD	Percentage of total trade %
<u>Name of Provider</u>		
Brown Brothers Harriman and Co.	<u>3,794,072</u>	<u>100.00</u>

The financial institution above is not related to the Manager.

NOMURA GLOBAL SUSTAINABLE EQUITY FUND

NOTES TO FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 18 JUNE 2021 (DATE OF LAUNCH) TO 31 JULY 2022 (CONTINUED)

13 TOTAL EXPENSE RATIO ("TER")

Financial
period from
18.6.2021
(date of
launch) to
31.7.2022

%

TER

2.06

TER is derived from the following calculation:

$$\text{TER} = \frac{(A + B + C + D + E)}{F} \times 100$$

- A = Management fee (net of management fee rebate)
- B = Trustee's fee
- C = Audit fee
- D = Tax agent's fee
- E = Other expenses
- F = Average net asset value of Fund calculated on daily basis

The average NAV of the Fund for the financial period from 18 June 2021 (date of launch) to 31 July 2022 calculated on a daily basis is USD2,023,464.

NOMURA GLOBAL SUSTAINABLE EQUITY FUND

NOTES TO FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 18 JUNE 2021 (DATE OF LAUNCH) TO 31 JULY 2022 (CONTINUED)

14 PORTFOLIO TURNOVER RATIO ("PTR")

Financial
period from
18.6.2021
(date of
launch) to
31.7.2022

PTR (times)

0.94

PTR is derived from the following calculation:

$$\frac{(\text{Total acquisition for the financial period} + \text{total disposal for the financial period}) \div 2}{\text{Average net asset value of the Fund for the financial period calculated on daily basis}}$$

Where: total acquisition for the financial period = USD3,676,417
total disposal for the financial period = USD117,655

15 UNITS HELD BY THE MANAGER AND PARTIES RELATED TO THE MANAGER

The related party of and its relationship with the Fund are as follows:

<u>Related party</u>	<u>Relationship</u>
Nomura Asset Management Malaysia Sdn Bhd	The Manager
	<u>2022</u>
	No. of units USD
Nomura Asset Management Malaysia Sdn Bhd	
- MYR CLASS A	1,000 212

The units are held legally by the Manager for booking purposes.

16 COMPARATIVES

There are no comparative figures as this is the first set of annual financial statements prepared since the launch of the Fund.

17 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue by the Manager on 23 September 2022.

NOMURA GLOBAL SUSTAINABLE EQUITY FUND**STATEMENT BY THE MANAGER**

We, Leslie Yap Kim Loong and Atsushi Ichii, being two of the Directors of Nomura Asset Management Malaysia Sdn Bhd (the "Manager"), do hereby state that, in the opinion of the Manager, the accompanying financial statements set out on pages 1 to 27 are drawn up in accordance with the provisions of the Deed and give a true and fair view of the financial position of the Fund as at 31 July 2022 and of its financial performance, changes in net assets attributable to unitholders and cash flows for the financial period from 18 June 2021 (date of launch) to 31 July 2022 in accordance with the Malaysian Financial Reporting Standards, and International Financial Reporting Standards.

For and on behalf of the Manager,
NOMURA ASSET MANAGEMENT MALAYSIA SDN BHD



LESLIE YAP KIM LOONG
Managing Director



ATSUSHI ICHII
Director

Kuala Lumpur

23 SEP 2022



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TRUSTEE'S REPORT

TO THE UNIT HOLDERS OF NOMURA GLOBAL SUSTAINABLE EQUITY FUND ("Fund")

We have acted as Trustee of the Fund for the financial period from 18 June 2021 (date of launch) to 31 July 2022 and we hereby confirm 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 following:-

1. Limitations imposed on the investment powers of the management company under the deed, the securities laws and the Guidelines on Unit Trust Funds;
2. Valuation and pricing is carried out in accordance with the deed; and
3. Any creation and cancellation of units are carried out in accordance with the deed and any regulatory requirement.

For Deutsche Trustees Malaysia Berhad

A handwritten signature in black ink, appearing to read 'Soon Lai Ching'.

Soon Lai Ching
Senior Manager, Trustee Operations

A handwritten signature in black ink, appearing to read 'Jiva Munusamy'.

Jiva Munusamy
Head, Client Management

Kuala Lumpur

23 SEP 2022



INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF NOMURA GLOBAL SUSTAINABLE EQUITY FUND

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Nomura Global Sustainable Equity Fund ("the Fund") give a true and fair view of the financial position of the Fund as at 31 July 2022, and of its financial performance and its cash flows for the financial period from 18 June 2021 (date of launch) to 31 July 2022 in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

What we have audited

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 31 July 2022, and the statement of comprehensive income, statement of changes in net assets attributable to unitholders and statement of cash flows for the financial period then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 1 to 27.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

We are independent of the Fund in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information other than the financial statements and auditors' report thereon

The Manager of the Fund is responsible for the other information. The other information comprises the Manager's Report, but does not include the financial statements of the Fund and our auditors' report thereon.



**INDEPENDENT AUDITORS' REPORT
TO THE UNITHOLDERS OF NOMURA GLOBAL SUSTAINABLE EQUITY FUND
(CONTINUED)**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Our opinion on the financial statements of the Fund does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Fund, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Fund or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager for the financial statements

The Manager of the Fund is responsible for the preparation of the financial statements of the Fund that give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Manager is also responsible for such internal control as the Manager determines is necessary to enable the preparation of financial statements of the Fund that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Fund, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Fund or to terminate the Fund, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Fund as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



INDEPENDENT AUDITORS' REPORT
TO THE UNITHOLDERS OF NOMURA GLOBAL SUSTAINABLE EQUITY FUND
(CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- (d) Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Fund, including the disclosures, and whether the financial statements of the Fund represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



INDEPENDENT AUDITORS' REPORT
TO THE UNITHOLDERS OF NOMURA GLOBAL SUSTAINABLE EQUITY FUND
(CONTINUED)

OTHER MATTERS

This report is made solely to the unitholders of the Fund, and for no other purpose. We do not assume responsibility to any other person for the content of this report.

A handwritten signature in black ink, appearing to read "Rachana A.", is positioned above the printed name of the firm.

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

Kuala Lumpur
23 September 2022