



NOMURA

Nomura Ringgit Bond Fund 1

Quarterly Report For The Period Ended 30 September
2022

MANAGER:

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

TRUSTEE:

CIMB COMMERCE TRUSTEE BERHAD
Business Registration No.: 199401027349 (313031-A)

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MANAGER'S REPORT

Category, Objective and Distribution Policy

Nomura Ringgit Bond Fund 1 (the "Fund") is a wholesale fixed income fund which seeks to optimize returns to its investors by mainly investing in fixed income securities denominated in Ringgit Malaysia.

The Fund will distribute income on a quarterly basis, subject to availability of income.

Fund Type

Income

Benchmark

Malayan Banking Berhad 12 months Fixed Deposit Account rate.

Performance as at 30 September 2022

For the period under review from 1 July 2022 to 30 September 2022, the Fund has registered a 0.77% return. Compared to the Benchmark return of 0.60%, the Fund has outperformed its Benchmark by 0.17%. The last published Net Asset Value ("NAV") per unit of the Fund as at 30 September 2022 was RM1.0121 as compared to the NAV per unit as at 30 June 2022 of RM 1.0083. On the total NAV basis, the Fund's NAV stood at RM 429.97 million as at 30 September 2022.

Performance as at 30 September 2022

	3 months (01/07/2022- 30/09/2022)	6 Months (01/04/2022- 30/09/2022)	1 Year (01/10/2021- 30/09/2022)	Since Commencement (02/07/2019- 30/09/2022)
Fund	0.77	-0.11	-0.04	9.80
Benchmark	0.60	1.10	2.02	7.35
Outperformance/ (Underperformance)	0.17	-1.21	-2.06	2.45

Source of Fund and Benchmark Returns: Refinitiv Lipper

Volatility as at 30 September 2022

	3-Year
Fund	3.22

Source of Fund and Benchmark Returns: Refinitiv Lipper

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

Strategies Employed (1 July 2022 to 30 September 2022)

We see value in the present steepness of the belly of the credit curve, particularly as the 3-7 year portion remains fairly steep, making for an attractive rolldown play.

Summary of Asset Allocation

	<u>30 September 2022</u>	<u>30 June 2022</u>
Government Investment Issue	5.31%	6.46%
Corporate Bonds	85.19%	92.59%
Cash and other net current assets / liabilities	9.50%	0.95%
Total	100.0%	100.0%

Review of Market (1 July 2022 to 30 September 2022)

Over the quarter, Malaysian Government Securities yield curve bear flattened as major central banks pressed forward with relatively large interest rate hikes amid evidence of stubbornly high inflation pressure. This led to elevated volatility across financial markets. In particular, front-end of the curve surged 25 bps QoQ while the rest of the curve rose 3-17 bps QoQ. However, we note that corporate bonds remained relatively resilient on the back of strong domestic corporate earnings, supported by momentum from the ongoing economic reopening. Although Bank Negara Malaysia (“**BNM**”) continues to raise interest rates in steps of 0.25% at each policy meeting (Overnight Policy Rate (“**OPR**”) stands at 2.50% as of September-2022), we perceive that the domestic yield curve has to a large extent priced in OPR normalising to the 3.00-3.25% range.

As widely expected, BNM delivered the third back-to-back 25 bps OPR hike in its September Monetary Policy Committee meeting, bringing the OPR to 2.50%. BNM remained positive on domestic economy growth prospects, underpinned by continued private sector spending, improving labour market conditions, and the reopening of international borders. However, BNM cautioned on the downside risks to global growth outlook stemming from the impact of aggressive monetary policy tightening in major economies, pandemic management measures in China, as well as the potential energy crisis in Europe. In its Monetary Policy Statement, BNM indicated that headline inflation is expected to peak in 3Q22 before moderating thereafter, while core inflation is projected to average closer to the upper end of the 2%-3% forecast range in 2022, with signs of demand-pull pressures amid the elevated cost environment. Overall, BNM highlighted that there is no “pre-set course” and reiterated that future rate decisions will be data dependent and the policy normalisation path would be done in a measured and gradual manner.

Year-to-date (YTD) corporate bond issuance recorded a total of MYR 59.7 billion. Notable issuances include edotco Malaysia Sdn Berhad, VS Capital Management Sdn Berhad, and Lembaga Pembiayaan Perumahan Sektor Awam which issued MYR 1.4 billion, MYR 500 million, and MYR 4.0 billion respectively. Within the AAA-rated space, Sarawak Petchem Sdn Berhad and Pengurusan Air Selangor Sdn Berhad issued a total of MYR 4.0 billion and MYR 1.3 billion respectively. Meanwhile, within the financial sector, Affin Bank Berhad, Bank Islam Malaysia Berhad, Bank Muamalat Malaysia Berhad, and RHB Bank Berhad issued MYR 500 million, MYR 500 million, MYR 300 million, and MYR 500 million respectively.

TRANSACTIONS WITH FINANCIAL INSTITUTIONS AND BROKERS/DEALERS

Cross Trades (1 July 2022 to 30 September 2022)

During the financial period under review, five (5) cross trades were conducted between the Fund and accounts managed by the Manager and the Manager's related company.

	<u>Total Value of trades (RM)</u>
Nomura i-Income Fund	10,822,400
Private Mandate	5,240,250
Total	16,062,650

All transactions were in the best interest of the Fund and executed through RHB Investment Bank Berhad on an arm's length and fair value basis.

SOFT COMMISSIONS RECEIVED FROM BROKERS

Soft commissions received from brokers/dealers are retained by the Manager only if the goods and services provided are of demonstrable benefit to unit holders of the Fund.

During the financial period under review, the Manager did not receive any soft commission.

BREAKDOWN OF UNITHOLDERS BY SIZE

Size of holdings(units)	No. of unitholders	No. of units held ('000)*
Less than 500,000	1	156.71
500,000 - to 1,000,000	-	-
1,000,001 to 5,000,000	2	2,974.78
5,000,001 to 10,000,000	-	-
10,000,001 to 15,000,000	-	-
15,000,001 to 20,000,000	-	-
20,000,001 and above	1	421,712.68
Total	4	424,844.17

* Note : Excluding Manager's Stock

INCOME DISTRIBUTION

The Fund distributed a gross total of RM 0.0040 per unit to investors of the Fund over the period under review.

The Net Asset Value per Unit prior and subsequent to the distributions were as follows:

Cum-Distribution Date	Cum-Distribution (RM)	Ex-Distribution Date	Ex-Distribution (RM)	Distribution per Unit (RM)
15-Sep-22	1.0240	19-Sep-22	1.0201	0.0040

FUND PERFORMANCE DATA

	As at 30 September 2022	As at 30 June 2022
Total NAV (RM)	429,967,322	426,723,769
NAV per Unit (RM)	1.0121	1.0083
Units in Circulation	424,844,169	423,230,355
Highest NAV (RM)	1.0257	1.0266
Lowest NAV (RM)	1.0087	0.9986

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

NOMURA RINGGIT BOND FUND 1

FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 01 JULY 2022 TO 30 SEPTEMBER 2022

NOMURA RINGGIT BOND FUND 1

FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 01 JULY 2022 TO 30 SEPTEMBER 2022

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NOMURA RINGGIT BOND FUND 1

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD FROM 01 JULY 2022 TO 30 SEPTEMBER 2022

	<u>01.07.2022</u> To <u>30.09.2022</u> RM	<u>01.07.2021</u> To <u>30.09.2021</u> RM
INVESTMENT INCOME		
Interest income from financial assets	4,341,118	3,714,760
Interest income from deposits with licensed financial institutions	102,923	110,765
Net (loss) on financial assets at fair value through profit or loss ("FVTPL")	<u>(933,030)</u>	<u>(1,391,711)</u>
	<u>3,511,011</u>	<u>2,433,814</u>
EXPENSES		
Manager's fee	(184,946)	(180,641)
Trustee's fee	(32,637)	(31,878)
Audit fee	(2,672)	(2,672)
Tax agent's fee	(1,069)	(1,069)
Other expenses	<u>(341)</u>	<u>(234)</u>
	<u>(221,665)</u>	<u>(216,494)</u>
PROFIT BEFORE TAXATION	3,289,346	2,217,320
TAXATION	<u>-</u>	<u>-</u>
PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD	<u>3,289,346</u>	<u>2,217,320</u>
Profit after taxation is made up of the following:		
Realised amount	3,156,319	3,609,031
Unrealised amount	<u>133,027</u>	<u>(1,391,711)</u>
	<u>3,289,346</u>	<u>2,217,320</u>
Distributions for the financial period:		
Net distributions	<u>1,692,658</u>	<u>2,526,504</u>
Gross/net distributions per unit	<u>0.0040</u>	<u>0.0063</u>

NOMURA RINGGIT BOND FUND 1

STATEMENT OF FINANCIAL POSITION AS AT 01 JULY 2022 TO 30 SEPTEMBER 2022

	<u>30.09.2022</u>	<u>30.09.2021</u>
	RM	RM
ASSETS		
Financial assets at fair value through profit or loss ("FVTPL")	403,815,439	402,375,557
Cash at bank	198,506	962,987
Deposit with licensed financial institution	26,033,783	17,512,679
Interest receivable	1,783	840
TOTAL ASSETS	<u>430,049,511</u>	<u>420,852,063</u>
LIABILITIES		
Amount due to Manager	60,426	123,357
Amount due to Trustee	10,663	10,414
Other payables and accruals	11,100	11,100
TOTAL LIABILITIES	<u>82,189</u>	<u>144,871</u>
NET ASSET VALUE ("NAV") OF THE FUND	<u>429,967,322</u>	<u>420,707,192</u>
EQUITY		
Unitholders' capital	436,578,337	414,446,761
Retained (loss)/earnings	(6,611,015)	6,260,431
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	<u>429,967,322</u>	<u>420,707,192</u>
UNITS IN CIRCULATION	<u>424,844,169</u>	<u>403,355,653</u>
NAV PER UNIT (RM) (EX-DISTRIBUTION)	<u>1.0121</u>	<u>1.0430</u>

NOMURA RINGGIT BOND FUND 1

STATEMENT OF CHANGES IN NET ASSETS VALUE FOR THE FINANCIAL PERIOD FROM 01 JULY 2022 TO 30 SEPTEMBER 2022

	Unitholders' <u>capital</u> RM	<u>Retained</u> <u>earnings</u> RM	<u>Total</u> RM
Balance as at 1 July 2022	434,931,472	(8,207,703)	426,723,769
Total comprehensive income for the financial period	-	3,289,346	3,289,346
Creation of units	259,480	-	259,480
Reinvestment of distributions	1,692,658	-	1,692,658
Cancellation of units	(305,273)	-	(305,273)
Distributions	-	(1,692,658)	(1,692,658)
Balance as at 30 September 2022	<u>436,578,337</u>	<u>(6,611,015)</u>	<u>429,967,322</u>

	Unitholders' <u>capital</u> RM	<u>Retained</u> <u>earnings</u> RM	<u>Total</u> RM
Balance as at 1 July 2021	411,864,666	6,569,615	418,434,281
Total comprehensive income for the financial period	-	2,217,320	2,217,320
Creation of units	277,859	-	277,859
Reinvestment of distributions	2,526,504	-	2,526,504
Cancellation of units	(222,268)	-	(222,268)
Distributions	-	(2,526,504)	(2,526,504)
Balance as at 30 September 2021	<u>414,446,761</u>	<u>6,260,431</u>	<u>420,707,192</u>

NOMURA RINGGIT BOND FUND 1

STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD FROM 01 JULY 2022 TO 30 SEPTEMBER 2022

	<u>01.07.2022</u> To <u>30.09.2022</u> RM	<u>01.07.2021</u> To <u>30.09.2021</u> RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from sale of financial assets	42,600,000	20,000,000
Purchase of financial assets	(23,626,650)	(49,535,800)
Interest income from financial assets	3,309,127	2,835,507
Interest income from deposits with licensed financial institutions	101,349	112,066
Manager's fee paid	(184,034)	(179,182)
Trustee's fee paid	(32,477)	(31,620)
Payment for other fees and expenses	(4,581)	(3,945)
Net cash generated/(used in) operating activities and investing activities	<u>22,162,734</u>	<u>(26,802,974)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash proceeds from units created	259,480	277,859
Cash paid for units cancelled	(315,168)	(157,927)
Net cash (used)/generated from financing activities	<u>(55,688)</u>	<u>119,932</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	22,107,046	(26,683,042)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF FINANCIAL PERIOD	4,125,243	45,158,708
CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL PERIOD	<u>26,232,289</u>	<u>18,475,666</u>

Cash and cash equivalents comprises of:

Cash at bank	198,506	962,987
Deposit with licensed financial institution	26,033,783	17,512,679
	<u>26,232,289</u>	<u>18,475,666</u>