

Nomura Global Dynamic Bond Fund

Quarterly Report and Financial Statements
For The Period Ended 31 October 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

Category, Objective and Distribution Policy

Nomura Global Dynamic Bond Fund (the “Fund”) is a wholesale feeder fund which aims to achieve long term capital growth by investing in a collective investment scheme (namely, Nomura Funds Ireland – Global Dynamic Bond Fund (“Target Fund”)) which invests in foreign fixed income securities.

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

Fund Type

Growth

Benchmark

The Fund adheres to the benchmark of the Target Fund for performance comparison. Currently, the Fund has no benchmark.

Performance as at 31 October 2022

	3 Months (01/Aug/22 – 31/Oct/22)	6 Months (01/May/22 – 31/Oct/22)	1 Year (01/Nov/21– 31/Oct/22)	3 Year (01/Nov/19– 31/Oct/22)	Since Commencement (09/Feb/21 – 31/Oct/22)*
Fund – Class MYR	-1.56%	-2.38%	-7.41%	N/A	-6.31%
Fund – Class USD*	-7.35%	-10.11%	-18.91%	N/A	-17.94%

Source of Fund and Benchmark Returns: Refinitiv Lipper

*There were no units in circulation for Class USD during the period from 09 February 2021 to 05 March 2021. Hence, the since commencement performance calculation commenced from 08 March 2021 for the Class USD as shown above.

Volatility as at 31 October 2022

	3-Year
Fund – Class USD	N/A
Fund – Class MYR	N/A

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

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

Strategies Employed (1 August 2022 to 31 October 2022)

There were no significant changes to the strategies employed during the period under review.

Performance Review of the Target Fund (1 August 2022 to 31 October 2022)

In the month of August, exposure to US Treasuries was the key driver, with physical bond exposures detracting approximately 1.3% and conditional duration through US Treasury call options detracting a further 0.2%. Set against this, short exposure to the 2 year point of the US yield curve contributed positively 0.2%. Portuguese 30 year debt suffered from its duration component also, detracting 0.4%. The short position in US inflation was broadly flat over the month.

Emerging markets were one of the areas to suffer during the month of September and the Target Fund's major exposures in Egypt, South Africa and Bahrain together contributed approximately 70bps to the overall negative return. Exposure to convertible bonds was, of course, negatively affected by the market moves. Fortunately, relatively conservative positioning within the allocation led to the total contribution being approximately -30bps. The US inflation position is, for many of the Target Fund's investors, one of the least familiar assets in which the Target Fund invest. The position is achieved through a series of inflation swaps. The Target Fund receives fixed payments from its counterparties and "swaps" them, making payments to those counterparties that are linked to inflation. If inflation expectations fall, the payments the Target Fund is expected to make also fall, so the contract gains in value, benefitting the Target Fund. This is what happened in September.

Egypt performed strongly in the run-up to the late October announcement of a deal with the International Monetary Fund ("IMF"). Despite much fanfare, the announcement was in line with the Target Fund Manager's expectations for a relatively small dollar amount of support (\$3bn) and for only a limited period of time. It seems clear that the IMF is keen to link support to reforms in Egypt including a more free-floating currency. Further funds were pledged by Gulf Cooperation Council (GCC) neighbours and the Target Fund Manager struggle to find any analysis of Egypt that forecasts default in the short term. The Target Fund Manager retain their holding, but remain vigilant with regard to further newsflow.

Source: Nomura Asset Management U.K. Limited

Summary of Asset Allocation

	<u>31 October 2022</u>	<u>31 July 2022</u>
Target Fund	99.00%	98.35%
Cash and Others [#]	1.00%	1.65%
Total	100.00%	100.00%

[#] Included in Cash and Others are cash on hand and net current assets/ liabilities

Review of Market (1 August 2022 to 31 October 2022)

Geopolitics was far from quiet in the month of August, with Taiwan in the spotlight following the visit of US House Speaker Nancy Pelosi, and the conflict in Ukraine seemingly moving closer to a (perhaps temporary) stalemate. Global markets were not focused on politics, however. Instead, the continued pressures from elevated inflation and the expected response by major central banks were the key driver. Federal Open Market Committee (FOMC) Chair Jerome Powell's unambiguously hawkish message at the Jackson Hole Symposium led to a more bearish tone for risk assets generally, with credit and equity markets selling off. Bond markets had already moved lower, with front end yields under particular pressure. Currency markets were one area where the geopolitics did hit home. Reduced supplies of Russian gas into Europe and the associated risks to the European economy led the Euro to weaken against the US dollar, moving down through parity at one stage before recovering slightly. The Yen also weakened versus the dollar, the primary driver here the increasing interest rate differential to the US. Economic data was almost unremittably negative on both sides of the Atlantic, whilst China put forward more stimulus measures to combat the negative impacts of their Covid-related lockdowns. Only labour market data stood out as resilient.

September's markets were almost universally dismal. Central Banks continued to sound extremely hawkish and to hike rates – the European Central Bank (“**ECB**”) and Federal Reserve (“**Fed**”) by 75bps each and the Bank of England (“**BoE**”) by 50bps. Russia cut gas supplies to Europe and the Nordstream I pipeline was sabotaged, further reducing the prospects for a return to any kind of meaningful flows in the short to medium term. Right wing parties fared well in Italy's election – efforts to form a coalition continued at month end. Jobs and housing data in the US remained relatively robust, but this only served to lead the market to expect continued rate hikes. These factors were sufficient to further undermine risk markets, and equity and fixed income markets remained highly correlated and overwhelmingly negative. Oil fell, gold fell – seemingly the only “asset” to perform strongly was the US Dollar which appreciated strongly against all major currency peers. Late in the month, there was particularly high volatility in UK government bond yields and the British Pound, after the UK government announced tax cuts to stimulate the economy. The BoE stepped in with bond purchases designed to stabilise the market and yields snapped lower once more. The moves were sufficient to ripple into global yields.

US economic data was initially strong in October, particularly with respect to employment data. This caused investors to expect no “pivot” from the Fed and bond yields moved higher, risk assets lower. In the UK, Jeremy Hunt was installed as Chancellor and promptly unwound the policies of Liz Truss' “mini-budget”. UK gilt yields calmed and Sterling rebounded. Later in the month, Truss would resign to be replaced by Rishi Sunak. Organization of the Petroleum Exporting Countries Plus (OPEC+) announced a 2 million barrel reduction in oil production citing lower demand expectations, a move criticised by the Biden administration as risking higher inflation. Looking East, President Xi consolidated his hold on power in China still further, appointing close allies to prominent positions in the Communist party. Investors took this move as a negative; a lack of debate increasing the potential for more erratic decision-making in the future. In Japan, the Bank of Japan (BoJ)'s adherence to yield curve control and ultra-easy monetary policy continued in stark contrast to major central bank peers. This put downward pressure on the Yen, leading to intervention by the Ministry of Finance. Later in the month, however, expectations for the Fed appeared to change. An article published in the Wall Street Journal (by a journalist widely viewed as an unofficial conduit of Fed views) led investors to anticipate a debate around the pace of rate hikes in December and beyond. Weaker data (manufacturing and services Purchasing Manager's Index (PMI)'s in the 40's) added to less hawkish expectations and risk assets rallied, bond yields fell. The ECB hiked by 75bps in the face of severe inflation pressure, but gave few indications as to their future actions. The vote was not unanimous, with 3 governing council members preferring a more modest 50bps hike. Risk markets continued their rally. Overall, the US curve finished the month substantially higher, credit spreads lower and equity markets generally higher (emerging markets, led by China concerns, were an exception). The dollar was lower against the Euro but stronger against the Yen.

Source: Nomura Asset Management U.K. Limited

SOFT COMMISSIONS RECEIVED FROM BROKERS

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

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

BREAKDOWN OF UNITHOLDERS BY SIZE

Fund - Class USD

Size of holdings (units)	No. of unitholders	No. of units held*
Less than 500,000	1	346,542.42
500,000 - to 1,000,000	-	-
1,000,001 to 5,000,000	-	-
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	-	-
Total	1	346,542.42

Fund - Class MYR

Size of holdings (units)	No. of unitholders	No. of units held*
Less than 500,000	2	21,434.89
500,000 - to 1,000,000	1	513,233.62
1,000,001 to 5,000,000	-	-
5,000,001 to 10,000,000	-	-
10,000,001 to 15,000,000	1	12,244,747.93
15,000,001 to 20,000,000	-	-
20,000,001 and above	-	-
Total	4	12,779,416.44

* Note: Excluding Manager's Stock.

INCOME DISTRIBUTION

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

FUND DATA

As at 31 October 2022*	Class USD	Class MYR
Total NAV (USD)	283,799	2,533,445
NAV per Unit	0.8189	0.9369
Unit in Circulation	346,542	12,779,417
Highest NAV	0.8913	0.9607
Lowest NAV	0.7986	0.9126

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

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

NOMURA GLOBAL DYNAMIC BOND FUND

FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2022

NOMURA GLOBAL DYNAMIC BOND FUND

FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2022

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NOMURA GLOBAL DYNAMIC BOND FUND

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2022

	Financial period from 1-8-2022 to 31-10-2022 USD	Financial period from 1-8-2021 to 31-10-2021 USD
INVESTMENT (LOSS)/INCOME		
Net (loss)/gain on financial assets at fair value through profit or loss ("FVTPL")	(230,112)	20,861
OTHER INCOME		
Net gain on foreign currency exchange	353	3,297
Rebate on management fee	9,075	19,585
Gross (Loss)/Income	<u>(220,684)</u>	<u>43,743</u>
EXPENSES		
Management fee	10,672	23,477
Trustee's fee	766	503
Audit fee	607	641
Tax agent's fee	249	344
Other expenses	111	126
	<u>12,405</u>	<u>25,091</u>
(LOSS)/PROFIT BEFORE TAXATION	(233,089)	18,652
TAXATION	<u>-</u>	<u>-</u>
(LOSS)/PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD	<u>(233,089)</u>	<u>18,652</u>
(Loss)/Profit after taxation is made up as follows:		
Realised amount	(47,837)	(1,177)
Unrealised amount	<u>(185,252)</u>	<u>19,829</u>
	<u>(233,089)</u>	<u>18,652</u>

NOMURA GLOBAL DYNAMIC BOND FUND

STATEMENT OF FINANCIAL POSITION AS AT 31 OCTOBER 2022

	31-10-2022 USD	31-10-2021 USD
ASSETS		
Financial assets at fair value through profit or loss ("FVTPL")	2,789,184	7,554,079
Amount due from Manager	2,820	24,594
Cash and cash equivalents	32,243	789,271
TOTAL ASSETS	<u>2,824,247</u>	<u>8,367,944</u>
LIABILITIES		
Accrued management fee	3,324	8,339
Amount due to Manager	-	10,747
Amount due to Trustee	258	179
Amount due to broker	-	687,070
Other payables and accruals	3,421	2,382
TOTAL LIABILITIES	<u>7,003</u>	<u>708,717</u>
NET ASSET VALUE	<u>2,817,244</u>	<u>7,659,227</u>
UNITHOLDER'S FUNDS		
Unitholders' capital	3,615,742	7,616,690
(Accumulated loss)/Retained earnings	(798,498)	42,537
NET ASSET ATTRIBUTABLE TO UNITHOLDERS		
- MYR NGDBFM CLASS	2,533,445	6,588,172
- USD NGDBFU CLASS	283,799	1,071,055
	<u>2,817,244</u>	<u>7,659,227</u>
UNITS IN CIRCULATION		
- MYR NGDBFM CLASS	12,779,417	26,947,956
- USD NGDBFU CLASS	346,542	1,060,521
	<u>13,125,959</u>	<u>28,008,477</u>
NET ASSET VALUE PER UNIT IN USD		
- MYR NGDBFM CLASS	0.1982	0.2445
- USD NGDBFU CLASS	<u>0.8189</u>	<u>1.0099</u>
NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES		
- MYR NGDBFM CLASS	0.9369	1.0119
- USD NGDBFU CLASS	<u>0.8189</u>	<u>1.0099</u>

NOMURA GLOBAL DYNAMIC BOND FUND

STATEMENT OF CHANGES IN NET ASSET VALUE FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2022

	Unitholders' capital	Retained earnings/ (Accumulated losses)	Total
	USD	USD	USD
Balance as at 1 August 2021	4,961,258	23,885	4,985,143
Movement in unitholders' contribution:			
Creation of units from applications			
- MYR NGDBFM CLASS	2,713,133	-	2,713,133
Cancellation of units			
- MYR NGDBFM CLASS	(57,701)	-	(57,701)
Total comprehensive income for the financial period	<u>-</u>	<u>18,652</u>	<u>18,652</u>
Balance as at 31 October 2021	<u>7,616,690</u>	<u>42,537</u>	<u>7,659,227</u>
Balance as at 1 August 2022	3,826,035	(565,409)	3,260,626
Movement in unitholders' contribution:			
Creation of units from applications			
- MYR NGDBFM CLASS	22,671	-	22,671
Cancellation of units			
- MYR NGDBFM CLASS	(232,964)	-	(232,964)
Total comprehensive loss for the financial period	<u>-</u>	<u>(233,089)</u>	<u>(233,089)</u>
Balance as at 31 October 2022	<u>3,615,742</u>	<u>(798,498)</u>	<u>2,817,244</u>

NOMURA GLOBAL DYNAMIC BOND FUND

STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2022

	Financial period from 1-8-2022 to 31-10-2022 USD	Financial period from 1-8-2021 to 31-10-2021 USD
CASH FLOWS FROM OPERATING		
Proceeds from sale investments	250,450	192,065
Net gain on foreign exchange	358	4,329
Purchase of investments	(67,359)	(1,925,493)
Management fee paid	(11,175)	(21,049)
Rebate on management fee	9,494	-
Trustee's fee paid	(766)	(451)
Payment for other fees and expenses	(112)	(582)
	<u>180,890</u>	<u>(1,751,181)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Cash proceeds from creation of units	33,907	2,722,642
Payments for cancellation of units	(232,964)	(669,900)
	<u>(199,057)</u>	<u>2,052,742</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(18,167)	301,561
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	<u>50,410</u>	<u>487,710</u>
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	<u><u>32,243</u></u>	<u><u>789,271</u></u>
Cash and cash equivalents comprise:		
Cash at banks	<u>32,243</u>	<u>789,271</u>