

# Nomura Global Shariah Sustainable Equity Fund

## Semi-Annual Report and Unaudited Financial Statements For The Financial Period From 23 May 2022 (Date of Launch) to 30 November 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)

## Table of Contents

<b>FUND PROFILE.....</b>	<b>ii</b>
<b>FUND PERFORMANCE .....</b>	<b>ii-v</b>
<b>MANAGER'S REPORT .....</b>	<b>v-ix</b>

## Appendix

<b>STATEMENT OF COMPREHENSIVE INCOME.....</b>	<b>1-2</b>
<b>STATEMENT OF FINANCIAL POSITION.....</b>	<b>3-4</b>
<b>STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS.....</b>	<b>5</b>
<b>STATEMENT OF CASH FLOWS .....</b>	<b>6</b>
<b>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES .....</b>	<b>7-14</b>
<b>NOTES TO THE FINANCIAL STATEMENTS .....</b>	<b>15-33</b>
<b>STATEMENT BY THE MANAGER.....</b>	<b>34</b>
<b>TRUSTEE'S REPORT .....</b>	<b>35</b>
<b>SHARIAH ADVISER'S REPORT TO THE UNITHOLDERS.....</b>	<b>36</b>

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

## 1. FUND PROFILE

### 1.1 Fund Name

Nomura Global Shariah Sustainable Equity Fund (“Fund”)

### 1.2 Type and Category of Fund

Growth – Equity (Shariah-compliant)

### 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.

### 1.5 Distribution Policy

Distribution of income, if any, is incidental and may be made from realised gains, realised income and/or out of capital.

### 1.6 Performance Benchmark

Dow Jones Islamic Market Developed Markets Index (“Benchmark”).

## 2. FUND PERFORMANCE

### 2.1 Key Fund Performance Data

Asset Allocation / Portfolio Composition	30 November 2022
Stock	97.55%
Cash and Others	2.45%
<b>Total</b>	<b>100.00%</b>

### Fund – MYR Class A

Category	Since Commencement, 13 June 2022 to 30 November 2022
Highest NAV per Unit (RM) <sup>1</sup>	1.1394
Lowest NAV per Unit (RM) <sup>1</sup>	0.8674
Total Return (%) <sup>2</sup>	
- Capital growth (%)	5.25
- Income (%)	-
Gross/Net Distribution per unit (RM sen)	-
Total NAV (USD) <sup>1</sup>	16,480
NAV per Unit (RM)	1.0525
Unit in Circulation	69,569

**Fund – USD Class A**

Category	Since Commencement, 13 June 2022 to 30 November 2022
Highest NAV per Unit (USD) <sup>1</sup>	1.1291
Lowest NAV per Unit (USD) <sup>1</sup>	0.9018
Total Return (%) <sup>2</sup>	
- Capital growth (%)	4.62
- Income (%)	-
Gross/Net Distribution per unit (USD sen)	-
Total NAV (USD) <sup>1</sup>	1,046,222
NAV per Unit (USD)	1.0462
Unit in Circulation	1,000,000

Category	Since Commencement, 13 June 2022 to 30 November 2022
Total Expense Ratio (%) <sup>3</sup>	1.15
Portfolio Turnover Ratio (time) <sup>4</sup>	0.62

**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, 13 June 2022 to 30 November 2022
Average Total Return (%)	11.54

Source: Refinitiv Lipper

### Fund – USD Class A

	Since Commencement, 13 June 2022 to 30 November 2022
Average Total Return (%)	10.12

Source: Refinitiv Lipper

## 2.3 Annual Total Return of the Fund

### Fund – MYR Class A

	Since Commencement, 13 June 2022 to 30 November 2022
Total Return (%) <sup>1</sup>	5.25
Benchmark (%)	4.43

Source: Refinitiv Lipper

### Fund – USD Class A

	Since Commencement, 13 June 2022 to 30 November 2022
Total Return (%) <sup>1</sup>	4.62
Benchmark (%)	3.36

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:

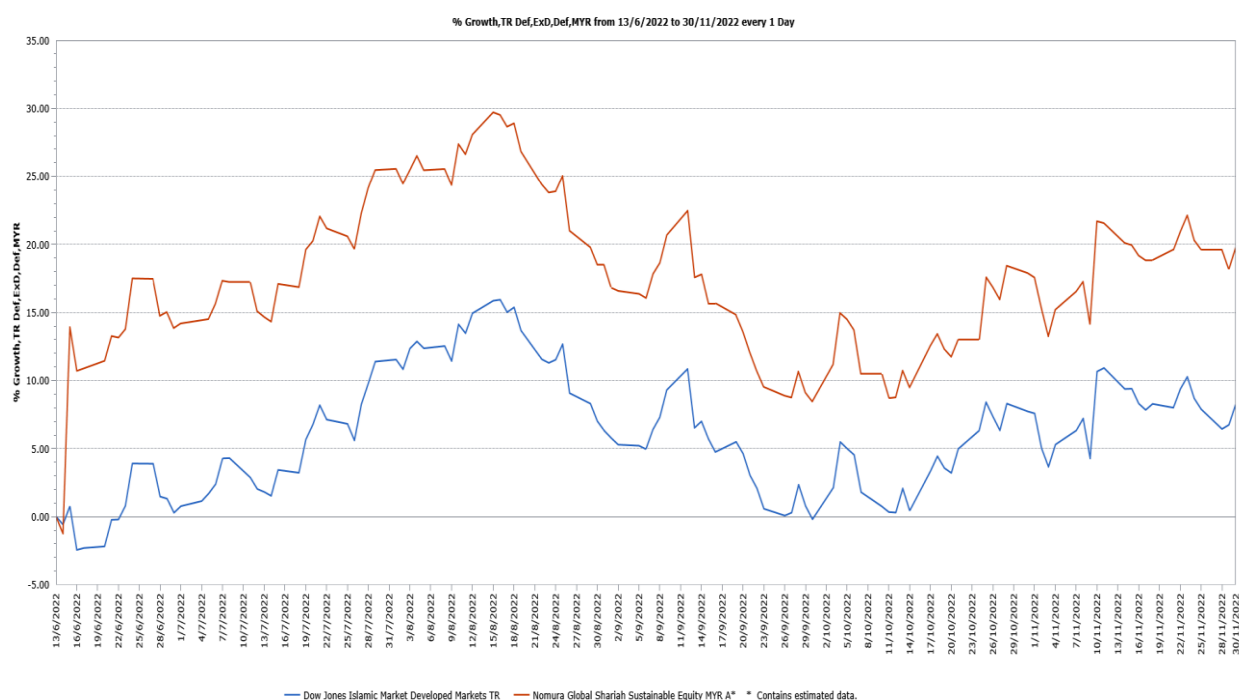
- **Capital Return** =  $\{NAV \text{ per Unit End} / NAV \text{ per Unit Beginning} - 1\} \times 100$
- **Income Return** =  $\{Income \text{ Distribution per Unit} / NAV \text{ per Unit Ex-Distribution}\} \times 100$
- **Total Return** =  $(1 + \text{Percentage Growth})^{1/n} - 1$

**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

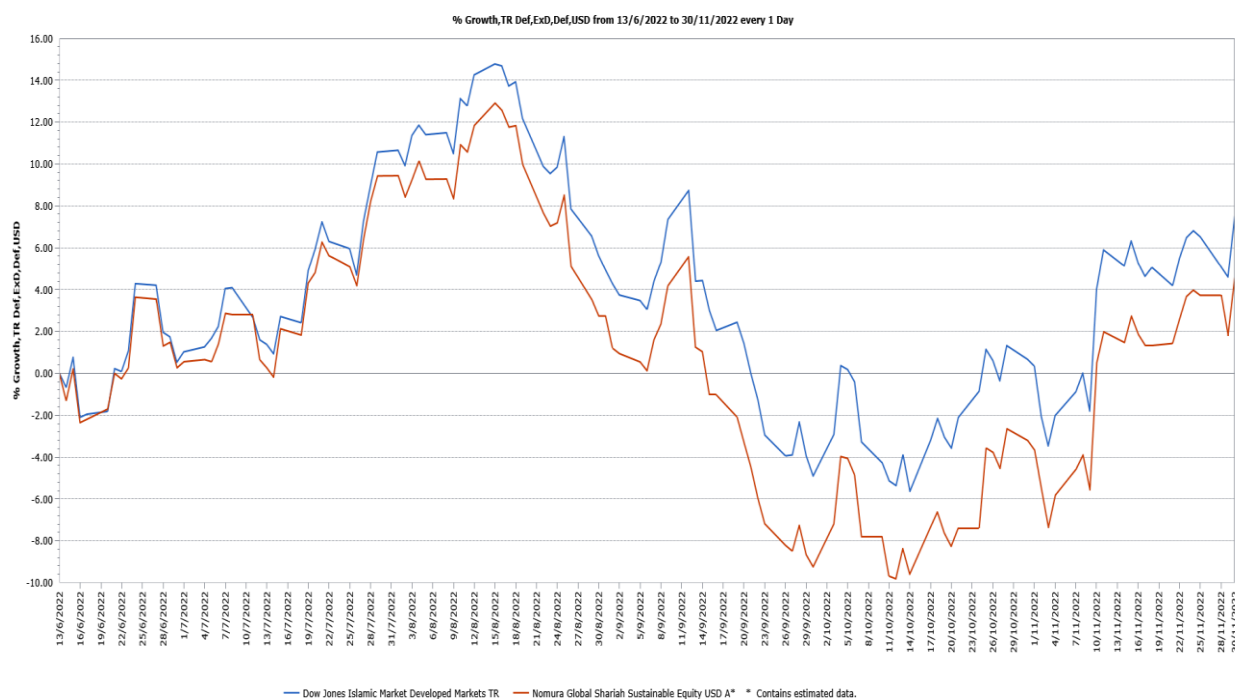
### Performance of Nomura Global Shariah Sustainable Equity Fund from 13 June 2022 to 30 November 2022

#### Fund – MYR Class A



Source: Lipper

## Fund – USD Class A



**Benchmark:** Dow Jones Islamic Market Developed Markets 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 13 June 2022 to 30 November 2022

#### Fund – MYR Class A

For the period under review from 13 June 2022 to 30 November 2022, MYR Class A has registered 5.25% return. Compared to the Benchmark return of 4.43%, MYR Class A has outperformed the Benchmark by 0.82%. The Net Asset Value (NAV) per unit of MYR Class A as at 23 May 2022 (launch date) was RM 1.0000 compared to the NAV per unit as at 30 November 2022 of RM 1.0525. On the total NAV basis, MYR Class A's NAV stood at RM 0.07 million as at 30 November 2022. During the period under review, MYR Class A has not declared any income distribution.

#### Fund – USD Class A

For the period under review from 13 June 2022 to 30 November 2022, USD Class A has registered 4.62% return. Compared to the Benchmark return of 3.36%, USD Class A has outperformed the Benchmark by 1.26%. The Net Asset Value (NAV) per unit of USD Class A as at 23 May 2022 (launch date) was USD 1.0000 compared to the NAV per unit as at 30 November 2022 of USD 1.0462. On the total NAV basis, USD Class A's NAV stood at USD 1.05 million as at 30 November 2022. During the period under review, USD Class A has not declared any income distribution.

### 3.2 Review of Market for the period from 13 June 2022 to 30 November 2022

Market has been volatile and macro-driven throughout this period. To illustrate, when the Federal Reserve (“**Fed**”) is perceived to be likely dovish with inflation moderating, growth or rate sensitive names outperformed between middle of June to August; when the Fed is perceived to be hawkish with more rate hikes, growth reversed and underperformed since August. In addition, geopolitical tensions were on the rise between China and Taiwan where United States of America continued to reinforce its sales restrictions of advanced chips and relevant equipment into China that hit hard on the semiconductor names but then recovered swiftly into the end of period when market digested the real implications of such regulations from respective chip and Special Purpose Entity (SPE) companies. Lastly, China reopening name rallied in the end of this period as Chinese Communist Party (CCP) election and lockdown uncertainties wound down.

In such period, MYR Class A outperformed the benchmark by 0.82% and USD Class A outperformed the benchmark by 1.26%. The sector allocation contributed most of the total attribution. Strong headwinds from the overweight in Utilities and underweight in Consumer Staples were offset by the overweight in Industrials and underweight in Consumer Discretionary. Stock selection was negative mainly due to Materials and Healthcare.

The greatest contributors to the performance of the Fund were Johnson Control and Novo Nordisk. The greatest detractors to the performance of the Fund were DSM and TSMC.

### 3.3 Investment Outlook

Into 2023, the market would lap the implications from multiple major events such as COVID-19 (Omicron variant), Russia-Ukraine war, China lockdown, high inflation and central bank tightening policy. With the high base effects formed by these past events, we view the market to be more constructive. But, we believe that the market likely remain volatile at least in the first half of calendar year 2023 with market’s lingering concerns on how the macro environment would resolve given Powell’s speech in the December Federal Open Market Committee (FOMC) meeting on higher terminal Fed fund rates and how corporates would guide their plans post evaluating their respective end market demand strengths in accordance to the macro environment. As market resets its expectation, we believe there would be light at the end of the tunnel where market become more normal and focus more on the stock fundamentals.

While we share the concern on lingering uncertainties, we believe that timing the market is extremely difficult and risky. Market can reverse in a rapid way with the survey result showing that institutional fund manager’s equity allocation remains low while cash level remains high. Hence, we consistently gain confidence by executing due diligence to identify and invest high quality stocks that are supported by favourable backdrop and tailwinds. There are plentiful opportunities in different form including by sector such as Industrial with the theme of electrical efficiency, or by region such as Japan with lower inflation, macro risk and valuation multiples as compared across regions.

In addition, it is this volatile environment where value opportunities come arise and we aim to deliver desired performance through stocks that are more resilient to the market cycle. With this being said, we strongly believe it is more important than ever within this 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.



### 3.4 Strategies Employed for the period from 13 June 2022 to 30 November 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 is managed locally with Nomura Asset Management U.K. Limited as the investment adviser who will provide investment research and stock recommendation in accordance with the investment objective and within the investment restrictions and limits of the Fund. The investment strategies remained unchanged. The Fund applies bottom up approach by selectively invests in equity stocks that possess high quality businesses for long-term capital return, and deliver positive impact in accordance with one of the Fund's six impact goals aligning with United Nation Sustainable Development Goals (UN SDGs). In addition, the Fund stays invested in the market with minimum amount of idle cash for liquidity purposes.

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 Asset Allocation

Asset Allocation / Portfolio Composition	30 November 2022
Stock	97.55%
Cash and Others	2.45%
<b>Total</b>	<b>100.00%</b>

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

### 3.6 Securities Lending or Repurchase Transactions

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

### 3.7 Income Distribution

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

### 3.8 Details of Any Unit Split Exercise

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

### **3.9 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

### **3.10 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.

### **3.11 Cross Trades Transactions**

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

### **3.12 Soft Commissions Received From Brokers**

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

*This Semi-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 SHARIAH SUSTAINABLE EQUITY FUND**

**FINANCIAL STATEMENTS**

**FOR THE FINANCIAL PERIOD FROM 23 MAY 2022  
(DATE OF LAUNCH) TO 30 NOVEMBER 2022**

# **NOMURA GLOBAL SHARIAH SUSTAINABLE EQUITY FUND**

## **FINANCIAL STATEMENTS**

**FOR THE PERIOD FROM 23 MAY 2022 (DATE OF LAUNCH) TO 30 NOVEMBER 2022**

<b>CONTENTS</b>	<b>PAGE(S)</b>
STATEMENT OF COMPREHENSIVE INCOME	1 - 2
STATEMENT OF FINANCIAL POSITION	3 - 4
STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	5
STATEMENT OF CASH FLOWS	6
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	7 - 14
NOTES TO THE FINANCIAL STATEMENTS	15 - 33
STATEMENT BY THE MANAGER	34
TRUSTEE'S REPORT	35
SHARIAH ADVISER'S REPORT TO THE UNITHOLDERS	36

# NOMURA GLOBAL SHARIAH SUSTAINABLE EQUITY FUND

## STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM 23 MAY 2022 (DATE OF LAUNCH) TO 30 NOVEMBER 2022

	<u>Note</u>	Financial period from 23.5.2022 (date of launch) to <u>30.11.2022</u> USD
<b>INVESTMENT INCOME</b>		
Gross dividend income		5,015
Net loss on foreign currency exchanges		(613)
Net gain on financial assets at fair value through profit or loss	7	55,570
		<u>59,972</u>
<b>EXPENSES</b>		
Management fee	4	(7,532)
Trustee fee	5	(482)
Shariah Adviser's fee		(653)
Auditors' remuneration		(517)
Tax agent's fee		(328)
Transaction cost		(868)
Other expenses		(1,921)
		<u>(12,301)</u>
<b>NET PROFIT BEFORE TAXATION</b>		47,671
Taxation	6	(429)
<b>INCREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		<u>47,242</u>

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

## NOMURA GLOBAL SHARIAH SUSTAINABLE EQUITY FUND

### STATEMENT OF COMPREHENSIVE INCOME FOR THE FROM 23 MAY 2022 (DATE OF LAUNCH) TO 30 NOVEMBER 2022(CONTINUED)

	<u>Note</u>	Financial period from 23.5.2022 (date of launch) to <u>30.11.2022</u> USD
Increase in net assets attributable to unitholders is made up of the following:		
Realised amount		(3,257)
Unrealised amount		50,499
		<hr/>
		47,242
		<hr/>

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

# NOMURA GLOBAL SHARIAH SUSTAINABLE EQUITY FUND

## STATEMENT OF FINANCIAL POSITION AS AT 30 NOVEMBER 2022

	<u>Note</u>	As at <u>30.11.2022</u> USD
<b>ASSETS</b>		
Cash and cash equivalents	8	26,073
Financial assets at fair value through profit or loss	7	1,038,662
Dividends receivable		464
<b>TOTAL ASSETS</b>		<u>1,065,199</u>
<b>LIABILITIES</b>		
Amount due to Manager - management fee		1,329
Amount due to Trustee		(2)
Amount due to Shariah Adviser		653
Auditors' remuneration		517
<b>TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS)</b>		<u>2,497</u>
<b>NET ASSET VALUE OF THE FUND</b>		<u>1,062,702</u>
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		<u>1,062,702</u>

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

# NOMURA GLOBAL SHARIAH SUSTAINABLE EQUITY FUND

## STATEMENT OF FINANCIAL POSITION AS AT 30 NOVEMBER 2022 (CONTINUED)

	<u>Note</u>	As at <u>30.11.2022</u> USD
<b>REPRESENTED BY:</b>		
<b>FAIR VALUE OF OUTSTANDING UNITS</b>		
- MYR CLASS A		16,480
- USD CLASS A		1,046,222
		<hr/>
		1,062,702
		<hr/> <hr/>
<b>NUMBER OF UNITS IN CIRCULATION</b>		
- MYR CLASS A	9(a)	69,569
- USD CLASS A	9(b)	1,000,000
		<hr/>
		1,069,569
		<hr/> <hr/>
<b>NET ASSET VALUE PER UNIT (USD)</b>		
- MYR CLASS A		0.2369
- USD CLASS A		1.0462
		<hr/> <hr/>

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



# NOMURA GLOBAL SHARIAH SUSTAINABLE EQUITY FUND

## STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FOR THE FINANCIAL YEAR FROM 23 MAY 2022 (DATE OF LAUNCH) TO 30 NOVEMBER 2022

	Financial period from 23.5.2022 (date of launch) to 30.11.2022 USD
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE DATE OF LAUNCH</b>	-
Movement due to units created and cancelled during the period	
Creation of units arising from applications	
- MYR Class A	17,308
- USD Class A	1,000,000
Cancellation of units	
- MYR Class A	(1,848)
Increase in net assets attributable to unitholders during the financial year/period	47,242
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE END OF THE PERIOD</b>	<b>1,062,702</b>

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

# NOMURA GLOBAL SHARIAH SUSTAINABLE EQUITY FUND

## STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD FROM 23 MAY 2022 (DATE OF LAUNCH) TO 30 NOVEMBER 2022

	<u>Note</u>	Financial period from 23.5.2022 (date of launch) to 30.11.2022 USD
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Proceeds from sale of investments		60,341
Purchase of investments		(1,043,432)
Dividend received		3,388
Management fee paid		(6,203)
Trustee fee paid		(484)
Tax paid		(429)
Payment for other fees and expenses		(1949)
Net realised loss on foreign currency exchange		(619)
Net cash flows used in operating activities		<u>(989,387)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from creation of units		1,017,308
Payments for cancellation of units		(1,848)
Net cash flows generated from financing activities		<u>1,015,460</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		26,073
<b>EFFECTS OF FOREIGN CURRENCY EXCHANGE</b>		-
<b>CASH AND CASH EQUIVALENTS AT THE DATE OF LAUNCH</b>		<u>-</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	8	<u><u>26,073</u></u>

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

## **NOMURA GLOBAL SHARIAH SUSTAINABLE EQUITY FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 23 MAY 2022 (DATE OF LAUNCH) TO 30 NOVEMBER 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 have been prepared under the historical cost convention as modified by financial assets and financial liabilities at fair value through profit or loss and comply with Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS").

The preparation of financial statements in conformity with 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 revenue 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.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note L.

- (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.

#### **B INCOME RECOGNITION**

Dividend income from quoted Shariah-compliant investments scheme are recognised when the Fund's right to receive payment is established. Dividend income is received from financial assets measured at FVTPL.

Realised gain or loss on sale of quoted Shariah-compliant 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.

## **NOMURA GLOBAL SHARIAH SUSTAINABLE EQUITY FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 23 MAY 2022 (DATE OF LAUNCH) TO 30 NOVEMBER 2022 (CONTINUED)**

#### **C 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 year.

Tax on investment income from foreign quoted Shariah-compliant investments is based on the tax regime of the respective countries that the Fund invests in.

#### **D FUNCTIONAL AND PRESENTATION 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”). The financial statements are presented in United States Dollar (“USD”), which is the Fund’s functional and presentation currency.

#### **E FOREIGN CURRENCY TRANSLATION**

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 period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in statement of comprehensive income, except when deferred in other comprehensive income as qualifying cash flow hedges.

## **NOMURA GLOBAL SHARIAH SUSTAINABLE EQUITY FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 23 MAY 2022 (DATE OF LAUNCH) TO 30 NOVEMBER 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 at fair value 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 ("SPPI"). 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 and derivatives not designated as hedging instruments are measured at fair value through profit or loss.

The Fund classifies cash and cash equivalents, amount due from Manager and dividends receivable as financial assets at amortised cost as these financial assets are held to collect contractual cash flows that represent SPPI.

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

## NOMURA GLOBAL SHARIAH SUSTAINABLE EQUITY FUND

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 23 MAY 2022 (DATE OF LAUNCH) TO 30 NOVEMBER 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.

Financial liabilities, within the scope of MFRS 9, 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 derecognised 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.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category including the effects of foreign transactions are presented in the statement of comprehensive income within 'net gain or loss on financial assets at fair value through profit or loss' in the period which they arise.

Investments in Islamic collective investment schemes are valued at the last published net asset value ("NAV") per unit at the date of the statement of financial position.

Quoted Shariah-compliant investments and Shariah-compliant exchange traded funds are initially recognised at fair value and subsequently re-measured at fair value based on the market price quoted on the relevant stock exchanges at the close of the business on the valuation day, where the close price falls within the bid-ask spread. In circumstances where the close price is not within the bid-ask spread, the Manager will determine the point within the bid-ask spread that is most representative of the fair value.

If a valuation based on the market price does not represent the fair value of the securities, for example during abnormal market conditions or when no market price is available, including in the event of a suspension in the quotation of the securities for a period exceeding 14 days, or such shorter period as agreed by the Trustee, then the securities are valued as determined in good faith by the Manager, based on the methods or bases approved by the Trustee after appropriate technical consultation.

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

## NOMURA GLOBAL SHARIAH SUSTAINABLE EQUITY FUND

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 23 MAY 2022 (DATE OF LAUNCH) TO 30 NOVEMBER 2022(CONTINUED)

#### F FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

##### (iii) Impairment

The Fund's financial assets measured at amortised cost are subject to expected credit losses. The Fund measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. The Manager considers both historical analysis and forward-looking information in determining any expected credit loss. 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 expected credit losses as any such impairment would be wholly insignificant to the Fund.

##### Significant increase in credit risk

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

##### Definition of default and credit-impaired financial assets

The Fund defines a financial instrument as default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

##### Quantitative criteria:

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

##### Qualitative criteria:

The debtor meets unlikelihood to pay criteria, which indicates the debtor is in significant financial difficulty. The Fund considers the following instances:

- the debtor is in breach of financial covenants
- concessions have been made by the lender relating to the debtor's financial difficulty
- it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- the debtor is insolvent

Financial instruments that are credit-impaired are assessed on individual basis.

##### Write-off

The Fund writes 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 bad debt recoveries. There are no write-offs/recoveries during the financial period.

## **NOMURA GLOBAL SHARIAH SUSTAINABLE EQUITY FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 23 MAY 2022 (DATE OF LAUNCH) TO 30 NOVEMBER 2022(CONTINUED)**

#### **G CASH AND CASH EQUIVALENTS**

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

#### **H AMOUNT DUE FROM/(TO) BROKER**

Amount due from and to broker represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered on the statement of financial position date respectively. The due from broker balance is held for collection. Refer to Note F for accounting policy on recognition and measurement.

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

Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required.

#### **I CREATION AND CANCELLATION OF UNITS**

The unitholders' contributions to the Fund meet the definition of puttable instruments classified as financial liability under MFRS 132 "Financial Instruments: Presentation".

The Fund issues cancellable units, in two classes of units, known respectively as the Class A and Class B, which are cancelled at the unitholders' option and do not have identical features. 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 unitholder's 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 unit holders of respective classes with the total number of outstanding units of respective classes.



## **NOMURA GLOBAL SHARIAH SUSTAINABLE EQUITY FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 23 MAY 2022 (DATE OF LAUNCH) TO 30 NOVEMBER 2022(CONTINUED)**

#### **J 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.

#### **K INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS**

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

#### **L CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES**

The Fund makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information contents on the estimates, certain key variables that are anticipated to have material impacts to the Fund's results and financial position are tested for sensitivity to changes in the underlying parameters.

Estimates and judgments are continually evaluated by the Manager and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In undertaking any of the Fund's investment, the Manager will ensure that all assets of the Fund under management will be valued appropriately, that is at fair value and in compliance with the Securities Commission's ("SC") Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework.

## **NOMURA GLOBAL SHARIAH SUSTAINABLE EQUITY FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 23 MAY 2022 (DATE OF LAUNCH) TO 30 NOVEMBER 2022 (CONTINUED)**

#### **L CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES (CONTINUED)**

##### Functional currency

Due to mixed factors in determining the functional currency of the Fund, the Manager has used its judgment 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 USD primarily due to the following factors:

- (i) The Fund's significant units are denominated in USD.
- (ii) Significant portion of the Fund's investments are denominated in USD
- (iii) Significant portion of the Fund's cash is denominated in USD for the purpose of making settlement of foreign trades and expenses.
- (iv) Significant portion of the Fund's expenses are denominated in USD.

#### **M REALISED AND UNREALISED PORTIONS OF INCREASE OR DECREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS**

The analysis of realised and unrealised amount in increase or decrease in net assets attributable to unitholders as presented on the statement of comprehensive income is prepared in accordance with SC's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework.

# **NOMURA GLOBAL SHARIAH SUSTAINABLE EQUITY FUND**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 23 MAY 2022 (DATE OF LAUNCH) TO 30 NOVEMBER 2022**

### **1 INFORMATION ON THE FUND**

The Unit Trust Fund was constituted under the name Nomura Global Shariah Sustainable Equity Fund (the “Fund”) pursuant to the execution of a Deed dated 29 March 2022 (the “Deed”) entered into between Nomura Asset Management Malaysia Sdn Bhd (the “Manager”) and Deutsche Trustees Malaysia Berhad (the “Trustee”).

The Fund commenced operations on 23 May 2022 and will continue its operations until terminated by the Trustee as provided under Clause 11.3 of the Deed.

The Fund may invest in any of the following assets, subject to the Deeds, the Fund’s objective, the Guidelines, the requirements of the SC and all relevant laws:

- (a) Money market instruments;
- (b) Deposits;
- (c) Derivatives;
- (d) Any other form of investments permitted by the SC from time to time which is in line with the objective of the Fund.

All investments will be subjected to the SC’s Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework, the Deed and the objective of the Fund.

The main objective of the Fund is to achieve long-term capital growth.

The Manager is a company incorporated in Malaysia. The principal activities of the Manager are establishment and management of unit trust funds, exchange-traded funds and private retirement schemes as well as providing fund management services to private clients.

The financial statements were authorised for issue by the Manager on 27 January 2023.

## NOMURA GLOBAL SHARIAH SUSTAINABLE EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 23 MAY 2022 (DATE OF LAUNCH) TO 30 NOVEMBER 2022(CONTINUED)

#### 2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments are as follows:

	At amortised cost USD	At fair value through profit or loss USD	Total USD
<u>As at 30.11.2022</u>			
<u>Financial assets</u>			
Cash and cash equivalents	26,073	-	26,073
Dividends receivable	464	-	464
Financial assets at fair value through profit or loss ("FVTPL")	-	1,038,662	1,038,662
Total	<u>26,537</u>	<u>1,038,662</u>	<u>1,065,199</u>
<u>Financial liabilities</u>			
Amount due to Manager - management fee	1,329	-	1,329
Amount due to Shariah Adviser	653	-	653
Amount due to Trustee	(2)	-	(2)
Auditors' remuneration	517	-	517
Total	<u>2,497</u>	<u>-</u>	<u>2,497</u>

The Fund is exposed to a variety of risks which include market risk (including price risk, interest rate risk and currency risk), credit risk, liquidity risk and capital risk.

Financial risk management is carried out through internal control processes adopted by the Manager and adherence to the investment restrictions as stipulated by the SC's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework.

## NOMURA GLOBAL SHARIAH SUSTAINABLE EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 23 MAY 2022 (DATE OF LAUNCH) TO 30 NOVEMBER 2022(CONTINUED)

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

##### Market risk

##### (a) Price risk

Price risk arises mainly from the uncertainty about future prices of investments. It represents the potential loss the Fund might suffer through holding market positions in the face of price movements. The Manager manages the risk of unfavourable changes in prices by continuous monitoring of the performance and risk profile of the investment portfolio.

The Fund's overall exposure to price risk was as follows:

	As at 30.11.2022 USD
<b>Quoted investment</b>	
Quoted equity	1,038,662
	<u>1,038,662</u>

The following table summarises the sensitivity of the Fund's (loss)/profit after taxation and net asset value to price risk movements. The analysis is based on the assumptions that the market price increased by 5% and decreased by 5% with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the quoted securities, having regard to the historical volatility of the prices.

<u>% Change in price</u>	<u>Market value</u> USD	<u>Impact on profit after tax/NAV</u> USD
<u>As at 30.11.2022</u>		
-5%	986,729	(51,933)
0%	1,038,662	-
+5%	1,090,595	51,933
	<u>1,038,662</u>	<u>51,933</u>

##### (b) Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and liabilities and future cash flows.

The Fund's have no deposits with licensed financial institutions are short term in nature. Therefore, exposure to interest rate fluctuations is minimal.

## NOMURA GLOBAL SHARIAH SUSTAINABLE EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 23 MAY 2022 (DATE OF LAUNCH) TO 30 NOVEMBER 2022(CONTINUED)

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

##### Market risk (continued)

##### (c) Currency risk

Currency risk is associated with investments denominated in foreign currencies. When the foreign currencies fluctuate in an unfavourable movement against Ringgit Malaysia, 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 Ringgit Malaysia based on considerations of economic fundamentals such as interest rate differentials, balance of payments position, debt levels and technical chart considerations.

The following table sets out the foreign currency risk concentrations and counterparties of the Fund:

	Financial assets at <u>fair value</u> USD	Cash and cash <u>equivalents</u> USD	Dividends <u>receivable</u> USD	<u>Total</u> USD
<u>2022</u>				
<u>Financial assets</u>				
British Pound	35,774	245	-	36,019
Danish Krone	64,978	162	-	65,140
European Dollar	132,586	354	-	132,940
Japanese Yen	46,259	-	175	46,434
Swiss Franc	31,248	-	-	31,248
Malaysian Ringgit	-	14,613	-	14,613
	<u>310,845</u>	<u>15,374</u>	<u>175</u>	<u>326,394</u>
	Amount due to <u>brokers</u> USD	Other <u>liabilities</u> USD	Net assets attributable to <u>unitholders</u> USD	<u>Total</u> USD
<u>Financial liabilities</u>				
Malaysian Ringgit	-	-	16,480	16,480
	<u>-</u>	<u>-</u>	<u>16,480</u>	<u>16,480</u>

## NOMURA GLOBAL SHARIAH SUSTAINABLE EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 23 MAY 2022 (DATE OF LAUNCH) TO 30 NOVEMBER 2022(CONTINUED)

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

##### Market risk (continued)

##### (c) Currency risk (continued)

The table below summarises the sensitivity of the Fund's (loss)/ profit after tax and net asset value to changes in foreign exchange movements. The analysis is based on the assumption that the foreign exchange rate changes based on each currency's respective historical volatility, with all other variables remain constant. This represents management's best estimate of a reasonable possible shift in the foreign exchange rate, having regard to historical volatility of this rate. Any appreciation/(depreciation) in foreign exchange rate relative to USD will result in a corresponding increase/(decrease) in the net assets attributable to unitholders by each currency's respective historical volatility. Disclosures below are shown in absolute terms, changes and impacts could be positive or negative.

	Change in price %	Impact on (loss)/profit after tax/NAV USD
<u>2022</u>		
British Pound	5	1,801
Danish Krone	5	3,257
European Dollar	5	6,647
Japanese Yen	5	2,322
Swiss Franc	5	1,562
Malaysian Ringgit	5	(93)

## NOMURA GLOBAL SHARIAH SUSTAINABLE EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 23 MAY 2022 (DATE OF LAUNCH) TO 30 NOVEMBER 2022(CONTINUED)

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

##### Credit risk

Credit risk refers to the ability of an issuer or counterparty to make timely payments of interest, principals and proceeds from realisation of investment. The Manager manages the credit risk by undertaking credit evaluation to minimise such risk.

Credit risk arising from cash and bank balances is managed by ensuring that they are held by parties with credit rating of AA or higher.

The settlement terms of the proceeds from the creation of units receivable from the Manager are governed by the SC's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework.

The following table sets out the credit risk concentration and counterparties of the Fund:

	Cash and cash <u>equivalents</u> USD	Forward foreign currency <u>contracts</u> USD	Other <u>assets*</u> USD	<u>Total</u> USD
<u>As at 30.11.2022</u>				
Financial Services				
- AA1	26,073	-	-	26,073
Others				
- NR	-	-	464	464
	<u>26,073</u>	<u>-</u>	<u>464</u>	<u>26,537</u>

\*Other assets consist of amount due from Manager and dividends receivable.



## NOMURA GLOBAL SHARIAH SUSTAINABLE EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 23 MAY 2022 (DATE OF LAUNCH) TO 30 NOVEMBER 2022(CONTINUED)

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

##### 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 analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date.

The amounts in the table below are the contractual undiscounted cash flows.

	Within one month USD	Between one month to one year USD	Total USD
<u>As at 30.11.2022</u>			
Amount due to Manager			
- management fee	1,329	-	1,329
Amount due to Trustee	(2)	-	(2)
Amount due to Shariah Adviser	-	653	653
Auditors' remuneration	-	517	517
Net assets attributable to unitholders*	1,062,702	-	1,062,702
	<u>1,064,029</u>	<u>1,170</u>	<u>1,065,199</u>

\* Units are cancelled on demand at the unitholder's 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 unitholders of these instruments typically retain them for the medium to long term.

## NOMURA GLOBAL SHARIAH SUSTAINABLE EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 23 MAY 2022 (DATE OF LAUNCH) TO 30 NOVEMBER 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 USD1,062,702. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of 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 unitholders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

#### 3 FAIR VALUE ESTIMATION

Financial instruments comprise financial assets and financial liabilities. 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.

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.

An active market is a market in which transactions for the asset take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The fair value of financial assets that are not traded in an active market is determined by using valuation techniques.

##### (i) Fair value hierarchy

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

- Quoted prices (unadjusted) in active market for identical assets or liabilities (Level 1)
- 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 2)
- Inputs for the asset and liability that are not based on observable market data (that is, unobservable inputs) (Level 3)

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.

## NOMURA GLOBAL SHARIAH SUSTAINABLE EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 23 MAY 2022 (DATE OF LAUNCH) TO 30 NOVEMBER 2022(CONTINUED)

#### 3 FAIR VALUE ESTIMATION (CONTINUED)

##### (i) Fair value hierarchy (continued)

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 30.11.2022</u>				
Financial assets at fair value through profit or loss				
- quoted equity	1,038,662	-	-	1,038,662
	<u>1,038,662</u>	<u>-</u>	<u>-</u>	<u>1,038,662</u>

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, including quoted equities, exchange traded funds and collective investment schemes. 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.

- (ii) The carrying values of cash and cash equivalents, amount due from broker and amount due from Manager and all current liabilities, except for forward foreign currency contracts are a reasonable approximation of the fair values due to their short term nature.

## **NOMURA GLOBAL SHARIAH SUSTAINABLE EQUITY FUND**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 23 MAY 2022 (DATE OF LAUNCH) TO 30 NOVEMBER 2022 (CONTINUED)**

#### **4 MANAGEMENT FEE**

For the period ended 30 November 2022, the management fee is recognised at a rate of 1.60% per annum for MYR Class A and 1.60% per annum for USD Class A the NAV of the Fund, calculated on a daily basis as stated in the Fund's Information Memorandum.

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

#### **5 TRUSTEE FEE**

For the period ended 30 November 2022, the Trustee fee is recognised at a rate of 0.05% per annum on the NAV of the Fund, exclusive of foreign custodian fees and charges, calculated on a daily basis for the financial period, or a minimum of MYR 15,000 (USD 3,376) as stated in the Fund's Information Memorandum.

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

## NOMURA GLOBAL SHARIAH SUSTAINABLE EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 23 MAY 2022 (DATE OF LAUNCH) TO 30 NOVEMBER 2022 (CONTINUED)

#### 6 TAXATION

	Financial period from 23.5.2022 (date of launch) to <u>30.11.2022</u> USD
Current taxation - foreign source income	429

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

	Financial period from 23.5.2022 (date of launch) to <u>30.11.2022</u> USD
Net profit before taxation	47,671
Tax at Malaysian statutory rate of 24 %	11,441
Tax effects of:	
Investment income not subject to tax	(14,393)
Expenses not deductible for tax purposes	1,020
Restriction on tax deductible expenses for Wholesale Funds	1,932
Tax from foreign sourced income	429
Tax expense	429

#### 7 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at <u>30.11.2022</u> USD
Financial assets at fair value through profit or loss:	
- quoted equity (a)	1,038,662
	1,038,662

## NOMURA GLOBAL SHARIAH SUSTAINABLE EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 23 MAY 2022 (DATE OF LAUNCH) TO 30 NOVEMBER 2022(CONTINUED)

#### 7 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

	Financial period from 23.05.2022 (date of launch) to <u>30.11.2022</u> USD
Net gain on financial assets at fair value through profit or loss:	
- realised gain on sale of investments	5,077
- unrealised gain on changes in fair value	50,493
	<hr/>
	55,570
	<hr/> <hr/>

## NOMURA GLOBAL SHARIAH SUSTAINABLE EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 23 MAY 2022 (DATE OF LAUNCH) TO 30 NOVEMBER 2022(CONTINUED)

#### 7 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

(a) Quoted Equity

(i) Quoted Equity as at 30 November 2022 are as follows:

<u>Name of Security</u>	<u>Quantity</u> Units	Aggregate <u>cost</u> MYR	Fair <u>value</u> MYR	Percentage of NAV %
BELGIUM				
<b>Materials</b>				
Umicore Sa	380	15,298	13,382	1.26
TOTAL BELGIUM	380	15,298	13,382	1.26
DENMARK				
<b>Health Care</b>				
Novo Nordisk A/S	368	39,777	45,045	4.24
<b>Utilities</b>				
Orsted A/S	232	23,522	19,933	1.88
TOTAL DENMARK	600	63,299	64,978	6.12
FRANCE				
<b>Industrials</b>				
Schneider Electric Se	198	24,666	28,323	2.67
TOTAL FRANCE	198	24,666	28,323	2.67
GERMANY				
<b>Information Technology</b>				
Sap Se	103	9,315	11,079	1.04
TOTAL GERMANY	103	9,315	11,079	1.04
JAPAN				
<b>Industrials</b>				
Daikin Industries,Ltd.	288	45,699	46,259	4.35
TOTAL JAPAN	288	45,699	46,259	4.35

## NOMURA GLOBAL SHARIAH SUSTAINABLE EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 23 MAY 2022 (DATE OF LAUNCH) TO 30 NOVEMBER 2022(CONTINUED)

#### 7 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

(a) Quoted Equity (continued)

(i) Quoted Equity as at 30 November 2022 are as follows (continued):

<u>Name of Security</u>	<u>Quantity</u> Units	<u>Aggregate</u> <u>cost</u> MYR	<u>Fair</u> <u>value</u> MYR	<u>Percentage</u> <u>of NAV</u> %
NETHERLANDS				
<b>Information Technology</b>				
Adyen N.V.	17	21,994	25,624	2.41
ASML Holding N.V.	48	23,681	27,733	2.61
	65	45,675	53,357	5.02
<b>Materials</b>				
Royal DSM N.V.	210	32,622	26,446	2.49
TOTAL NETHERLANDS	275	78,297	79,803	7.51
SWITZERLAND				
<b>Consumer Staples</b>				
Nestle Ltd.	265	29,673	31,248	2.94
TOTAL SWITZERLAND	265	29,673	31,248	2.94
UNITED KINGDOM				
<b>Health Care</b>				
Astrazeneca Plc	269	31,567	35,774	3.37
TOTAL UNITED KINGDOM	269	31,567	35,774	3.37
UNITED STATES				
<b>Consumer Discretionary</b>				
Tesla, Inc.	93	20,370	18,107	1.70
Tractor Supply Company	150	28,762	33,946	3.19
	243	49,132	52,053	4.89
<b>Health Care</b>				
Becton, Dickinson And Company	197	47,931	49,120	4.62
Boston Scientific Corporation	716	29,955	32,413	3.05
Gilead Sciences, Inc.	124	10,467	10,891	1.02
Medtronic Public Limited Company	312	28,288	24,660	2.32
Thermo Fisher Scientific Inc.	92	47,172	51,540	4.85
	1,441	163,813	168,624	15.86



## NOMURA GLOBAL SHARIAH SUSTAINABLE EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 23 MAY 2022 (DATE OF LAUNCH) TO 30 NOVEMBER 2022(CONTINUED)

#### 7 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

(a) Quoted Equity (continued)

(i) Quoted Equity as at 30 November 2022 are as follows (continued):

<u>Name of Security</u>	<u>Quantity</u> Units	Aggregate <u>cost</u> MYR	Fair <u>value</u> MYR	Percentage <u>of NAV</u> %
UNITED STATES (Continued)				
<b>Industrials</b>				
A. O. Smith Corporation	396	22,293	24,053	2.26
Johnson Controls International Plc	625	31,492	41,525	3.91
Pentair Public Limited Company	608	28,266	27,828	2.62
	<u>1,629</u>	<u>82,051</u>	<u>93,406</u>	<u>8.79</u>
<b>Information Technology</b>				
Adobe Inc.	118	44,262	40,702	3.83
Apple Inc.	256	34,118	37,896	3.57
Cisco Systems, Inc.	681	29,499	33,859	3.19
Fiserv, Inc.	301	27,184	31,412	2.96
Mastercard Incorporated.	153	49,470	54,529	5.13
Microsoft Corporation	233	57,139	59,448	5.59
Nvidia Corporation	137	21,770	23,185	2.18
Taiwan Semiconductor manufacturing Co., Ltd.	508	43,531	42,154	3.97
Visa Inc.	152	29,353	32,984	3.10
	<u>2,539</u>	<u>336,326</u>	<u>356,169</u>	<u>33.52</u>
<b>Telecommunication Services</b>				
Alphabet Inc.	570	59,033	57,564	5.42
TOTAL UNITED STATES	<u>6,422</u>	<u>690,355</u>	<u>727,816</u>	<u>68.48</u>
Total Quoted Equity	<u>8,800</u>	<u>988,169</u>	<u>1,038,662</u>	<u>97.74</u>
Accumulated unrealised gain on Quoted Equity		<u>50,493</u>		
Total Quoted Equity		<u>1,038,662</u>		

## NOMURA GLOBAL SHARIAH SUSTAINABLE EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 NOVEMBER 2022 (CONTINUED)

#### 8 CASH AND CASH EQUIVALENTS

	<u>2022</u> USD
Bank balances with a licensed bank	26,073
	<u>26,073</u>

#### 9 NUMBER OF UNITS IN CIRCULATION

##### (a) MYR Class A units in circulation

	As at <u>30.11.2022</u> No. of units
At the beginning of the financial year/date of launch	-
Creation of units arising from applications during the financial year/period	77,353
Cancellation of units during the financial year/period	(7,784)
At the end of the year/financial period	<u>69,569</u>

##### (b) USD Class A units in circulation

	As at <u>30.11.2022</u> No. of units
At the beginning of the financial year/date of launch	-
Creation of units arising from applications during the financial year/period	1,000,000
At the end of the financial year/period	<u>1,000,000</u>

## NOMURA GLOBAL SHARIAH SUSTAINABLE EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 23 MAY 2022 (DATE OF LAUNCH) TO 30 NOVEMBER 2022(CONTINUED)

#### 10 TRANSACTIONS WITH BROKER/INTERMEDIARY

Details of transactions with the broker/intermediary for the financial period from 23 May 2022 (date of launch) to 30 November 2022 are as follows:

<u>Name of broker/intermediary</u>	<u>Value of trade</u> USD	Percentage of total <u>trade</u> %	Brokerage <u>fees</u> USD	Percentage of total <u>brokerage</u> %
Bank of America Securities	284,929	25.82	167	19.12
Robert W. Baird & Co.	247,228	22.40	44	5.04
Daiwa Securities SMBC Hong Kong Ltd	184,588	16.72	61	7.00
Sanford C. Bernstein and Co., Llc	155,818	14.11	394	45.17
Macquarie Capital (Europe) Ltd	105,487	9.56	105	12.09
Barclays Capital Inc	66,632	6.04	58	6.65
CLSA Singapore Pte Ltd.	28,353	2.57	31	3.57
Jefferies Llc.	20,573	1.86	2	0.18
Jp Morgan Securities Ltd London	10,165	0.92	10	1.18
	<u>1,103,773</u>	<u>100.00</u>	<u>872</u>	<u>100.00</u>

# NOMURA GLOBAL SHARIAH SUSTAINABLE EQUITY FUND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 23 MAY 2022 (DATE OF LAUNCH) TO 30 NOVEMBER 2022(CONTINUED)

### 11 UNITS HELD BY THE MANAGER AND PARTIES RELATED TO THE MANAGER

The related parties of and their relationships with the Fund are as follows:

<u>Related parties</u>	<u>Relationship</u>
Nomura Asset Management Malaysia Sdn Bhd	The Manager
The Nomura Trust and Banking Co., Ltd.	Associate Company
Senior Management of the Manager	Director(s) of the Manager

The number of units held by the Director(s) of the Manager as at the end of the financial period as follows:

	No. of units	As at 30.11.2022 USD
Nomura Asset Management Malaysia Sdn Bhd		
- MYR Class A	1,000	237
The Nomura Trust and Banking Co., Ltd.		
- USD Class A	1,000,000	1,046,200

### 12 TOTAL EXPENSES RATIO ("TER")

	Financial period from 23.5.2022 (date of launch) to 30.11.2022 %
TER	1.15

TER is derived from the following calculation:

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

A	=	Management fee, excluding management fee rebates
B	=	Trustee fee
C	=	Fund accounting fee
D	=	Auditors' remuneration
E	=	Tax agent's fee
F	=	Other expenses
G	=	Average NAV of Fund calculated on a daily basis

The average NAV of the Fund for the financial year/period calculated on a daily basis is USD894,782.

## NOMURA GLOBAL SHARIAH SUSTAINABLE EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 23 MAY 2022 (DATE OF LAUNCH) TO 30 NOVEMBER 2022(CONTINUED)

#### 13 PORTFOLIO TURNOVER RATIO ("PTR")

	Financial period from 23.5.2022 (date of launch) to <u>30.11.2022</u>
PTR (times)	<u>0.62</u>

PTR is derived from the following calculation:

$$\frac{(\text{Total acquisition for the financial year/period} + \text{total disposal for the financial year/period}) \div 2}{\text{Average NAV of the Fund for the financial year/period calculated on a daily basis}}$$

where: total acquisition for the financial year/period = USD1,044,266  
total disposal for the financial year/period = USD60,303

#### 14 SHARIAH INFORMATION OF THE FUND

The Shariah Adviser confirmed that the investment portfolio of the Fund is Shariah-compliant.

**NOMURA GLOBAL SHARIAH 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 33 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 30 November 2022 and of its financial performance, changes in net assets attributable to unitholders and cash flows for the financial period from 23 May 2022 (date of launch) to 30 November 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  
27 January 2023



Deutsche Trustees Malaysia Berhad  
Registration No: 200701005591 (763590-H)  
Level 20, Menara IMC  
8 Jalan Sultan Ismail  
50250 Kuala Lumpur  
Tel +603 2053 7522  
Fax +603 2053 7526

## TRUSTEE'S REPORT

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

We have acted as Trustee of the Fund for the financial period from 23 May 2022 (date of launch) to 30 November 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, 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  
27 January 2023

## **SHARIAH ADVISER'S REPORT**

TO THE UNIT HOLDERS OF  
NOMURA GLOBAL SHARIAH SUSTAINABLE EQUITY FUND

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 financial period covered by these financial statements in accordance with the Shariah principles and requirements and complied with the applicable guidelines, rulings or decisions issued by the Securities Commission Malaysia pertaining to Shariah matters; and

The assets of the Fund comprise instruments that have been classified as Shariah compliant by the Shariah Advisory Council ("SAC") of the Securities Commission Malaysia. As for the instruments which are not classified as Shariah compliant by the SAC of the Securities Commission Malaysia, we have reviewed the said instruments and confirmed that these instruments are Shariah compliant.

For ZICO Shariah Advisory Services Sdn Bhd

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

DR. AIDA OTHMAN

Designated Person Responsible for Shariah Matters Relating to the Fund

Kuala Lumpur  
27 January 2023