

Fund Commentary and Strategy

During the month, the Fund was mainly invested in the Target Fund.

Commentary from the Target Fund Manager

Global equity markets have rallied sharply as investors have sought to get ahead of the Federal Reserve (Fed) and the potential for more accommodative monetary policy as inflation pressures have eased to some extent, which has benefitted higher growth stocks that underperformed in 2022 to the greatest extent. Selection was positive over the month with Industrials notably very strong, however allocation detracted materially driven primarily by the underperformance of the Healthcare sector and the sharp recovery in Consumer Discretionary.

Impact focus of the month: The team have initiated a position in Tetra Tech aligned with the Global Access to Clean Drinking Water impact goal. Tetra Tech is an environmental consulting and engineering business which is typically engaged at the very front end of water and sustainability projects. When municipalities grow more concerned about droughts and access to water they will engage firms such as Tetra Tech to help them to develop engineering solutions. The even more impactful side of the business is the company's position as a go to solutions provider for US Agency for International Development agency (USAID) supporting the development of water access projects across the poorest nations globally in which water access is needed most. The US in particular has made huge commitments to ramping up infrastructure spending to support access to water and a cleaner grid (through Federal Acts such as the Inflation Reduction Act (IRA) and Infrastructure Investment and Jobs Act (IIJA)) and this spending will start to come through from the end of this year providing a significant boost for Tetra Tech over the long term. The team do not believe however that this is priced into the stock at current levels following a significant de-rating as certain previous 'sustainable' darlings have fallen out of favour.

Top contributors to performance were Pentair (+24%), ASML (+22%) and AO Smith (+19%). ASML has benefitted from a broad improvement in sentiment around the semi cycle whilst Pentair and AO Smith both benefitted from better than expected fourth quarter earnings reports and guidance, and a similarly broad improvement in sentiment around the outlook for residential exposed businesses. Top detractors were NextEra (-11%), CVS (-5%) and Cigna (-4%). NextEra announced at its earnings report that its longstanding regulated utility business CEO would be standing down following a difficult year in which the company has had to defend itself against accusations of campaign financing violations whilst longer term guidance was potentially not as optimistic as hoped given the benefit expected from the IRA. Having benefitted from a flight to safety through 2022 Cigna and CVS lagged over the month and concerns over the outcome of the CMS' review of Risk Adjustment Data Validation also weighed on the broader managed care space.

Cumulative Fund Returns (%)

	YTD	1 Month	3 Month	6 Month
	31/12/2022	31/12/2022	31/10/2022	31/7/2022
	To	To	To	To
	31/1/2023	31/1/2023	31/1/2023	31/1/2023
Fund	1.58	1.58	0.64	-3.11
Benchmark	3.80	3.80	0.20	-1.58

Cumulative Fund Returns (%)

	1 Year	Since Commencement
	31/1/2022	9/7/2021
	To	To
	31/1/2023	31/1/2023
Fund	-7.49	-10.13
Benchmark	-5.76	-4.80

Source: Refinitiv Lipper

Notes: Performance data is calculated based on the changes in the Fund's NAV price per unit for the specified length of time and on the assumption that any dividends declared are reinvested into the Fund. Performance figures are presented in cumulative basis, unless indicated otherwise.

FUND'S PAST PERFORMANCE IS NOT AN INDICATION OF ITS FUTURE PERFORMANCE

Fund Objectives

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

Target Fund

Nomura Funds Ireland – Global Sustainable Equity Fund USD-F

Benchmark

MSCI All Country World Index

Distribution Policy

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

Key Facts

Launch Date	18-Jun-2021
Fund Category	Feeder Fund (Global Equity)
Year End	31 July
Fund Size	USD 2.92 million
Class Size	MYR 12.35 million
Units in Circulation (MYR Class B)	13.74 million
NAV per Unit (MYR Class B)	MYR 0.8987
Transaction cut-off time	Daily; 4:00 pm
Redemption Period	Within 10 days

Sales charge

Up to 3.00% of the NAV per Unit.

Management fee

Up to 1.60% per annum of the NAV of each Class.

Trustee fee

Up to 0.03% per annum of the NAV of the Fund (excluding foreign custodian fees and charges), subject to a minimum fee of RM12,000.00 per annum.

Calendar Year Returns (%)

	2022	2021
Fund	-13.45	2.22
Benchmark	-13.25	5.73

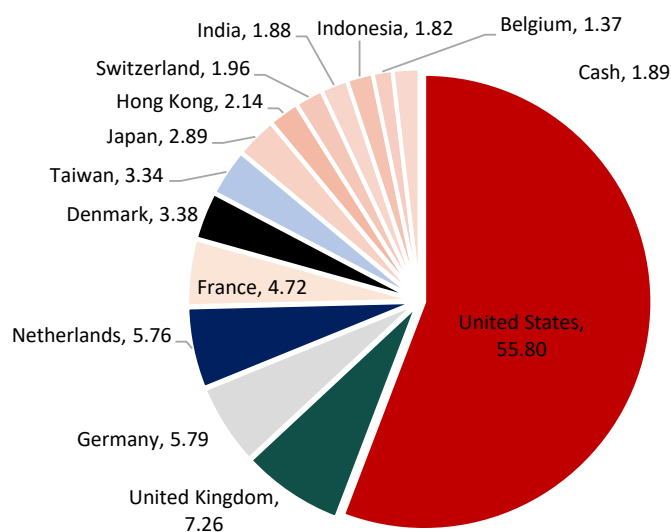
Source: Refinitiv Lipper

Notes: Performance data is calculated based on the changes in the Fund's NAV price per unit for the specified length of time and on the assumption that any dividends declared are reinvested into the Fund. Performance figures are presented in cumulative basis, unless indicated otherwise. Calendar year returns for 2021 are measured from its commencement date of 9 July 2021.

Top 5 Holdings of Target Fund (%)

Mastercard Incorporated Class A	4.28
Thermo Fisher Scientific Inc.	4.19
Johnson Controls International plc	4.01
Microsoft Corporation	3.82
NextEra Energy, Inc.	3.71

Country Breakdown of Target Fund (%)



Asset Allocation (%)

Target Fund	99.13
Cash and Others*	0.87

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

All data presented are as of 31 January 2023 unless otherwise specified.

Data in relation to the Target Fund is sourced from Nomura Asset Management U.K. Ltd.

Percentages may not add up to 100% due to rounding.

Sector Breakdown of Target Fund (%)

Information Technology	28.42
Health Care	24.19
Industrials	15.98
Financials	10.88
Utilities	6.85
Communication Services	4.58
Consumer Staples	3.62
Materials	3.60
Cash	1.89

Nomura Asset Management’s 6 Impact Goals

In 3Q22 we continued to work on progressing towards our 6 Impact Goals focused around the most pressing issues facing our world and where we as investors believe we can have the greatest positive impact. The impact goals are closely aligned with the United Nations Sustainable Development Goals (UN SDGs), and NAM’s Global ESG Statement.

As part of our commitment to deeply integrate our 6 Impact Goals into our processes we strive to further increase our engagements with companies on the selected goals and work together towards achieving progress. In 3Q22, 25 of our total engagements were directly aligned to our Mitigate Climate Change goal and 7 with Mitigate Natural Capital Depletion goal.

Click [here](#) for more details on the report.

Engagements by NAM Impact Goals

Mitigate Climate Change	25
Mitigate Natural Capital Depletion	7
Eliminate Communicable Disease	0
Mitigate the Obesity Epidemic	0
Global Access to Basic Financial Services	0
Global Access to Clean Drinking Water	0
Total	32



Source: Nomura Asset Management U.K. Ltd. - Responsible Investing Report Q3 2022

Disclaimer:

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