

Nomura Ringgit Bond Fund 1

Annual Report and Audited Financial Statements For The
Financial Year Ended 31 December 2022

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

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

AUDITOR: ERNST & YOUNG PLT
Business Registration No.: LLP0022760-LCA & AF0039

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ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

MANAGER'S REPORT

Category, Objective and Distribution Policy

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

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

Fund Type

Income

Benchmark

Malayan Banking Berhad 12 months Fixed Deposit Account rate.

Performance as at 31 December 2022

For the period under review from 1 January 2022 to 31 December 2022, the Fund has registered a 1.97% return. Compared to the Benchmark return of 2.24%, the Fund has underperformed the Benchmark by -0.27%. The last published Net Asset Value (“NAV”) per unit of the Fund as at 31 December 2022 was RM 1.0205 as compared to the NAV per unit as at 31 December 2021 of RM1.0359. On the total NAV basis, the Fund's NAV stood at RM 478.81 million as at 31 December 2022.

Performance as at 31 December 2022

| | 1 Month 01/12/2022 To 31/12/2022 | 3 Months 01/10/2022 To 31/12/2022 | 6 Months 01/07/2022 To 31/12/2022 | 1 Year 01/01/2022 To 31/12/2022 | 3 Years 01/01/2020 To 31/12/2022 | Since Commencement 02/07/2019 To 31/12/2022 |
|---|---|--|--|--|---|---|
| Fund | 0.94% | 1.94% | 2.72% | 1.97% | 8.85% | 11.93% |
| Benchmark | 0.24% | 0.69% | 1.29% | 2.24% | 6.44% | 8.09% |
| Outperformance/ (Underperformance) | 0.70% | 1.25% | 1.43% | -0.27% | 2.41% | 3.84% |

Source of Fund and Benchmark Returns: Refinitiv Lipper.

Volatility as at 31 December 2022

| | 3-Year |
|-------------|--------|
| Fund | 0.94 |

Source: Refinitiv Lipper

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

Strategies Employed (1 January 2022 to 31 December 2022)

We capitalised on the economic reopening theme for 2022, by increasing exposure to sectors that benefited from rebounding economic activity including industrials and transportation. From a curve positioning perspective, we saw value in the steepness of the belly of the credit curve, particularly in the 3-7 year portion, making for an attractive rolldown play.

Summary of Asset Allocation

| | <u>31 December 2022</u> | <u>31 December 2021</u> |
|---|-------------------------|-------------------------|
| Government Investment Issue | 3.17% | 11.69% |
| Corporate Bonds | 92.25% | 85.08% |
| Cash and other net current assets / liabilities | 4.58% | 3.23% |
| Total | 100.0% | 100.0% |

Review of Market (1 January 2022 to 31 December 2022)

Volatility remained elevated in 2022 as the local bond market experienced a sharp selloff on the back of a global bond rout in earlier months of the year before rallying towards the end of the year. Overall, Malaysian Government Securities ("MGS") yield curve bear-flattened as front-end of the curve spiked 61-83 bps YoY while long-end of the curve surged 31-48 bps YoY.

Yields skyrocketed on the back of hawkish major Central Banks and the escalation of the Russia-Ukraine conflict in 9M2022. As the global economy reopens following the Covid-19 pandemic-induced lockdowns, coupled with tight labour market conditions and elevated inflationary pressures, major Central Banks adopted aggressive monetary policy tightening cycle as an effort to tame multi-decade high inflation. Notably, the US Federal Reserve ("US Fed") delivered jumbo-sized rate hikes over the year, increasing its Fed Fund Rate by a total of 4.25%. Meanwhile, at a smaller quantum, Bank Negara Malaysia ("BNM") has delivered four back-to-back 25 bps Overnight Policy Rate ("OPR") hike during the period under review, bringing the OPR to 2.75% from the historic low of 1.75%. Towards the end of the year, however, domestic yields rallied strongly in tandem with global yield movements as risk appetite improved domestically upon the formation of the unity government, coupled with signals from the US Fed to slow its rate hike pace following the downside inflation surprise in the US.

TRANSACTIONS WITH FINANCIAL INSTITUTIONS AND BROKERS/DEALERS

Cross Trades (1 January 2022 to 31 December 2022)

During the financial period under review, seventeen (17) cross trades were conducted between the Fund and other funds / accounts managed by the Manager and/or the Manager's related company.

| | <u>Total Value of trades (RM)</u> |
|----------------------|-----------------------------------|
| Nomura i-Income Fund | 62,474,390 |
| Private Mandate | 20,651,650 |
| Total | 83,126,040 |

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

SOFT COMMISSIONS RECEIVED FROM BROKERS

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

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

BREAKDOWN OF UNITHOLDERS BY SIZE

| Size of holdings (units) | No. of unitholders | No. of units held ('000)* |
|-----------------------------|--------------------|---------------------------|
| Less than 500,000 | 2 | 31.05 |
| 500,000 - to 1,000,000 | - | - |
| 1,000,001 to 5,000,000 | 2 | 2,770.17 |
| 5,000,001 to 10,000,000 | - | - |
| 10,000,001 to 15,000,000 | - | - |
| 15,000,001 to 20,000,000 | - | - |
| 20,000,001 and above | 1 | 466,402.81 |
| Total | 5 | 469,204.03 |

* Note : Excluding Manager's Stock

INCOME DISTRIBUTION

The Nomura Ringgit Bond Fund 1 distributed a gross total of RM 0.0355 per unit to investors of the Fund over the period under review.

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

| Cum-Distribution Date | Cum-Distribution (RM) | Ex-Distribution Date | Ex-Distribution (RM) | Distribution per Unit (RM) |
|-----------------------|-----------------------|----------------------|----------------------|----------------------------|
| 15-Mar-22 | 1.0432 | 16-Mar-22 | 1.0320 | 0.0113 |
| 17-May-22 | 1.0075 | 18-May-22 | 0.9986 | 0.0088 |
| 15-Sep-22 | 1.0240 | 19-Sep-22 | 1.0201 | 0.0040 |
| 22-Dec-22 | 1.0301 | 23-Dec-22 | 1.0190 | 0.0114 |

FUND PERFORMANCE DATA

| | As at 31 December <u>2022</u> | As at 31 December <u>2021</u> |
|----------------------------|-------------------------------------|-------------------------------------|
| Total NAV (RM) | 478,805,267 | 430,089,708 |
| NAV per Unit (RM) | 1.0205 | 1.0359 |
| Unit in Circulation | 469,204,035 | 415,181,179 |
| Highest NAV (RM) | 1.0434 | 1.0691 |
| Lowest NAV (RM) | 0.9986 | 1.0301 |

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

NOMURA RINGGIT BOND FUND 1

FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

NOMURA RINGGIT BOND FUND 1

FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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**TRUSTEE'S REPORT
TO THE UNIT HOLDERS OF NOMURA RINGGIT BOND FUND 1 ("Fund")**

We have acted as Trustee of the Fund for the financial year ended 31 December 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 year 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 Unlisted Capital Market Products under the Lodge and Launch Framework;
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.

We are of the opinion that the distributions of income by the Fund are appropriate and reflect the investment objective of the Fund.

For and on behalf of
CIMB Commerce Trustee Berhad



Datin Ezreen Eliza binti Zulkiplee
Chief Executive Officer

Kuala Lumpur, Malaysia
27 February 2023

NOMURA RINGGIT BOND FUND 1**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 7 to 49 are drawn up in accordance with the provisions of the Deed and give a true and fair view of the financial position of the Fund as at 31 December 2022 and of its financial performance, changes in net assets attributable to unitholder and cash flows for the financial year ended 31 December 2022 in accordance with 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 February 2023

Independent auditors' report to the unitholders of Nomura Ringgit Bond Fund 1

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Nomura Ringgit Bond Fund 1 (the "Fund"), which comprise the statement of financial position as at 31 December 2022, and statement of comprehensive income, statement of changes in equity and statement of cash flows of the Fund for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, as set out on pages 7 to 49.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 December 2022, and of its financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

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

Information other than the financial statements and auditors' report thereon

The Manager of the Fund (the "Manager") is responsible for the other information. The other information comprises the information included in the annual report of the Fund, but does not include the financial statements of the Fund and our auditors' report thereon.

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

Independent auditors' report to the unitholders of Nomura Ringgit Bond Fund 1 (cont'd)

Information other than the financial statements and auditors' report thereon (cont'd)

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

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

Responsibilities of the Manager and Trustee for the financial statements

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

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

The Trustee is responsible for overseeing the Fund's financial reporting process. The Trustee is also responsible for ensuring that the Manager maintains proper accounting and other records as are necessary to enable true and fair presentation of these financial statements.

Auditors' responsibilities for the audit of the financial statements

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

Independent auditors' report to the unitholders of
Nomura Ringgit Bond Fund 1 (cont'd)

Auditors' responsibilities for the audit of the financial statements (cont'd)

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

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

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

Independent auditors' report to the unitholders of
Nomura Ringgit Bond Fund 1 (cont'd)

Other matters

This report is made solely to the unitholders of the Fund, as a body, in accordance with Guidelines on Unlisted Capital Market Products Under the Lodge and Launch Framework issued by Securities Commission Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Kuala Lumpur, Malaysia
27 February 2023



Yap Kah Foo
No. 03574/05/2023 J
Chartered Accountant

NOMURA RINGGIT BOND FUND 1

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

| | <u>Note</u> | <u>01.01.2022</u> <u>to</u> <u>31.12.2022</u> RM | <u>01.01.2021</u> <u>to</u> <u>31.12.2021</u> RM |
|--|-------------|---|---|
| INVESTMENT INCOME | | | |
| Interest income from financial assets at fair value through profit or loss ("FVTPL") | | 17,009,300 | 12,620,752 |
| Interest income from deposits with licensed financial institutions | | 431,993 | 520,664 |
| Other income | | 12 | - |
| Net loss on financial assets at FVTPL | 5 | (7,224,731) | (8,991,911) |
| | | <u>10,216,574</u> | <u>4,149,505</u> |
| EXPENSES | | | |
| Manager's fee | 2 | (745,502) | (629,042) |
| Trustee's fee | 3 | (131,559) | (111,008) |
| Audit fee | | (10,000) | (10,000) |
| Tax agent's fee | | (4,240) | (4,240) |
| Other expenses | | (2,198) | (1,688) |
| | | <u>(893,499)</u> | <u>(755,978)</u> |
| PROFIT BEFORE TAXATION | | 9,323,075 | 3,393,527 |
| TAXATION | 4 | <u>-</u> | <u>-</u> |
| PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR | | <u>9,323,075</u> | <u>3,393,527</u> |
| Profit after taxation is made up of the following: | | | |
| Realised income | | 13,911,554 | 12,735,219 |
| Unrealised loss | | (4,588,479) | (9,341,692) |
| | | <u>9,323,075</u> | <u>3,393,527</u> |
| Distributions for the financial year: | | | |
| Net distributions | 9 | <u>15,366,801</u> | <u>9,823,224</u> |
| Gross/net distributions per unit | 9 | <u>0.0355</u> | <u>0.0296</u> |

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

NOMURA RINGGIT BOND FUND 1

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

| | <u>Note</u> | <u>31.12.2022</u> RM | <u>31.12.2021</u> RM |
|---|-------------|-------------------------|-------------------------|
| ASSETS | | | |
| Financial assets at fair value through profit or loss ("FVTPL") | 5 | 456,896,787 | 416,187,553 |
| Cash at bank | 6 | 315,975 | 402,222 |
| Deposit with licensed financial institution | 7 | 21,685,000 | 13,580,651 |
| Interest receivable | 7 | 3,268 | 1,302 |
| Amount due from Manager | | - | 5,000 |
| TOTAL ASSETS | | <u>478,901,030</u> | <u>430,176,728</u> |
| LIABILITIES | | | |
| Amount due to Manager | 2 | 68,785 | 61,353 |
| Amount due to Trustee | 3 | 12,138 | 10,827 |
| Other payables and accruals | | 14,840 | 14,840 |
| TOTAL LIABILITIES | | <u>95,763</u> | <u>87,020</u> |
| NET ASSET VALUE ("NAV") OF THE FUND | | 478,805,267 | 430,089,708 |
| EQUITY | | | |
| Unitholders' capital | 8 (a) | 481,500,289 | 426,741,004 |
| Retained earnings | 8 (b) & (c) | (2,695,022) | 3,348,704 |
| NET ASSET ATTRIBUTABLE TO UNITHOLDERS | | <u>478,805,267</u> | <u>430,089,708</u> |
| UNITS IN CIRCULATION | 8 (a) | <u>469,204,035</u> | <u>415,181,179</u> |
| NAV PER UNIT (RM) (EX-DISTRIBUTION) | | <u>1.0205</u> | <u>1.0359</u> |

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

NOMURA RINGGIT BOND FUND 1

STATEMENT OF CHANGES IN NET ASSET VALUE FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

| | Unitholders' capital Note 8 (a) RM | Retained earnings Note 8 (b) & (c) RM | Total RM |
|--|---|--|---------------------|
| Balance as at 1 January 2022 | 426,741,004 | 3,348,704 | 430,089,708 |
| Total comprehensive income for the financial year | - | 9,323,075 | 9,323,075 |
| Creation of units | 40,617,250 | - | 40,617,250 |
| Reinvestment of distributions | 15,366,801 | - | 15,366,801 |
| Cancellation of units | (1,224,766) | - | (1,224,766) |
| Distributions (Note 9) | - | (15,366,801) | (15,366,801) |
| Balance as at 31 December 2022 | <u>481,500,289</u> | <u>(2,695,022)</u> | <u>478,805,267</u> |

| | Unitholders' capital Note 8 (a) RM | Retained earnings Note 8 (b) & (c) RM | Total RM |
|--|---|--|---------------------|
| Balance as at 1 January 2021 | 223,289,209 | 9,778,401 | 233,067,610 |
| Total comprehensive income for the financial year | - | 3,393,527 | 3,393,527 |
| Creation of units | 205,402,949 | - | 205,402,949 |
| Reinvestment of distributions | 9,823,224 | - | 9,823,224 |
| Cancellation of units | (11,774,378) | - | (11,774,378) |
| Distributions (Note 9) | - | (9,823,224) | (9,823,224) |
| Balance as at 31 December 2021 | <u>426,741,004</u> | <u>3,348,704</u> | <u>430,089,708</u> |

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

NOMURA RINGGIT BOND FUND 1

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

| | <u>Note</u> | <u>01.01.2022</u> <u>to</u> <u>31.12.2022</u> RM | <u>01.01.2021</u> <u>to</u> <u>31.12.2021</u> RM |
|--|-------------|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Proceeds from sale of financial assets | | 138,820,900 | 112,785,550 |
| Purchase of financial assets | | (187,891,140) | (306,556,710) |
| Income received from financial assets | | 18,145,575 | 12,214,122 |
| Income received from deposit with licensed financial institution | | 430,028 | 519,559 |
| Other income | | 12 | - |
| Manager's fee paid | | (738,072) | (601,167) |
| Trustee's fee paid | | (130,248) | (106,089) |
| Payment for other fees and expenses | | (16,437) | (15,399) |
| Net cash used in operating activities and investing activities | | <u>(31,379,382)</u> | <u>(181,760,134)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Cash proceeds from units created | | 40,622,250 | 205,397,949 |
| Cash paid for units cancelled | | (1,224,766) | (11,774,484) |
| Net cash generated from financing activities | | <u>39,397,484</u> | <u>193,623,465</u> |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | | 8,018,102 | 11,863,331 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR | | 13,982,873 | 2,119,542 |
| CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR | | <u><u>22,000,975</u></u> | <u><u>13,982,873</u></u> |
| Cash and cash equivalents comprise: | | | |
| Cash at bank (Note 6) | | 315,975 | 402,222 |
| Deposit with licensed financial institution (Note 7) | | 21,685,000 | 13,580,651 |
| | | <u><u>22,000,975</u></u> | <u><u>13,982,873</u></u> |

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

NOMURA RINGGIT BOND FUND 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of NOMURA RINGGIT BOND FUND 1 ("the Fund") have been prepared under the historical cost convention except for financial assets measured at FVTPL, in accordance with Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS").

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

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

The financial statements are presented in Ringgit Malaysia ("RM").

NOMURA RINGGIT BOND FUND 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

B STANDARDS AND AMENDMENTS ISSUED BUT NOT EFFECTIVE

The following are standards, amendments to standards and interpretations issued by the MASB, but not yet effective, up to the date of issuance of the Fund's financial statements. The Fund intends to adopt the relevant standards, if applicable, when they become effective.

| Description | Effective for annual periods beginning on or after |
|---|---|
| Amendments to MFRSs contained in the document entitled "Annual Improvements to MFRS Standards 2018-2020" | 1 January 2023 |
| Reference to the Conceptual Framework (Amendments to MFRS 3 Business Combinations) | 1 January 2023 |
| Property, Plant and Equipment - Proceeds before Intended Use (Amendments to MFRS 116 Property, Plant and Equipment) | 1 January 2023 |
| Onerous Contracts - Cost of Fulfilling a Contract (Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets) | 1 January 2023 |
| MFRS 17 - Insurance Contracts | 1 January 2023 |
| Amendments to MFRS 17 Insurance Contracts | 1 January 2023 |
| Classification of Liabilities as Current or Non-current (Amendments to MFRS 101 Presentation of Financial Statements) | 1 January 2023 |
| Amendments to MFRS 101: Disclosure of Accounting Policies | 1 January 2023 |
| Amendments to MFRS 108: Definition of Accounting Estimates | 1 January 2023 |
| Amendments to MFRS 112 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction | 1 January 2023 |
| Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | Deferred |

The Fund expects that the adoption of the above standards will not have any material impact on the financial statements in the period of initial application.

NOMURA RINGGIT BOND FUND 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

C INCOME RECOGNITION

Income is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the income can be reliably measured. Income is measured at the fair value of consideration received or receivable.

Interest income from government and corporate bond and deposit with licensed financial institutions are recognised on an accrual basis using the effective interest method.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired.

Realised gain and loss on sale of government and corporate bond is measured by the difference between the net disposal proceeds and the carrying amounts of the investments (adjusted for accretion of discount or amortisation of premium).

D TAXATION

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

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

NOMURA RINGGIT BOND FUND 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

E FINANCIAL ASSETS AND FINANCIAL LIABILITIES

(i) Classification

The Fund designates its investments in government and corporate bond as financial assets at FVTPL on initial recognition.

Financial assets are designated as FVTPL when they are managed and their performance evaluated on a fair value basis.

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and have been included in assets. The Fund's receivables comprise of interest receivables.

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

The Fund classifies amount due to Manager, amount due to Trustee and other payables and accruals as financial liabilities.

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

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

The Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The contractual cash flows of the Fund's debt securities are solely principal and interest. However, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments are measured at fair value through profit or loss.

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

The Fund classifies amount due to Manager, amount due to Trustee and other payables and accruals as financial liabilities measured at amortised cost.

NOMURA RINGGIT BOND FUND 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

E FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(ii) Recognition and measurement

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

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

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

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

Unrealised gains or losses arising from changes in the fair value of the 'financial assets at FVTPL' category are presented in the statement of comprehensive income for the financial year ended 31 December 2022 in which they arise.

Government and corporate bond denominated in Ringgit Malaysia are revalued on a daily basis based on fair value prices quoted by Bond Pricing Agency Malaysia Sdn Bhd ("BPAM") registered with the Securities Commission of Malaysia ("SC") as per the SC Guidelines on Unlisted Capital Market Products Under the Lodge and Launch Framework.

Receivables are subsequently carried at amortised cost using the effective interest method.

NOMURA RINGGIT BOND FUND 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

E FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(iii) Impairment

The Fund measures credit risk and expected credit losses ("ECL") using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward looking information in determining any expected credit loss. Management 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

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

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 impairment gains. There are no write-offs/recoveries during the financial year.

(iv) Fair value estimation

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

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

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

NOMURA RINGGIT BOND FUND 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

(iv) Fair value estimation (CONTINUED)

For instruments for which there is no active market, the Fund may use internally developed models, which are usually based on valuation methods and techniques generally recognised as standard within the industry. Valuation models are used primarily to value unlisted government and corporate bond, for which market were or have been inactive during the financial year. Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Fund holds.

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

- (i) The carrying value is a reasonable estimate of fair value for cash and cash equivalent.
- (ii) Ringgit-denominated government and corporate bond are valued using indicative prices quoted by BPAM plus accrued interest, which includes the accretion of discount and amortisation of premium. Adjusted cost of investments relates to the purchase cost plus accrued interest, adjusted for amortisation of premium and accretion of discount, if any, calculated over the period from the date of acquisition to the date of maturity of the respective securities as approved by the Manager and the Trustee. The difference between adjusted cost and fair value is treated as unrealised gain or loss and is recognised in profit or loss. Unrealised gains or losses recognised in profit or loss are not distributable in nature. Where the Manager is of the view that the price quoted by BPAM for a specific government and corporate bond differs from the market price by more than 20 basis points, the Manager may use market price, provided that the Manager records its basis for using a non-BPAM price, and obtains necessary internal approvals to use the non-BPAM price.

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

NOMURA RINGGIT BOND FUND 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

F CASH AND CASH EQUIVALENTS

For the purpose of statement of cash flows, cash and cash equivalents comprise cash and bank balance and deposit with licensed financial institution that is readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

G UNITHOLDERS' CAPITAL

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

- The units entitle the unitholders to a pro-rata share of the net asset of the Fund.
- The units are subordinated and have identical features.
- There is no contractual obligation to deliver cash or another financial asset other than the obligation on the Fund to repurchase the units.
- The total expected cash flows from the units in the Fund over the life of the units are based on the change in the net asset of the Fund.

H CREATION AND CANCELLATION OF UNITS

The Fund issues cancellable units, which are cancelled at the unitholder's option and are classified as equity. Cancellable units can be returned to the Fund at any time for cash equal to a proportionate share of the Fund's NAV. The outstanding units are carried at the redemption amount that is payable at the statement of financial position date if the unitholder exercises the right to put the unit back to the Fund.

Units are created and cancelled at the unitholder's option at prices based on the Fund's NAV per unit at the time of creation or cancellation. The Fund's NAV per unit is calculated by dividing the net asset attributable to unitholders with the total number of outstanding units.

I DISTRIBUTIONS

Distributions are at the discretion of the Fund. A distribution to the Fund's unitholders is accounted for as a deduction from realised reserves. A proposed distribution is recognised as a liability in the year in which it is approved.

NOMURA RINGGIT BOND FUND 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

J SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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 content of the estimates, certain key variables that are anticipated to have material impact to the Funds' results and financial position are tested for sensitivity to changes in the underlying parameters.

No major judgements have been made by the Manager in applying the Fund's accounting policies. There are no key assumptions concerning the future and other key sources of estimation uncertainty at reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

NOMURA RINGGIT BOND FUND 1

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

1 INFORMATION ON THE FUND

NOMURA RINGGIT BOND FUND 1 (the “Fund”) was constituted pursuant to the execution of a Master Deed (the “Deed”) dated 25 June 2019 between Nomura Asset Management Malaysia Sdn Bhd (the “Manager”) and CIMB Commerce Trustee Berhad (the “Trustee”).

The Fund was launched on 01 July 2019 and will continue its operations until being terminated by the Manager or the Trustee as provided under Clause 25 of the Deed.

The Fund shall invest primarily in fixed income securities with sound and quality credit fundamentals. The Fund would largely maintain a buy and hold strategy for its core holdings.

For liquidity purpose, the Fund may also invest in fixed income instruments which are relatively liquid in nature including deposit placements with banks and debt securities issued by the Malaysian Government and denominated in Ringgit Malaysia.

The permitted investments will be rebalanced during appropriate times such as when there is a change in the credit fundamentals to ensure stable capital growth and consistent income stream to investors. During any unfavourable credit event, the Manager shall exercise its discretion to act based on the best interest of the Fund. The Manager could continue to hold the affected security should the Manager believes it to be more beneficial to the Fund.

NOMURA RINGGIT BOND FUND 1

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

2 MANAGER'S FEE

In accordance with the Deed, the Manager is entitled to a management fee at a rate not exceeding 3.00% per annum of the NAV of the Fund calculated and accrued daily before deducting Manager's fee for the particular day.

The management fee provided in the financial statements is not exceeding 0.20% per annum based on the NAV of the Fund calculated and accrued on a daily basis for the financial year.

3 TRUSTEE FEE

In accordance with the Deed, the Trustee is entitled to an annual fee at a rate not exceeding 0.03% per annum of the NAV of the Fund calculated and accrued daily before deducting Trustee's fee for the particular day, subject to a minimum fee of RM9,000 per annum.

4 TAXATION

Income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable income for the financial period. Dividend income derived from sources outside Malaysia are exempted from Malaysian income tax. However, such income may be subject to tax in the country from which it is derived.

The taxation charge for the financial period is on the taxable income earned by the Fund after deducting tax allowable expense. In accordance with Schedule 6 of the Income Tax Act 1967, interest income and dividend income earned by the Fund is exempted from Malaysian tax.

The reconciliation of income tax expense applicable to net income before tax at the statutory income tax rate to income tax expense at the effective income tax rate is as follows:

| | <u>01.01.2022</u> to <u>31.12.2022</u> RM | <u>01.01.2021</u> to <u>31.12.2021</u> RM |
|---|--|--|
| Profit before taxation | 9,323,075 | 3,393,526 |
| Tax at Malaysian statutory rate of 24% | 2,237,538 | 814,446 |
| Investment income not subject to tax | (4,185,913) | (3,237,887) |
| Loss not deductible for tax purposes | 1,733,935 | 2,242,006 |
| Expenses not deductible for tax purposes | 51,122 | 27,921 |
| Restriction on tax deductible expenses for wholesale funds | 163,318 | 153,514 |
| Tax expense for the financial period | - | - |

NOMURA RINGGIT BOND FUND 1

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

5 FINANCIAL ASSETS AT FVTPL

| | <u>31.12.2022</u> | <u>31.12.2021</u> |
|---|---------------------------|---------------------------|
| | RM | RM |
| Financial assets at FVTPL: | | |
| - Government and corporate bond | <u>456,896,787</u> | <u>416,187,553</u> |
| Net (loss) on financial assets at FVTPL comprised: | | |
| - Net realised gain on sale of financial assets at FVTPL | (2,636,252) | 349,781 |
| - Net unrealised (loss)/gain on financial assets at FVTPL | <u>(4,588,479)</u> | <u>(9,341,692)</u> |
| | <u>(7,224,731)</u> | <u>(8,991,911)</u> |

| Nominal value | Name of Counter | Rating | Adjusted Cost | Fair value as at 31.12.2022 | Percentage of NAV 31.12.2022 |
|------------------|---|--------|------------------|-----------------------------------|------------------------------------|
| RM | | | RM | RM | % |
| 5,000,000 | AEON Credit Senior Sukuk (Series 1 Tranche 1) | AA3 | 5,067,313 | 4,917,809 | 1.03% |
| 5,000,000 | AEON Credit Senior Sukuk (Series 1 Tranche 2) | AA3 | 5,075,945 | 4,874,045 | 1.02% |
| 2,500,000 | Air Selangor IMTN T3 S2 Sri Sukuk Kas 26.07.2032 | AAA | 2,553,036 | 2,613,261 | 0.55% |
| 5,000,000 | Aldzahab Abs-IMTN 15.09.2026 (Class B Tranche 5) | AAA | 5,321,750 | 5,201,679 | 1.09% |
| 9,000,000 | Azrb Capital IMTN 5.000% 24.12.2026 | AA- IS | 9,121,859 | 8,843,894 | 1.85% |
| 5,000,000 | Azrb Capital IMTN 5.100% 26.12.2028 | AA- IS | 4,823,489 | 4,838,743 | 1.01% |
| 18,000,000 | BPMB IMTN 4.050% 06.06.2031 | AAA IS | 18,047,934 | 17,394,174 | 3.63% |
| 5,000,000 | BSN IMTN 3.890% 20.10.2028 | AAA | 5,038,367 | 4,904,417 | 1.02% |
| 5,000,000 | CCB IMTN 4.740% 30.03.2029 (Tranche 6) | AA IS | 5,060,386 | 4,895,836 | 1.02% |
| 5,000,000 | CIMB 3.150% 12.11.2030 - Tranche 6 | AA | 5,020,712 | 4,847,112 | 1.01% |
| 10,000,000 | CIMB 4.880% 13.09.2029 - Tranche 4 | AA | 10,430,980 | 10,250,268 | 2.14% |
| 10,000,000 | CIMB THAI 3.900% 11.07.2031 - Tranche No 5 | AA3 | 10,184,849 | 9,829,649 | 2.05% |

NOMURA RINGGIT BOND FUND 1

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

5 FINANCIAL ASSETS AT FVTPL (CONTINUED)

| Nominal value | Name of Counter | Rating | Adjusted Cost | Fair value as at 31.12.2022 | Percentage of NAV 31.12.2022 |
|------------------|--|----------------|------------------|-----------------------------------|------------------------------------|
| RM | | | RM | RM | % |
| 5,000,000 | CIMB Bank MTN 2556D 17.5.2024 - Series 1 Tranche 2 | AAA | 5,073,488 | 5,071,636 | 1.06% |
| 5,000,000 | Country Gdn IMTN 5.250% 27.03.2025-Issue No7 | AA3(S) | 5,072,499 | 4,947,791 | 1.03% |
| 5,000,000 | CTX IMTN 5.20% 27.08.2027 - Series 11 | AA+ IS | 5,301,834 | 5,255,841 | 1.10% |
| 5,000,000 | Danum IMTN 3.290% 13.05.2030 - Tranche 9 | AAA(S) | 5,021,633 | 4,644,133 | 0.97% |
| 5,000,000 | Dialog Senior Sukuk Wakalah Tranche No. 2 | AA2 | 5,097,426 | 4,971,726 | 1.04% |
| 5,000,000 | DiGi IMTN 3.60% 20.09.2029 - Tranche No 5 | AAA | 5,050,795 | 4,806,844 | 1.00% |
| 3,000,000 | Edra Energy IMTN 5.730% 05.01.2024 - Tranche No 5 | AA3 | 3,162,566 | 3,131,003 | 0.65% |
| 5,000,000 | Edra Energy IMTN 5.820% 04.07.2025 - Tranche No 8 | AA3 | 5,399,840 | 5,298,307 | 1.11% |
| 5,000,000 | Edra Energy IMTN 6.030% 05.01.2029 - Tranche No 15 | AA3 | 5,638,190 | 5,454,035 | 1.14% |
| 5,000,000 | Edra Energy IMTN 6.060% 05.07.2029 - Tranche No 16 | AA3 | 5,644,525 | 5,473,025 | 1.14% |
| 15,000,000 | Esmsb IMTN 4.050% 30.12.2025 | AA- IS | 14,602,608 | 14,390,129 | 3.00% |
| 5,000,000 | Essb IMTN 4.500% 11.10.2029 | AA2 | 5,050,548 | 4,919,598 | 1.03% |
| 5,000,000 | Essb IMTN 4.650% 10.10.2031 | AA2 | 4,857,229 | 4,891,633 | 1.02% |
| 15,000,000 | Ewcb IMTN01 5.690% 29.10.2027 | AA- IS (CG) | 15,144,978 | 15,272,328 | 3.19% |
| 5,000,000 | Farm Fresh IMTN 3.720% 28.05.2026-S1/Tranche 1 | AA- IS | 5,016,816 | 4,870,516 | 1.02% |
| 4,000,000 | Gamuda IMTN 4.785% 16.03.2023 | AA3 | 4,058,812 | 4,062,176 | 0.85% |
| 5,000,000 | GII Murabahah 1/2019 4.130% 09.07.2029 | NR(LT) | 5,049,578 | 5,123,686 | 1.07% |

NOMURA RINGGIT BOND FUND 1

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

5 FINANCIAL ASSETS AT FVTPL (CONTINUED)

| Nominal value | Name of Counter | Rating | Adjusted Cost | Fair value as at 31.12.2022 | Percentage of NAV 31.12.2022 |
|------------------|---|------------|------------------|-----------------------------------|------------------------------------|
| RM | | | RM | RM | % |
| 1,000,000 | GII Murabahah 1/2020 3.422% 30.09.2027 | NR(LT) | 1,037,578 | 989,993 | 0.21% |
| 5,000,000 | Hla Sub Notes 31.01.2030 (Tranche 1) | AA3 | 5,079,637 | 5,008,237 | 1.04% |
| 10,000,000 | Infracap Resources Sukuk 3.69% 15.04.2026 (T1 S3) | AAA (S) | 10,100,169 | 9,915,233 | 2.07% |
| 11,000,000 | Infracap Resources Sukuk 4.40% 15.04.2031 (T1 S6) | AAA (S) | 10,847,937 | 10,947,768 | 2.29% |
| 2,000,000 | Jep IMTN 5.450% 04.12.2025 - Tranche 10 | AA- IS | 2,075,738 | 2,054,243 | 0.43% |
| 3,500,000 | Lesb IMTN 4.150% 16.07.2027 Series 7 | AA- IS | 3,565,728 | 3,410,462 | 0.71% |
| 3,500,000 | Lesb IMTN 4.500% 16.07.2030 Series 10 | AA- IS | 3,571,561 | 3,338,052 | 0.70% |
| 5,000,000 | Lesb IMTN 4.600% 16.07.2031 Series 11 | AA- IS | 4,737,753 | 4,741,133 | 0.99% |
| 4,000,000 | Manjung IMTN 4.430% 25.11.2025 - Series 1 (10) | AAA | 4,088,392 | 4,048,163 | 0.85% |
| 10,000,000 | MGS 2/2020 2.632% 15.04.2031 | NR(LT) | 9,545,275 | 9,065,254 | 1.89% |
| 5,000,000 | MMC Corp IMTN 5.400% 30.11.2029 | AA- IS | 5,037,711 | 5,057,471 | 1.06% |
| 4,000,000 | MMC Corp IMTN 5.800% 12.11.2025 | AA- IS | 4,120,643 | 4,155,230 | 0.87% |
| 5,000,000 | MMC Corp IMTN 5.950% 12.11.2027 | AA- IS | 5,497,502 | 5,250,973 | 1.10% |
| 20,000,000 | MMC Port IMTN 4.660% 06.04.2029 (Tranche 2) | AA- IS | 20,209,381 | 19,810,781 | 4.14% |
| 10,000,000 | Mumtaz IMTN 3.780% 25.06.2031 | AA3 (S) | 10,005,178 | 9,682,478 | 2.02% |
| 5,000,000 | Nbad 4.75% 09.12.2027 | AA1 | 5,187,343 | 5,067,814 | 1.06% |
| 10,000,000 | OLM MTN 1826D 14.2.2023 | AA2 | 10,200,498 | 10,187,690 | 2.13% |
| 5,000,000 | PLUS Berhad IMTN 4.960% 12.01.2029 - Sukuk PLUS T7 | AAA IS (S) | 5,577,933 | 5,129,915 | 1.07% |

NOMURA RINGGIT BOND FUND 1

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

5 FINANCIAL ASSETS AT FVTPL (CONTINUED)

| Nominal value | Name of Counter | Rating | Adjusted Cost | Fair value as at 31.12.2022 | Percentage of NAV 31.12.2022 |
|------------------|---|---------------|------------------|-----------------------------------|------------------------------------|
| RM | | | RM | RM | % |
| 5,000,000 | PLUS Berhad IMTN 5.070% 10.01.2031 - Sukuk PLUS T9 | AAA IS (S) | 5,161,297 | 5,161,151 | 1.08% |
| 7,000,000 | Press Metal IMTN 4.810% 07.12.2028 | AA3 | 6,891,953 | 6,949,912 | 1.45% |
| 10,000,000 | Psep IMTN 5.080% 11.11.2027 (Tr2 Sr1) | AAA | 10,091,564 | 10,361,281 | 2.16% |
| 11,000,000 | Psep IMTN 5.220% 09.11.2029 (Tr2 Sr2) | AAA | 11,110,584 | 11,549,821 | 2.41% |
| 15,000,000 | Ptp IMTN 3.950% 18.06.2027 | AA- IS | 14,970,934 | 14,572,603 | 3.04% |
| 5,000,000 | Qsps Green Sri Sukuk 5.480% 06.10.2026 - T16 | AA- IS | 5,320,593 | 5,203,510 | 1.09% |
| 5,000,000 | Qsps Green Sri Sukuk 5.760% 05.04.2030 - T23 | AA- IS | 5,288,828 | 5,316,547 | 1.11% |
| 10,000,000 | Qsps Green Sri Sukuk 5.800% 04.10.2030 - T24 | AA- IS | 10,517,033 | 10,661,947 | 2.23% |
| 5,000,000 | Rhbbank MTN 3652D 28.4.2031 | AA2 | 5,032,500 | 4,920,000 | 1.03% |
| 5,000,000 | Samalaju IMTN 5.45% 28.12.2027 - Issue No. 5 | AA1 (S) | 5,264,587 | 5,199,786 | 1.09% |
| 2,500,000 | Samalaju IMTN 5.65% 28.12.2029 - Issue No. 7 | AA1 (S) | 2,626,547 | 2,633,023 | 0.55% |
| 5,000,000 | Seb IMTN 5.650% 23.06.2026 | AAA | 5,495,130 | 5,249,266 | 1.10% |
| 5,000,000 | Sms IMTN 4.380% 19.10.2029 | AA3 | 5,079,807 | 4,677,000 | 0.98% |
| 5,000,000 | Sms IMTN 4.530% 21.10.2030 | AA3 | 5,102,442 | 4,651,379 | 0.97% |
| 5,000,000 | UEMS IMTN 3.900% 21.09.2023 - Issue No. 12 | AA- IS | 5,057,163 | 5,026,293 | 1.05% |
| 5,000,000 | UEMS IMTN 4.600% 20.05.2026 - Series No. 13 | AA- IS | 5,032,164 | 4,881,286 | 1.02% |
| 5,000,000 | UEMS IMTN 4.790% 11.04.2025 | AA- IS | 5,062,460 | 4,995,949 | 1.04% |
| 5,000,000 | UEMS IMTN 5.150% 31.10.2025 | AA- IS | 5,214,378 | 5,002,590 | 1.04% |

NOMURA RINGGIT BOND FUND 1

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

5 FINANCIAL ASSETS AT FVTPL (CONTINUED)

| Nominal value | Name of Counter | Rating | Adjusted Cost | Fair value as at 31.12.2022 | Percentage of NAV 31.12.2022 |
|---|---|--------|------------------|-----------------------------------|------------------------------------|
| RM | | | RM | RM | % |
| 5,700,000 | WCT IMTN 5.170% 23.10.2023 | AA- IS | 5,758,464 | 5,761,399 | 1.20% |
| 10,000,000 | YTL Power IMTN 5.050% 03.05.2027 | AA1 | 10,549,357 | 10,125,330 | 2.11% |
| 2,500,000 | Zamarad Abs-IMTN 05.09.2025 Class A S3 Tranche 4 | AAA | 2,526,219 | 2,435,569 | 0.51% |
| 5,000,000 | Zamarad Abs-IMTN 07.03.2029 Class B Tranche 4 | AAA | 4,813,405 | 4,854,267 | 1.01% |
| 3,500,000 | Zamarad Abs-IMTN 07.07.2028 Class A S4 Tranche 6 | AAA | 3,572,982 | 3,387,832 | 0.71% |
| 2,500,000 | Zamarad Abs-IMTN 07.09.2027 Class A S4 Tranche 4 | AAA | 2,527,411 | 2,372,436 | 0.50% |
| 2,000,000 | Zamarad Abs-IMTN 08.01.2030 Class B Tranche 6 | AA2 | 1,927,343 | 1,943,494 | 0.40% |
| 5,000,000 | Zamarad Abs-IMTN 26.01.2028 (Class B Tranche 2) | AAA | 5,111,082 | 5,146,932 | 1.07% |
| TOTAL GOVERNMENT AND CORPORATE BOND | | | 465,582,169 | 456,896,787 | 95.42% |
| UNREALISED LOSS ON CHANGES IN FAIR VALUE | | | (8,685,382) | | |
| TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS | | | | 456,896,787 | |

NOMURA RINGGIT BOND FUND 1

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

5 FINANCIAL ASSETS AT FVTPL (CONTINUED)

| Nominal value | Name of Counter | Rating | Adjusted Cost | Fair value as at 31.12.2021 | Percentage of NAV 31.12.2021 |
|------------------|--|------------|------------------|-----------------------------------|------------------------------------|
| RM | | | RM | RM | % |
| 5,000,000 | AEON Credit Service (M) Berhad 3.800% 10/02/2027 | AA3 | 5,066,024 | 5,020,588 | 1.17% |
| 5,000,000 | AEON Credit Service (M) Berhad 3.850% 10/02/2028 | AA3 | 5,075,418 | 4,981,668 | 1.16% |
| 5,000,000 | AI Dzahab Assets Berhad 5.100% 09/09/2022 | AAA | 5,155,402 | 5,154,899 | 1.20% |
| 5,000,000 | AI Dzahab Assets Berhad 6.000% 15/09/2026 | AAA | 5,382,467 | 5,368,373 | 1.25% |
| 10,000,000 | AmBank Islamic Berhad 3.550% 25/03/2022 | AA3 | 10,113,443 | 10,116,170 | 2.35% |
| 9,000,000 | AZRB Capital Sdn Berhad 5.000% 24/12/2026 | AA- IS | 9,150,768 | 9,100,664 | 2.12% |
| 18,000,000 | Bank Pembangunan Malaysia Berhad 4.050% 06/06/2031 | AAA IS | 18,047,934 | 17,988,894 | 4.18% |
| 5,000,000 | Bank Simpanan Nasional Berhad 3.890% 20/10/2028 | AAA | 5,038,367 | 5,032,817 | 1.17% |
| 5,000,000 | Celcom Networks Sdn Berhad 5.200% 27/08/2027 | AA+ IS | 5,343,098 | 5,421,679 | 1.26% |
| 5,000,000 | Cellco Capital Berhad 4.740% 30/03/2029 | AA IS | 5,060,386 | 5,045,186 | 1.17% |
| 5,000,000 | CIMB Bank Berhad 4.600% 17/05/2024 | AAA | 5,110,135 | 5,206,476 | 1.21% |
| 5,000,000 | CIMB Group Holdings Berhad 3.150% 12/11/2030 | AA | 5,021,575 | 4,927,625 | 1.14% |
| 10,000,000 | CIMB Group Holdings Berhad 4.880% 13/09/2029 | AA | 10,523,415 | 10,518,669 | 2.45% |
| 10,000,000 | CIMB Thai Bank Public Company Limited 3.900% 11/07/2031 | AA3 | 10,184,849 | 10,015,449 | 2.33% |
| 10,000,000 | Country Garden Real Estate Sdn Berhad 0.000% 26/07/2022 | AA3 (S) | 9,791,819 | 9,802,000 | 2.28% |
| 5,000,000 | Country Garden Real Estate Sdn Berhad 5.250% 27/03/2025 | AA3 (S) | 5,075,997 | 5,112,191 | 1.19% |

NOMURA RINGGIT BOND FUND 1

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

5 FINANCIAL ASSETS AT FVTPL (CONTINUED)

| Nominal value | Name of Counter | Rating | Adjusted Cost | Fair value as at 31.12.2021 | Percentage of NAV 31.12.2021 |
|------------------|---|---------|------------------|-----------------------------------|------------------------------------|
| RM | | | RM | RM | % |
| 5,000,000 | Danum Capital Berhad 3.290% 13/05/2030 | AAA (S) | 5,021,182 | 4,781,482 | 1.11% |
| 5,000,000 | DiGi Telecommunications Sdn Berhad 3.600% 20/09/2029 | AAA | 5,050,794 | 4,928,695 | 1.15% |
| 3,000,000 | Edra Energy Sdn Berhad 5.730% 05/01/2024 | AA3 | 3,238,284 | 3,236,153 | 0.75% |
| 5,000,000 | Edra Energy Sdn Berhad 5.820% 04/07/2025 | AA3 | 5,497,437 | 5,497,207 | 1.28% |
| 5,000,000 | Edra Energy Sdn Berhad 5.940% 05/07/2027 | AA3 | 5,596,565 | 5,632,866 | 1.31% |
| 5,000,000 | Edra Energy Sdn Berhad 6.060% 05/07/2029 | AA3 | 5,710,850 | 5,726,575 | 1.33% |
| 5,000,000 | Edra Solar Sdn Berhad 4.500% 11/10/2029 | AA2 | 5,050,548 | 5,093,648 | 1.18% |
| 5,000,000 | Evyap Sabun Malaysia Sdn Berhad 4.050% 30/12/2025 | AA- IS | 5,001,110 | 4,877,710 | 1.13% |
| 5,000,000 | Farm Fresh Berhad (fka The Holstein Milk Company Sdn Berhad) 3.720% 28/05/2026 | AA- IS | 5,016,816 | 4,955,316 | 1.15% |
| 4,000,000 | Gamuda Berhad 4.785% 16/03/2023 | AA3 | 4,084,023 | 4,150,585 | 0.96% |
| 10,000,000 | Government of Malaysia 3.422% 30/09/2027 | NR(LT) | 10,677,496 | 10,131,830 | 2.36% |
| 20,000,000 | Government of Malaysia 3.726% 31/03/2026 | NR(LT) | 20,988,086 | 20,599,595 | 4.79% |
| 10,000,000 | Government of Malaysia 2.632% 15/04/2031 | NR(LT) | 9,514,058 | 9,321,400 | 2.17% |
| 10,000,000 | Government of Malaysia 3.733% 15/06/2028 | NR(LT) | 10,473,081 | 10,217,434 | 2.38% |
| 5,000,000 | Hong Leong Assurance Berhad 3.850% 31/01/2030 | AA3 | 5,079,637 | 5,066,437 | 1.18% |
| 10,000,000 | Infracap Resources Sdn Berhad 3.690% 15/04/2026 | AAA (S) | 10,110,657 | 10,065,455 | 2.34% |
| 5,000,000 | Infracap Resources Sdn Berhad 4.400% 15/04/2031 | AAA (S) | 5,047,014 | 5,100,714 | 1.19% |

NOMURA RINGGIT BOND FUND 1

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

5 FINANCIAL ASSETS AT FVTPL (CONTINUED)

| Nominal value | Name of Counter | Rating | Adjusted Cost | Fair value as at 31.12.2021 | Percentage of NAV 31.12.2021 |
|---------------|---|---------|---------------|-----------------------------|------------------------------|
| RM | | | RM | RM | % |
| 2,000,000 | Jimah East Power Sdn Berhad 5.450% 04/12/2025 | AA- IS | 2,097,430 | 2,119,464 | 0.49% |
| 5,000,000 | Konsortium ProHAWK Sdn Berhad 5.290% 20/06/2030 | AA2 | 5,519,508 | 5,337,246 | 1.24% |
| 3,500,000 | Leader Energy Sdn Berhad 4.150% 16/07/2027 | AA- IS | 3,566,707 | 3,477,863 | 0.81% |
| 3,500,000 | Leader Energy Sdn Berhad 4.500% 16/07/2030 | AA- IS | 3,573,171 | 3,437,475 | 0.80% |
| 4,000,000 | Manjung Island Energy Berhad 4.430% 25/11/2025 | AAA | 4,111,969 | 4,171,043 | 0.97% |
| 4,000,000 | MMC Corporation Berhad 5.800% 12/11/2025 | AA- IS | 4,152,237 | 4,312,101 | 1.00% |
| 5,000,000 | MMC Corporation Berhad 5.950% 12/11/2027 | AA- IS | 5,584,801 | 5,476,853 | 1.27% |
| 10,000,000 | Mumtaz Rakyat Sukuk Berhad 3.780% 25/06/2031 | AA3 (S) | 10,005,178 | 9,873,878 | 2.30% |
| 10,000,000 | ORIX Leasing Malaysia Berhad 4.750% 14/02/2023 | AA2 | 10,368,141 | 10,358,689 | 2.41% |
| 15,000,000 | Pelabuhan Tanjung Pelepas Sdn Berhad 3.950% 18/06/2027 | AA- IS | 14,962,534 | 14,944,329 | 3.47% |
| 3,000,000 | Perbadanan Kemajuan Negeri Selangor 4.742% 17/01/2022 | AA3 | 3,065,562 | 3,067,007 | 0.71% |
| 8,000,000 | Press Metal Aluminium Holdings Berhad 4.000% 15/08/2025 | AA3 | 8,111,770 | 8,097,470 | 1.88% |
| 6,000,000 | Press Metal Aluminium Holdings Berhad 4.100% 17/10/2024 | AA3 | 6,050,548 | 6,093,508 | 1.42% |
| 5,000,000 | Projek Lebuhraya Usahasama Berhad 4.960% 12/01/2029 | AAA IS | 5,585,970 | 5,446,595 | 1.27% |
| 5,000,000 | Quantum Solar Park (Semenanjung) Sdn Berhad 5.480% 06/10/2026 | AA- IS | 5,383,753 | 5,387,060 | 1.25% |
| 5,000,000 | RHB Bank Berhad 3.650% 28/04/2031 | AA3 | 5,032,500 | 4,986,400 | 1.16% |
| 2,500,000 | RHB Bank Berhad 4.820% 27/09/2027 | AA3 | 2,542,932 | 2,570,618 | 0.60% |

NOMURA RINGGIT BOND FUND 1

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

5 FINANCIAL ASSETS AT FVTPL (CONTINUED)

| Nominal value | Name of Counter | Rating | Adjusted Cost | Fair value as at 31.12.2021 | Percentage of NAV 31.12.2021 |
|------------------|---|---------|------------------|-----------------------------------|------------------------------------|
| RM | | | RM | RM | % |
| 2,500,000 | Samalaju Industrial Port Sdn Berhad 5.450% 28/12/2027 | AA1 (S) | 2,693,551 | 2,697,243 | 0.63% |
| 5,000,000 | Sarawak Energy Berhad 5.650% 23/06/2026 | AAA | 5,628,490 | 5,454,416 | 1.27% |
| 5,000,000 | Solar Management (Seremban) Sdn Berhad 4.380% 19/10/2029 | AA3 | 5,085,537 | 4,799,550 | 1.12% |
| 5,000,000 | Solar Management (Seremban) Sdn Berhad 4.530% 21/10/2030 | AA3 | 5,109,764 | 4,806,129 | 1.12% |
| 5,000,000 | Southern Power Generation Sdn Berhad 5.060% 31/10/2028 | AA- IS | 5,398,415 | 5,294,812 | 1.23% |
| 5,000,000 | Southern Power Generation Sdn Berhad 5.170% 30/04/2030 | AA- IS | 5,425,432 | 5,325,126 | 1.24% |
| 5,000,000 | Tanjung Bin Energy Sdn Berhad 5.650% 15/09/2026 | AA3 | 5,406,173 | 5,387,241 | 1.25% |
| 5,000,000 | UEM Sunrise Berhad 3.900% 21/09/2023 | AA- IS | 5,062,489 | 5,068,443 | 1.18% |
| RM | | | RM | RM | % |
| 5,000,000 | UEM Sunrise Berhad 4.600% 20/05/2026 | AA- IS | 5,034,728 | 5,026,755 | 1.17% |
| 5,000,000 | UEM Sunrise Berhad 5.150% 31/10/2025 | AA- IS | 5,273,227 | 5,165,001 | 1.20% |
| 5,700,000 | WCT Holdings Berhad 5.170% 23/10/2023 | AA- IS | 5,765,993 | 5,862,859 | 1.36% |
| 10,000,000 | YTL Power International Berhad 5.050% 03/05/2027 | AA1 | 10,649,517 | 10,259,530 | 2.38% |
| 3,500,000 | Zamarad Assets Berhad 4.300% 07/07/2028 | AAA | 3,572,982 | 3,475,787 | 0.81% |
| 5,000,000 | Zamarad Assets Berhad 5.100% 26/01/2028 | AAA | 5,111,082 | 5,315,332 | 1.24% |
| 2,500,000 | Zamarad Assets Berhad 3.300% 05/09/2025 | AAA | 2,526,219 | 2,468,269 | 0.57% |
| 2,500,000 | Zamarad Assets Berhad 3.450% 07/09/2027 | AAA | 2,527,411 | 2,427,011 | 0.56% |

NOMURA RINGGIT BOND FUND 1

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

5 FINANCIAL ASSETS AT FVTPL (CONTINUED)

| Nominal value | Name of Counter | Rating | Adjusted Cost | Fair value as at 31.12.2021 | Percentage of NAV 31.12.2021 |
|---|-----------------|--------|------------------|-----------------------------------|------------------------------------|
| RM | | | RM | RM | % |
| <hr/> | | | | | |
| TOTAL GOVERNMENT AND CORPORATE BOND | | | 420,284,456 | 416,187,553 | 96.77% |
| <hr/> | | | | | |
| UNREALISED LOSS ON CHANGES IN FAIR VALUE | | | (4,096,903) | | |
| <hr/> | | | | | |
| TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS | | | | 416,187,553 | |
| <hr/> | | | | | |

NOMURA RINGGIT BOND FUND 1

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

6 CASH AT BANK

| | <u>31.12.2022</u> | <u>31.12.2021</u> |
|----------------------------------|-----------------------|-----------------------|
| | RM | RM |
| Cash balances in a licensed bank | <u>315,975</u> | <u>402,222</u> |

7 DEPOSIT WITH LICENSED FINANCIAL INSTITUTION

| | <u>31.12.2022</u> | <u>31.12.2021</u> |
|---|--------------------------|--------------------------|
| | RM | RM |
| Deposit with licensed financial institution ^ | <u>21,688,268</u> | <u>13,581,953</u> |

^ Includes interest receivables of RM 3,268 (2021: RM1,302)

Weighted average effective interest rates per annum and of deposits with licensed financial institutions are as follows:

| | <u>31.12.2022</u> | <u>31.12.2021</u> |
|---|--------------------|--------------------|
| | % | % |
| Deposit with licensed financial institution | <u>2.08</u> | <u>1.75</u> |

Deposits with licensed financial institution have an average maturity of 2 days (2021: 3 days).

NOMURA RINGGIT BOND FUND 1

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

8 EQUITY

| | Note | <u>31.12.2022</u> | <u>31.12.2021</u> |
|-----------------------------|------|---------------------------|---------------------------|
| | | RM | RM |
| Unitholders' capital | (a) | 481,500,289 | 426,741,004 |
| Accumulated realised income | (b) | 5,990,360 | 7,445,607 |
| Accumulated unrealised loss | (c) | (8,685,382) | (4,096,903) |
| | | <u>478,805,267</u> | <u>430,089,708</u> |

a) UNITHOLDERS' CAPITAL

| | <u>31.12.2022</u> | <u>31.12.2022</u> |
|--|---------------------------|---------------------------|
| | Units | RM |
| As at beginning of the financial year | 415,181,179 | 426,741,004 |
| Creation of units during the financial year: | | |
| - Sale | 40,135,026 | 40,617,250 |
| - Distribution reinvested | 15,084,827 | 15,366,801 |
| Cancellation of units | (1,196,997) | (1,224,766) |
| As at end of the financial year | <u>469,204,035</u> | <u>481,500,289</u> |

| | <u>31.12.2021</u> | <u>31.12.2021</u> |
|--|---------------------------|---------------------------|
| | Units | RM |
| As at beginning of the financial year | 219,259,191 | 223,289,209 |
| Creation of units during the financial year: | | |
| - Sale | 197,781,139 | 205,402,949 |
| - Distribution reinvested | 9,451,199 | 9,823,224 |
| Cancellation of units | (11,310,350) | (11,774,378) |
| As at end of the financial year | <u>415,181,179</u> | <u>426,741,004</u> |

b) Accumulated realised income

| | <u>01.01.2022</u> | <u>01.01.2021</u> |
|--|-------------------------|-------------------------|
| | to | to |
| | <u>31.12.2022</u> | <u>31.12.2021</u> |
| | RM | RM |
| As at beginning of the financial year | 7,445,607 | 4,533,612 |
| Net realised income for the financial year | 13,911,554 | 12,735,219 |
| Distributions out of retained earnings | (15,366,801) | (9,823,224) |
| As at end of the financial year | <u>5,990,360</u> | <u>7,445,607</u> |

NOMURA RINGGIT BOND FUND 1

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

8 EQUITY (CONTINUED)

c) Accumulated unrealised (loss)

| | <u>01.01.2022</u> to <u>31.12.2022</u> | <u>01.01.2021</u> to <u>31.12.2021</u> |
|--|--|--|
| As at beginning of the financial year | (4,096,903) | 5,244,789 |
| Net unrealised (loss) for the financial year | (4,588,479) | (9,341,692) |
| As at end of the financial year | <u>(8,685,382)</u> | <u>(4,096,903)</u> |

9 DISTRIBUTIONS

Distributions to unitholders are from the following sources:

| | <u>01.01.2022</u> to <u>31.12.2022</u> RM | <u>01.01.2021</u> to <u>31.12.2021</u> RM |
|---|--|--|
| Interest income | 17,441,293 | 10,298,453 |
| Other income | 12 | - |
| Net realized (loss)/gain on sale of financial assets at FVTPL | (1,181,006) | 280,749 |
| | <u>16,260,299</u> | <u>10,579,202</u> |
| Less: Expenses | (893,498) | (755,978) |
| Distributions for the financial year | <u>15,366,801</u> | <u>9,823,224</u> |

NOMURA RINGGIT BOND FUND 1

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

9 DISTRIBUTIONS (CONTINUED)

During the financial year ended 31 December 2022, distributions were made as follows:

| | Gross/net distribution <u>per unit</u> sen |
|-------------------|---|
| <u>2022</u> | |
| 15.03.2022 | 0.0113 |
| 17.05.2022 | 0.0088 |
| 15.09.2022 | 0.0040 |
| 22.12.2022 | 0.0114 |

During the financial year ended 31 December 2021, distributions were made as follows:

| | Gross/net distribution <u>per unit</u> sen |
|-------------------|---|
| <u>2021</u> | |
| 15.03.2021 | 0.0126 |
| 15.06.2021 | 0.0044 |
| 15.09.2021 | 0.0063 |
| 15.12.2021 | 0.0063 |

NOMURA RINGGIT BOND FUND 1

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

10 TRANSACTIONS WITH FINANCIAL INSTITUTIONS

Details of transactions with the financial institutions for the financial year ended 31 December 2022 are as follows:

| | <u>Value of trade</u> RM | <u>Percentage of total trade</u> % |
|---------------------------------|-----------------------------|---|
| <u>31.12.2022</u> | | |
| Public Bank Bhd | 2,844,868,000 | 90.89 |
| RHB Investment Bank Bhd | 180,961,150 | 5.78 |
| Citibank Bhd | 49,574,000 | 1.58 |
| CIMB Bank Bhd | 20,518,000 | 0.66 |
| Affin Hwang Investment Bank Bhd | 17,073,190 | 0.55 |
| Malayan Banking Bhd | 7,911,200 | 0.25 |
| Amlslamic Bank Bhd | 5,086,500 | 0.16 |
| AmBank (M) Bhd | 3,940,000 | 0.13 |
| | <u>3,129,932,040</u> | <u>100.00</u> |

All financial institutions above are not related to the Manager.

Details of transactions with the financial institutions for the financial year ended 31 December 2021 are as follows:

| | <u>Value of trade</u> RM | <u>Percentage of total trade</u> % |
|---------------------------------|-----------------------------|---|
| <u>31.12.2021</u> | | |
| Public Bank Berhad | 1,830,414,000 | 83.21 |
| Standard Chartered Bank Bhd | 80,902,300 | 3.68 |
| Malayan Banking Bhd | 74,884,660 | 3.41 |
| Affin Hwang Investment Bank Bhd | 68,427,150 | 3.11 |
| RHB Investment Bank Bhd | 60,066,350 | 2.73 |
| CIMB Bank Bhd | 36,078,000 | 1.64 |
| Citibank Bhd | 30,329,800 | 1.38 |
| Hong Leong Investment Bank Bhd | 18,537,000 | 0.84 |
| | <u>2,199,639,260</u> | <u>100.00</u> |

All financial institutions above are not related to the Manager.

NOMURA RINGGIT BOND FUND 1

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

11 TOTAL EXPENSE RATIO ("TER")

The TER of the Fund is the ratio of the sum of fees and expenses incurred by the Fund to the average NAV of the Fund calculated on a daily basis. The fees and expenses include Manager's fee, Trustee's fee, auditor's fee, tax agent's fee and other administrative expenses. For the financial year ended 31 December 2022, the TER of the Fund stood at 0.20% (2021: 0.20%).

12 PORTFOLIO TURNOVER RATIO ("PTR")

The PTR of the Fund is the ratio of average acquisitions and disposals of the Fund for the financial period to the average NAV of the Fund calculated on a daily basis. For the financial year ended 31 December 2022, the PTR of the Fund stood at 0.37 times (2021: 0.57 times).

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

There were no unit held by the Manager and parties related to the Manager.

14 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The following table analyses the financial assets and financial liabilities of the Fund in the statement of financial position as at the reporting date by the classes of financial instrument to which they are assigned, and therefore by the measurement basis:

| | Note | Financial assets at FVTPL RM | Financial asset/liabilities at amortised cost RM | Total RM |
|--|------|---------------------------------------|---|--------------------|
| 31.12.2022 | | | | |
| Assets | | | | |
| Financial assets at FVTPL | 5 | 456,896,787 | - | 456,896,787 |
| Cash at bank | 6 | - | 315,975 | 315,975 |
| Deposits with licensed financial institution | 7 | - | 21,685,000 | 21,685,000 |
| Interest receivable | | - | 3,268 | 3,268 |
| Amount due from Manager | | - | - | - |
| Total financial assets | | 456,896,787 | 22,004,243 | 478,901,030 |
| Liabilities | | | | |
| Amount due to Manager | | - | 68,785 | 68,785 |
| Amount due to Trustee | | - | 12,138 | 12,138 |
| Other payables and accruals | | - | 14,840 | 14,840 |
| Total financial liabilities | | - | 95,763 | 95,763 |

NOMURA RINGGIT BOND FUND 1

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

14 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

| | <u>Note</u> | Financial assets at <u>FVTPL</u> RM | Financial asset/liabilities at <u>amortised cost</u> RM | <u>Total</u> RM |
|--|-------------|--|--|--------------------|
| <u>31.12.2021</u> | | | | |
| Assets | | | | |
| Financial assets at FVTPL | 5 | 416,187,553 | - | 416,187,553 |
| Cash at bank | 6 | - | 402,222 | 402,222 |
| Deposits with licensed financial institution | 7 | - | 13,580,651 | 13,580,651 |
| Interest receivable | | - | 1,302 | 1,302 |
| Amount due from Manager | | - | 5,000 | 5,000 |
| Total financial assets | | 416,187,553 | 13,989,175 | 430,176,728 |
| Liabilities | | | | |
| Amount due to Manager | | - | 61,353 | 61,353 |
| Amount due to Trustee | | - | 10,827 | 10,827 |
| Other payables and accruals | | - | 14,840 | 14,840 |
| Total financial liabilities | | - | 87,020 | 87,020 |

NOMURA RINGGIT BOND FUND 1

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

14 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

a) Introduction

The Fund is exposed to a variety of risks which include market risk (inclusive of price risk and interest rate risk), liquidity risk, credit/default risk, capital risk, regulatory risk, management risk and non-compliance risk.

Financial risk management is carried out through internal control processes adopted by the Manager and adherence to the investment restrictions as stipulated in the Deed, SC's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework and Capital Markets & Services Act, 2007.

b) Price risk

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

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

| | <u>31.12.2022</u> | <u>31.12.2021</u> |
|----------------------------|--------------------|--------------------|
| | RM | RM |
| Financial assets at FVTPL* | 456,896,787 | 416,187,553 |

* Includes interest receivable of RM4,462,819 (2021: RM4,077,115)

NOMURA RINGGIT BOND FUND 1

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

14 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

b) Price risk (Continued)

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

| | Change in price of <u>investments</u> % | <u>Market value</u> RM | Impact on profit after tax/ <u>NAV</u> RM |
|---------------------------|--|---------------------------|--|
| <u>31.12.2022</u> | | | |
| Financial assets at FVTPL | + 5 | 475,055,666 | 22,621,698 |
| | - 5 | 429,812,270 | (22,621,698) |
| | | | |

| | Change in price of <u>investments</u> % | <u>Market value</u> RM | Impact on profit after tax/ <u>NAV</u> RM |
|---------------------------|--|---------------------------|--|
| <u>31.12.2021</u> | | | |
| Financial assets at FVTPL | + 5 | 432,715,960 | 20,605,522 |
| | - 5 | 391,504,916 | (20,605,522) |
| | | | |

NOMURA RINGGIT BOND FUND 1

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

14 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

c) Interest rate risk

In general, when interest rates rise, valuation for government and corporate bond will tend to fall and vice versa. Therefore, the NAV of the Fund may also tend to fall when interest rates rise or are expected to rise when interest rates fall. However, investors should be aware that should the Fund hold and government and corporate bond till maturity, such fluctuations would dissipate as it approaches maturity, and thus the growth of the NAV shall not be affected at maturity. In order to mitigate interest rates exposure of the Fund, the Manager will manage the duration of the portfolio via shorter or longer tenured assets depending on the view of the future interest rate trend of the Manager, which is based on its continuous fundamental research and analysis.

This risk is crucial since government and corporate bond portfolio management depends on forecasting interest rate movements. Government and corporate bond with longer maturity and lower interest rates are more susceptible to interest rate movements.

Investors should note that government and corporate bond is subject to interest rate fluctuations. Such investments may be subject to unanticipated rise in interest rates which may impair the ability of the issuers to make payments of interest and principal, especially if the issuers are highly leveraged. An increase in interest rates may therefore increase the potential for default by an issuer.

The table below summarises the sensitivity of the Fund's NAV and profit after tax to movements in prices of government and corporate bond held by the Fund as a result of movement in interest rates. The analysis is based on the assumptions that the interest rates increased and decreased by 1% with all other variables held constant.

| | <u>Change in interest rate</u> % | <u>Impact on profit after tax/NAV</u> RM |
|---------------------------|---|---|
| <u>31.12.2022</u> | | |
| Financial assets at FVTPL | +1 | (932,449) |
| | -1 | 934,988 |

| | <u>Change in interest rate</u> % | <u>Impact on profit after tax/NAV</u> RM |
|---------------------------|---|---|
| <u>31.12.2021</u> | | |
| Financial assets at FVTPL | +1 | (715,534) |
| | -1 | 717,471 |

The Fund's deposit with licensed financial institution are short term in nature. Therefore, exposure to interest rate fluctuations is minimal.

NOMURA RINGGIT BOND FUND 1

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

14 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

d) Liquidity risk

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

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

| | Less than 1 month RM | Between 1 month to 1 year RM | Total RM |
|-----------------------------|----------------------------|---------------------------------------|---------------|
| <u>31.12.2022</u> | | | |
| Amount due to Manager | 68,785 | - | 68,785 |
| Amount due to Trustee | 12,138 | - | 12,138 |
| Other payables and accruals | - | 14,840 | 14,840 |
| | <hr/> | <hr/> | <hr/> |
| Contractual cash outflows | 80,923 | 14,840 | 95,763 |
| | <hr/> | <hr/> | <hr/> |

| | Less than 1 month RM | Between 1 month to 1 year RM | Total RM |
|-----------------------------|----------------------------|---------------------------------------|---------------|
| <u>31.12.2021</u> | | | |
| Amount due to Manager | 61,353 | - | 61,353 |
| Amount due to Trustee | 10,827 | - | 10,827 |
| Other payables and accruals | - | 14,840 | 14,840 |
| | <hr/> | <hr/> | <hr/> |
| Contractual cash outflows | 72,180 | 14,840 | 87,020 |
| | <hr/> | <hr/> | <hr/> |

NOMURA RINGGIT BOND FUND 1

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

14 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

e) Credit/default risk

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

Credit risk arising from placements of deposits with licensed financial institutions is managed by ensuring that the Fund will only place deposits in reputable licensed financial institutions.

For government and corporate bond, the Manager regularly reviews the rating assigned by the issuer so that necessary steps can be taken if the rating falls below those described by the Deed and SC's Guidelines on Unlisted Capital Market Products Under the Lodge and Launch Framework.

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

| <u>31.12.2022</u> | <u>Financial assets</u> <u>at FVTPL</u> RM | <u>Cash & cash</u> <u>equivalents*</u> RM | <u>Interest</u> <u>receivables</u> RM | <u>Total</u> RM |
|------------------------|--|---|---|--------------------|
| BASIC MATERIALS | | | | |
| - AA3 | 6,949,912 | - | - | 6,949,912 |
| COMMUNICATION SERVICES | | | | |
| - AAA | 4,806,845 | - | - | 4,806,845 |
| - AA + IS | 5,255,841 | - | - | 5,255,841 |
| - AA IS | 4,895,836 | - | - | 4,895,836 |
| CONSUMER STAPLES | | | | |
| - AA IS | 19,260,645 | - | - | 19,260,645 |
| ENERGY & UTILITIES | | | | |
| - AAA | 33,821,791 | - | - | 33,821,791 |
| - AA1 | 10,125,330 | - | - | 10,125,330 |
| - AA2 | 14,782,957 | - | - | 14,782,957 |
| - AA3 | 28,684,749 | - | - | 28,684,749 |
| - AA- IS | 34,725,894 | - | - | 34,725,894 |
| FINANCIAL | | | | |
| - AAA | 33,374,768 | 22,000,975 | 3,268 | 55,379,011 |
| - AAA (S) | 4,644,133 | - | - | 4,644,133 |
| - AAA IS | 17,394,174 | - | - | 17,394,174 |
| - AA1 | 5,067,814 | - | - | 5,067,814 |
| - AA2 | 17,051,184 | - | - | 17,051,184 |
| - AA3 | 24,629,740 | - | - | 24,629,740 |
| - AA3 (S) | 9,682,478 | - | - | 9,682,478 |
| - AA | 15,097,380 | - | - | 15,097,380 |

NOMURA RINGGIT BOND FUND 1

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

14 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

e) Credit/default risk (CONTINUED)

The following table sets out the credit risk quality and concentration of the Fund (continued):

| <u>31.12.2022 (continued)</u> | <u>Financial assets at FVTPL</u> RM | <u>Cash & cash equivalents*</u> RM | <u>Interest receivables</u> RM | <u>Total</u> RM |
|-------------------------------|--|---|---------------------------------------|--------------------|
| INDUSTRIALS | | | | |
| - AA3 | 4,062,176 | - | - | 4,062,176 |
| - AA- IS | 5,761,399 | - | - | 5,761,399 |
| PUBLIC ADMINISTRATION | | | | |
| - AAA(S) | 20,863,001 | - | - | 20,863,001 |
| - NR (LT) | 15,178,933 | - | - | 15,178,933 |
| REAL ESTATE | | | | |
| - AA3 (S) | 4,947,791 | - | - | 4,947,791 |
| - AA - IS | 33,588,755 | - | - | 33,588,755 |
| - AA - IS (CG) | 15,272,328 | - | - | 15,272,328 |
| TRANSPORTATION AND STORAGE | | | | |
| - AAA IS (S) | 10,291,066 | - | - | 10,291,066 |
| - AA1 (S) | 7,832,809 | - | - | 7,832,809 |
| - AA - IS | 48,847,058 | - | - | 48,847,058 |
| | 456,896,787 | 22,000,975 | 3,268 | 478,901,030 |

* Inclusive of cash at bank and deposit with licensed financial institution.

NOMURA RINGGIT BOND FUND 1

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

15 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

e) Credit/default risk (CONTINUED)

The following table sets out the credit risk quality and concentration of the Fund (continued):

| <u>31.12.2021</u> | <u>Financial assets at FVTPL</u> RM | <u>Cash & cash equivalents*</u> RM | <u>Interest receivables</u> RM | <u>Total</u> RM |
|------------------------------|--|---|---------------------------------------|--------------------|
| CONSTRUCTION AND ENGINEERING | | | | |
| - AA2 | 5,337,246 | - | - | 5,337,246 |
| - AA3 | 4,150,585 | - | - | 4,150,585 |
| - AA- IS | 24,752,478 | - | - | 24,752,478 |
| DIVERSIFIED HOLDINGS | | | | |
| - AAA (S) | 4,781,482 | | | 4,781,482 |
| - AA3 | 14,190,978 | - | - | 14,190,978 |
| FINANCIAL SERVICES | | | | |
| - AAA IS | 17,988,894 | - | - | 17,988,894 |
| - AAA | 34,448,965 | 13,982,873 | 1,302 | 48,433,140 |
| - AA2 | 10,358,689 | - | - | 10,358,689 |
| - AA3 (S) | 9,873,878 | - | - | 9,873,878 |
| - AA3 | 42,757,331 | - | - | 42,757,331 |
| - AA | 15,446,294 | - | - | 15,446,294 |
| INDUSTRIAL PRODUCTS | | | | |
| - AA- IS | 4,877,710 | - | - | 4,877,710 |

* Inclusive of cash at bank and deposit with licensed financial institution.

NOMURA RINGGIT BOND FUND 1

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

16 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

e) Credit/default risk (CONTINUED)

The following table sets out the credit risk quality and concentration of the Fund (continued):

| <u>31.12.2021 (continued)</u> | <u>Financial assets</u> <u>at FVTPL</u> RM | <u>Cash & cash</u> <u>equivalents*</u> RM | <u>Interest</u> <u>receivables</u> RM | <u>Total</u> RM |
|-------------------------------|--|---|---|--------------------|
| INFRASTRUCTURES AND UTILITIES | | | | |
| - AAA IS | 5,446,595 | - | - | 5,446,595 |
| - AAA | 1,943,494 | - | - | 1,943,494 |
| - AA3 | 9,791,854 | - | - | 9,791,854 |
| - AA3 (S) | 9,682,478 | - | - | 9,682,478 |
| - AAA | 28,303,133 | - | - | 28,303,133 |
| - AAA (S) | 4,644,133 | - | - | 4,644,133 |
| - AAA IS | 17,394,174 | - | - | 17,394,174 |
| PLANTATION AND AGRICULTURE | | | | |
| - AA- IS | 4,955,316 | - | - | 4,955,316 |
| PROPERTY AND REAL ESTATE | | | | |
| - AA3 (S) | 14,914,191 | - | - | 14,914,191 |
| - AA3 | 3,067,007 | - | - | 3,067,007 |
| - AA- IS | 15,260,199 | - | - | 15,260,199 |
| PUBLIC FINANCE | | | | |
| - NR(LT) | 50,270,259 | - | - | 50,270,259 |
| - AAA (S) | 15,166,169 | - | - | 15,166,169 |
| | 416,187,553 | 13,982,873 | 1,302 | 430,171,728 |

* Inclusive of cash at bank and deposit with licensed financial institution.

NOMURA RINGGIT BOND FUND 1

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

17 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

f) Capital risk

The capital of the Fund is represented by equity consisting of unitholders' capital and retained earnings. The amount of equity 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.

g) Regulatory risk

Any changes in national policies and regulations may have effects on the capital market and the NAV of the Fund.

h) Management risk

Poor management of the Fund may cause considerable losses to the Fund that in turn may affect the NAV of the Fund.

i) Non-compliance risk

This is the risk of the Manager, the Trustee or the Fund not complying with internal policies, the Deed of the Fund, securities law or guidelines issued by the regulators. Non-compliance risk may adversely affect the investments of the Fund when the Fund is forced to rectify the non-compliance.

NOMURA RINGGIT BOND FUND 1

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

14 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

j) Fair value hierarchy

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

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

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

| | <u>Level 1</u> RM | <u>Level 2</u> RM | <u>Level 3</u> RM | <u>Total</u> RM |
|---------------------------------|----------------------|----------------------|----------------------|--------------------|
| <u>At 31 December 2022</u> | | | | |
| Financial assets at FVTPL: | | | | |
| - Government and corporate bond | - | 456,896,787 | - | 456,896,787 |

| <u>Level 1</u> | <u>Level 2</u> RM | <u>Level 3</u> RM | <u>Total</u> RM | RM |
|----------------|----------------------|----------------------|--------------------|----|
|----------------|----------------------|----------------------|--------------------|----|

At 31 December 2021

| | | | | |
|---------------------------------|---|--------------------|---|--------------------|
| Financial assets at FVTPL: | | | | |
| - Government and corporate bond | - | 416,187,553 | - | 416,187,553 |

The carrying value of the Fund's deposit with licensed financial institution approximates their fair value due to their short-term nature.

NOMURA RINGGIT BOND FUND 1

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

15 CAPITAL MANAGEMENT

The capital of the Fund can vary depending on the demand for redemptions and subscriptions to the Fund.

The Fund's objectives for managing capital are:

- (a) To invest in investments meeting the description, risk exposure and expected returns indicated in its Information Memorandum;
- (b) To achieve consistent returns while safeguarding capital by using various investment strategies;
- (c) To maintain sufficient liquidity to meet the expenses of the Fund, and to meet redemption requests as they arise; and
- (d) To maintain sufficient fund size to ensure that the operations of the Fund are cost-efficient.

16 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue by the Manager on 27 February 2023.