



NOMURA

Nomura Ringgit Bond Fund 2

Quarterly Report For The Period Ended 31 December 2022

MANAGER:

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

TRUSTEE:

DEUTSCHE TRUSTEES MALAYSIA BERHAD
Business Registration No. : 200701005591 (763590-H)

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MANAGER'S REPORT

Category, Objective and Distribution Policy

Nomura Ringgit Bond Fund 2 (the "Fund") is a wholesale fixed income fund which seeks to generate regular income by investing in fixed income securities whilst carefully considering capital preservation on behalf of its investors.

The Fund will distribute income on a monthly 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 October 2022 to 31 December 2022, the Fund has registered a 1.67% return. Compared to the Benchmark return of 0.69%, the Fund outperformed its Benchmark by 0.98%. The last published Net Asset Value ("NAV") per unit of the Fund as at 31 December 2022 was RM 0.9588 as compared to the NAV per unit as at 30 September 2022 of RM 0.9556. On the total NAV basis, the Fund's NAV stood at RM 260.79 million as at 31 December 2022.

Performance as at 31 December 2022

	3 months (01/10/2022- 31/12/2022)	6 Months (01/07/2022- 31/12/2022)	1 Year (01/01/2022- 31/12/2022)	Since Commencement (29/07/2020- 31/12/2022)
Fund	1.67%	2.69%	1.83%	1.50%
Benchmark	0.69%	1.29%	2.24%	4.96%
Outperformance/ (Underperformance)	0.98%	1.40%	-0.41%	-3.46%

Source of Fund and Benchmark Returns: Refinitiv Lipper

Volatility as at 31 December 2022

	3-Year
Fund	N/A

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 October 2022 to 31 December 2022)

Yields declined following the formation of the unity government in November 2022 as risk appetite for MYR improved upon the resolution of political uncertainty. We also capitalised on the economic reopening theme by increasing exposure to sectors that benefited from rebounding economic activity including industrials and transportation. Strategy-wise, we see value in the present steepness of the belly of the credit curve, particularly as the 3-7 year portion remains fairly steep, making for an attractive rolldown play.

Summary of Asset Allocation

	<u>31 December 2022</u>	<u>30 September 2022</u>
Malaysian Government Securities / Government Investment Issues / Government Guaranteed Securities	33.29%	32.99%
Corporate Bonds / Sukuk	64.67%	66.70%
Cash and other net current assets / liabilities	2.04%	0.32%
Total	<hr/> 100.00%	<hr/> 100.00%

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

Domestic bond yields rallied strongly over the quarter following the yields spike seen over the past few months. In particular, Malaysian Government Securities (MGS) yield curve bull-flattened as front-end of the curve fell 10-25 bps QoQ while the belly and long-end of the curve plunged 35-39 bps QoQ. This was amid positive global bond sentiment as major Central Banks slowed their rate hike pace and improved risk appetite domestically upon the formation of the unity government.

In its final Monetary Policy Committee (MPC) meeting of the year, Bank Negara Malaysia (“BNM”) delivered its fourth back-to-back 25 bps rate hike, bringing the Overnight Policy Rate (OPR) to 2.75%. In its Monetary Policy Statement (MPS), BNM sounded cautious on global growth outlook amid persistent inflationary pressures, tighter global financial conditions, and China’s zero-Covid policy. Domestically, BNM remained positive on domestic economy growth prospects, underpinned by robust domestic demand. Meanwhile, it expected inflation risk to be tilted to the upside going into 2023. All in all, BNM reiterated that there is no “pre-set course” and future monetary policy settings would continue to be done in a measured and gradual manner.

Year-to-date (YTD) corporate bond issuance recorded a total of MYR 69.1 bil. Corporate bond issuances were relatively quiet in 4Q22 as market activity tapered off into the year end. Notably, Amanat Lebuhraya Rakyat Berhad and Projek Lebuhraya Usahama Berhad completed their restructuring exercises and issued a total of MYR 5.5 billion and MYR 25.2 billion respectively. Meanwhile, within the financial sector, Maybank Islamic Berhad, Public Islamic Bank Berhad, and Affin Islamic Bank Berhad issued MYR 3.0 billion, MYR 1.0 billion, and MYR 750 million respectively.

TRANSACTIONS WITH FINANCIAL INSTITUTIONS AND BROKERS/DEALERS

Cross Trades (1 October 2022 to 31 December 2022)

During the financial period under review, one (1) cross trade was conducted between the Fund and other fund managed by the Manager.

	<u>Total Value of trades (RM)</u>
Nomura i-Income Fund	5,028,500
Total	5,028,500

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

SOFT COMMISSIONS RECEIVED FROM BROKERS

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

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

BREAKDOWN OF UNITHOLDERS BY SIZE

Size of holdings(units)	No. of unitholders	No. of units held ('000)*
Less than 500,000	-	-
500,000 - to 1,000,000	-	-
1,000,001 to 5,000,000	-	-
5,000,001 to 10,000,000	-	-
10,000,001 to 15,000,000	-	-
15,000,001 to 20,000,000	-	-
20,000,001 and above	1	272,007.89
Total	1	272,007.89

* Note: Excluding Manager's Stock

INCOME DISTRIBUTION

The Fund distributed a gross total of RM 0.0128 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)
22-Dec-22	0.9704	23-Dec-22	0.9578	0.0128

FUND PERFORMANCE DATA

	As at 31 December 2022	As at 30 September 2022
Total NAV (RM)	260,790,574	259,921,448
NAV per Unit (RM)	0.9588	0.9556
Unit in Circulation	272,007,887	272,007,887
Highest NAV (RM)	0.9710	0.9673
Lowest NAV (RM)	0.9530	0.9514

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 2

FINANCIAL STATEMENTS

**FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2022
TO 31 DECEMBER 2022**

NOMURA RINGGIT BOND FUND 2

FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2022 TO 31 DECEMBER 2022

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NOMURA RINGGIT BOND FUND 2
STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2022 TO 31 DECEMBER 2022

	Financial period from 1-10-2022 to 31-12-2022 RM	Financial period from 1-10-2021 to 31-12-2021 RM
INVESTMENT INCOME		
Interest income from unquoted fixed income securities through profit or loss ("FVTPL")	2,219,804	2,096,809
Interest income from deposits with licensed financial institutions at amortised cost	18,971	34,339
Net gain/(loss) on financial assets at fair value through profit or loss ("FVTPL")	<u>2,267,354</u>	<u>(829,685)</u>
Gross Income	<u>4,506,129</u>	<u>1,301,463</u>
EXPENSES		
Management fee	(131,591)	(133,252)
Trustee's fee	(19,739)	(19,988)
Audit fee	(2,405)	(2,405)
Tax agent's fee	(1,042)	(1,042)
Other expenses	<u>(525)</u>	<u>(374)</u>
	<u>(155,302)</u>	<u>(157,061)</u>
PROFIT BEFORE TAXATION	4,350,827	1,144,402
TAXATION	<u>-</u>	<u>-</u>
PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>4,350,827</u>	<u>1,144,402</u>
Profit after taxation is made up as follows:		
Realised amount	1,917,267	1,974,087
Unrealised amount	<u>2,433,560</u>	<u>(829,685)</u>
	<u>4,350,827</u>	<u>1,144,402</u>

NOMURA RINGGIT BOND FUND 2
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	31-12-2022	31-12-2021
	RM	RM
ASSETS		
Financial assets at fair value through profit or loss ("FVTPL")	255,461,001	257,034,676
Cash and cash equivalents	<u>5,391,197</u>	<u>6,615,588</u>
TOTAL ASSETS	<u>260,852,198</u>	<u>263,650,264</u>
LIABILITIES		
Accrued management fee	44,627	45,058
Amount due to Trustee	6,694	6,759
Other payables and accruals	<u>10,303</u>	<u>13,801</u>
TOTAL LIABILITIES	<u>61,624</u>	<u>65,618</u>
NET ASSET VALUE	<u>260,790,574</u>	<u>263,584,646</u>
UNITHOLDER'S FUNDS		
Unitholders' capital	272,450,000	272,450,000
Accumulated losses	<u>(11,659,426)</u>	<u>(8,865,354)</u>
NET ASSET ATTRIBUTABLE TO UNITHOLDERS	<u>260,790,574</u>	<u>263,584,646</u>
UNITS IN CIRCULATION	<u>272,007,887</u>	<u>272,007,887</u>
NET ASSET VALUE PER UNIT (RM) (EX DISTRIBUTION)	<u>0.9588</u>	<u>0.9690</u>

NOMURA RINGGIT BOND FUND 2

STATEMENT OF CHANGES IN NET ASSET VALUE

FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2022 TO 31 DECEMBER 2022

	Unitholders' capital	Accumulated losses	Total
	RM	RM	RM
Balance as at 1 October 2022	272,450,000	(12,528,552)	259,921,448
Movement in unitholders' contribution:			
Total comprehensive income for the financial period	-	4,350,827	4,350,827
Distributions	-	(3,481,701)	(3,481,701)
Balance as at 31 December 2022	<u>272,450,000</u>	<u>(11,659,426)</u>	<u>260,790,574</u>
Balance as at 1 October 2021	272,450,000	(7,398,480)	265,051,520
Movement in unitholders' contribution:			
Total comprehensive income for the financial period	-	1,144,402	1,144,402
Distributions	-	(2,611,276)	(2,611,276)
Balance as at 31 December 2021	<u>272,450,000</u>	<u>(8,865,354)</u>	<u>263,584,646</u>

NOMURA RINGGIT BOND FUND 2
STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2022 TO 31 DECEMBER 2022

	Financial period from 1-10-2022 to 31-12-2022 RM	Financial period from 1-10-2021 to 31-12-2021 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from sale of investments	5,027,500	-
Interest income from unquoted fixed income investments	3,082,260	2,573,293
Interest income from deposits with licensed financial institutions	18,971	34,339
Management fee paid	(130,011)	(132,140)
Trustee's fee paid	(19,502)	(19,821)
Tax agent's fee paid	(4,134)	-
Payment for other fees and expenses	<u>(525)</u>	<u>(373)</u>
Net cash generated from operating activities	<u>7,974,559</u>	<u>2,455,298</u>
CASH FLOW FROM FINANCING ACTIVITY		
Distribution paid	<u>(3,481,701)</u>	<u>(2,611,276)</u>
Net cash used in financing activity	<u>(3,481,701)</u>	<u>(2,611,276)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	4,492,858	(155,978)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	<u>898,339</u>	<u>6,771,566</u>
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	<u><u>5,391,197</u></u>	<u><u>6,615,588</u></u>
Cash and cash equivalents comprise:		
Deposits with financial institutions	5,254,187	6,554,943
Cash at banks	<u>137,010</u>	<u>60,645</u>