Nomura Global Dynamic Bond Fund

Annual Report and Audited Financial Statements for the Financial Year Ended 31 January 2023

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

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

AUDITOR:
Pricewaterhouse Coopers PLT
Business Registration No.: LLP0014401-LCA & AF1146

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MANAGER'S REPORT

Category, Objective and Distribution Policy

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

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

Fund Type

Growth

Benchmark

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

Performance as at 31 January 2023

	1 Month (01/Jan/23-31/Jan/23)	**3 Months** (01/Nov/22 – 31/Jan/23)	**6 Months** (01/Aug/22 – 31/Jan/23)	**1 Year** (01/Feb/22– 31/Jan/23)	**3 Year** (01/Feb/20– 31/Jan/23)	**Since Commencement** (09/Feb/21 – 31/Jan/23)*
Fund – Class MYR	1.70	-1.71	-3.24	-8.72	N/A	-7.91
Fund – Class USD*	4.98	8.98	0.96	-10.41	N/A	-10.57

Source of Fund and Benchmark Returns: Refinitiv Lipper

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

Volatility as at 31 January 2023

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

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

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

Strategies Employed (1 February 2022 to 31 January 2023)

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

Performance Review of the Target Fund (1 February 2022 to 31 January 2023)

In the month of February, the negative contributions from Russia stemmed from two sources. Firstly, the value of the Target Fund was, of course, impacted by the deterioration in the value of the bonds, and this alone contributed 366bps (as measured by the Target Fund Manager's performance attribution provider, UBS Delta). Secondly, there were currency impacts; the Target Fund started the month effectively fully hedged using forwards and with options positions that were designed to protect the portfolio from limited downward movements in the Rouble. With the Rouble having already sold off to an extent in January, the option positions were just at the point of offering maximum protection. What this meant, however, was that further movements lower in the Rouble would reduce the effectiveness of the hedge – the value of the options would start to fall. As the invasion began, the sharp move lower in the Rouble caused exactly this action, and the options started to add to Rouble risk. The Target Fund Manager acted to exit most of the option positions at a loss (since they were no longer acting as desired), and offset any remaining exposure with currency forwards, ensuring that the expiry of currency forwards was tailored to the expiry of the remaining options. This removed any risk of being unable to roll contracts if Rouble hedging liquidity deteriorated further. As the value of the bond exposure fell, the Target Fund moved to a position where it was over-hedged by month end. All told, over the month, the Rouble fx option positions contributed 103 basis points of negative performance, whilst the forwards added 151 basis points. In all, the hedging thus protected against 48 basis points of the total 74 basis points lost by the bonds through currency movements alone.

Note that in the month of March, more limited negative contributions stemmed from the Target Fund's Financials allocations, although these must be viewed as temporary, since the call structures of Contingent Convertibles (where the Target Fund Manager has significant exposures) have been honoured so far this year, and the Target Fund Manager has received notification that this will continue into Q2 2022. Extension risk remains minimal at the present. The hedging of potential volatility through credit default swap ("**CDS**") proved largely ineffective as investment grade and High Yield spreads tightened over the month – the positions cost approximately 12bps in the Target Fund performance. Intra-month, the Target Fund Manager temporarily had some long US 30 year exposures as an additional hedge against volatility, but the Target Fund Manager came to the view that the upward momentum in bond yields would continue at least for a while, and removed this exposure. The contribution was negative, but less than 10bps.

The Target Fund's two largest Emerging Markets allocations to Egypt and South Africa detracted approximately 0.5% each to overall performance, with smaller contributions from other Emerging Markets positions in the month of April. The South Africa contribution was driven primarily by currency depreciation, however, and this was largely hedged, reducing the net contribution to -0.17%. Amongst other risky assets, exposure to contingent convertible bonds issued by some European/UK banks including Banco de Sabadell and Virgin Money also detracted. As has been stated many times in these commentaries, the Target Fund Manager view such volatility as short term, as so many of these securities are due to be called in the near term. Convertibles as a whole held up relatively well, detracting less than 20bps at Target Fund level. Equity put options bought in the latter half of the month contributed just under 0.5%. For avoidance of doubt, Russian bonds remained priced at zero so no contribution positive or negative was present in April.

In the month of May, there were few stand-out drivers of the small negative return, with allocations to most areas of the credit markets yielding small, negative returns. The gains for South African were partially offset by currency hedging. Allocations to US Treasuries were also marginally negative, but again the scale of the contributions was small. The equity puts that still featured in the portfolio at the start of the month gave back some previous gains prior to being removed. Rates hedging was positive – positions in US 2 year and 10 year rates were well-timed, and the US inflation swap exposure mentioned in previous commentaries was also beneficial.

Note that in the month of June, specifically within Emerging Markets, South Africa, Egypt and Bahrain were the largest allocations, and were responsible for approximately 46bps, 57bps and 22bps respectively, although the South African impact was less than this outright figure implies due to hedging of the currency risk. The other position that might be unclear is the inflation position. This position was implemented by selling inflation through swaps. The Target Fund receives fixed payments through the swap and pays away inflation. As a result, if long term inflation expectations fall, the inflation-related payments also fall in present value, and the swaps benefit the Target Fund. This was indeed the case in June, and the benefit to the Target Fund was an approximate 30bps.

The performance contributors in the month of July were the Emerging Market positions, particularly the relatively large allocations to South Africa, Egypt and Bahrain. These positions contributed only modestly to performance. Whilst lower interest rates might be viewed as supportive for these securities, a deeper global recession is not – the influences offset each other, essentially. US Treasury allocations were moved out further along the yield curve in June (ahead of the month under review), increasing the Target Fund's duration – this position was responsible for just over a third of total fund performance in July. Further adding to the duration of the Target Fund and contributing positively to performance in July was a 3.3% allocation to Portuguese sovereign bonds, which were supported by both the increased risk appetite, lower core yields and by the announcement of the European Central Bank ("**ECB**")'s Transmission Protection Instrument "tool" to prevent Eurozone fragmentation. Risk hedges via credit default swaps contracts offset approximately 35bps of positive Target Fund performance. Eurostoxx index equity put option hedging over the month remains in place into August and, during July cost just 3bps.

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

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

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

Alongside Egypt, which contributed almost 50bps to the return, another 50bps came from the Target Fund Manager's other major Emerging Markets positions of South Africa and Bahrain in November. Financials in total contributed just over 1.5%, but in general the higher quality bonds were the strongest contributors; contingent convertible bonds were responsible for only 57bps of that total. Convertible bonds also contributed approximately 20bps to positive returns.

In the month of December, the move in European bond yields was extraordinary, and despite a modest duration exposure to German bunds of approximately 1 year on average throughout the month, a move of more than 50bps in the German 10 year yield led to a negative contribution of almost 50bps. Exposure to duration elsewhere was also negative, but on a much smaller scale – US Treasury exposures detracted only 9bps. Bahrain was the strongest performing Emerging Market exposure, whilst Egypt detracted, if only marginally. Contingent convertible bonds, which remain an important part of the (overall 30%) Financials exposure, contributed positively approximately 10bps.

Financials exposures were a key component of returns – unsurprisingly since the exposure, which is diversified across sub-sectors, issuers and position within the capital structure of investee companies, represents more than 30% of the portfolio. Contingent convertible bonds were an important component of the approximately 1.5% positive return generated from Financials holdings, but more senior bonds also contributed, both from credit and duration sensitivities. Treasuries exposures to the long end (10s, 20s) also contributed – about 70bps or so. High Yield was another meaningful contributor (approximately 1%), as were the Convertibles exposures (almost 30bps). Emerging

Markets' foreign exchange exposures also contributed a few 10s of basis points in January 2023. As the investors would expect, however, these were secondary contributors due to their limited size. Egypt, South Africa, Bahrain all performed positively, and inflation swaps added to recent gains. The only meaningful negative came from CDS-based hedging, which detracted approximately 15bps.

Source: Nomura Asset Management U.K. Limited

Summary of Asset Allocation

	31 January 2023	31 January 2022
Target Fund	99.81%	97.55%
Cash and Others#	0.19%	2.45%
Total	100.00%	100.00%

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

Review of Market (1 February 2022 to 31 January 2023)

Russia invaded its sovereign, democratic neighbour Ukraine in late February, and all other influences on markets pale into insignificance. Prior to that invasion, the relentless path higher of inflation had been the most significant influence on global capital markets, with global bond yields moving higher, and significantly so at the front end. US Consumer Price Index ("**CPI**") YoY reached 7.5% with the market pricing in a 50bps hike in March from the Federal Reserve ("**Fed**"). The ECB refused to rule out rate hikes later in the year, and that sent European yields higher and led to a sell-off in risk. However, the Ukraine invasion led to subsequent sanctions on Russia, which included restrictions on the movement of goods, payments for goods and financial transactions through the SWIFT payments system, prominent Russian individuals and the freezing of Russian Central Bank reserves held in US, Europe and Japan. These sanctions led market participants to expect greater inflation pressure – a combination of further supply chain disruption and high commodity (including energy) costs. But with the economic shock of the sanctions likely to hit Western economies and Europe in particular, Central Banks were increasingly expected to move away from the rapid rate hikes that had previously been expected. This, combined with further risk-off behaviour, moved safe haven bond curves lower once again. Within credit markets, one of the areas of outperformance was the US High Yield market, where relatively low duration sensitivity and exposure to the oil price meant lower falls. But virtually all areas of credit markets experienced negative returns over the month. Equity markets were in positive territory for much of the month until the hostilities began. In currencies, most majors were weaker against the USD, with (traditional safe haven) the Swiss Franc a notable exception. Even Switzerland, usually neutral to all conflicts, fell into line with freezing the reserves of Russia. The Rouble collapsed by more than 20% over the final weekend of the month to finish 26% down over the month.

In the month of March, Russia's invasion of Ukraine continued and intensified in ferocity, as did the resistance from the Ukrainian population and military. The Russian attack stalled outside Kiev, and the South Eastern coastal city of Mariupol continued to hold out against a siege and bombardment that decimated its buildings and population. Sanctions against Russia by the West continued and tightened, but European powers including Germany failed to sanction energy imports from Russia given the extremely negative consequences such a move would have on their economies. Negotiations between the Ukrainian and Russian delegations hosted by Turkey showed few signs of progress. The inflationary impact of the war was felt in commodity prices and the corridors of Central Banks. Markets moved to discount even more rate hikes by the Fed and even the ECB. The result was a tremendous upward movement and flattening of yield curves. The US yield curve inverted and the German 2 year yield moved into positive territory. Even the Japanese 10 year had the temerity to move to 0.25% before the Bank of Japan intervened. Bond markets gave sharp negative returns – with High Yield bonds outperforming investment grade credits and global sovereign bonds worst of all. China implemented city-wide Covid-19 lockdowns in both Shenzhen and then Shanghai, heaping yet another impairment on global supply chains. The Chinese government also released comments suggesting that they would support share prices and end regulatory pressure on big tech firms quickly. As bond markets increasingly moved towards more dire expectations of economic growth, developed equity markets defied gravity, producing strongly positive returns. In the currency markets JPY was sharply lower against major peers as the Bank of Japan ruled out interest rate hikes, whilst commodity-linked currencies were generally strong, and the Russian Rouble moved almost 30% higher amidst tight controls by the Central Bank.

Capital markets continued to focus on the prospects of sharply higher inflation and the determination of Central Banks to fight inflation through higher interest rates in the month of April. The war in Ukraine contributed to the inflationary dynamic, of course, as European powers debated ending imports of Russian oil and Russia itself banned exports of gas to Poland and Bulgaria. China's continued pursuit of zero Covid-19 statistics resulted in the lockdowns of major cities and disruption at ports, further contributing to supply-side difficulties in global trade. Bond yields moved to price in even more aggressive hiking by the Fed, curves moving higher (and steeper, to a small degree) as investors moved away from previous "flattener" positions. Oil and commodity prices moved higher, equity markets moved lower (in general, the oil-heavy UK market defied gravity) and credit spreads widened. The USD was stronger against all major peers. The move in the Japanese Yen did not stand out particularly in April, but when allied to the huge move in March, the impact of the Bank of Japan ("**BoJ**")'s determination to keep ultra-easy monetary policy is clear – the Yen was more than 11% lower against the dollar over the two month period.

The Fed hiked rates by 50bps early in the month of May, with all members of the Federal Open Market Committee ("**FOMC**") sticking religiously to the "we must bring inflation down" script. US Treasury yields moved lower, particularly at the front end, however, seemingly with decreased rate hike expectations due to consumer weakness – results from some US retailers disappointed and their stocks in some cases suffered enormous corrections. The Bank of England also hiked, but by only 25bps (after a split vote) and was much more vocal about the dubious outlook for the economy. Expectations for ECB hikes grew, however, with European economies continuing to see accelerating inflation – German bond yields led other European curves higher. Emerging Market banks were also active – of relevance to the Target Fund was a 50bps hike by the South Africa Reserve Bank and a (surprise) 200bps hike by the Central Bank of Egypt. The Chinese authorities announced a number of actions to support its economy, including subsidies and loans for businesses, reduced taxes on automobile purchases and infrastructure investment. However, there was no indication that the zero Covid-19 policy would be softened. Risk markets responded well to lower Covid-19 numbers and reduced lockdowns, but the risk of a return to such measures remained. The war in Ukraine rumbled on, with Russia shelling multiple cities in the east of the country. Europe struggled to implement a ban on Russian oil imports, with Hungary forcing concessions about oil delivered by pipelines. Both Sweden and Finland moved towards North Atlantic Treaty Organisation (NATO) membership, but Turkey objected to the former's application due to links to Kurdish separatist organisations. Negotiations were ongoing at month end. Risk markets initially sold off across the board, before regaining the lost ground and finishing (generally) higher over the month. Credit spreads in investment grade and High Yield sectors alike widened before narrowing once more. Similarly the USD initially strengthened against most currencies before reversing later in the month and finishing weaker.

June closed out the first half of the year in an unforgiving mood. Inflation figures globally (China aside) reached new heights, and major Central Banks globally hiked rates aggressively and signalled their intention to continue, in a belated attempt to bring that inflation down. Bond yields responded by rising sharply, led by the US curve. However, as the month progressed, market attention turned increasingly to the negative implications of the rate rises on growth. As a result, long end yields in particular started to fall once more. As an example of a pattern seen across bond markets, the US 10 year yield moved from 2.84% to 3.01%, but not before testing 3.5%. Unsurprisingly, risk markets responded poorly to the idea of high inflation, tighter monetary conditions and lower growth expectations. Credit spreads moved wider, equity indices (mostly) posted high single digit negative returns. Despite the ongoing supply chain issues, even oil fell in value, as markets priced-in demand destruction from higher prices and tighter financial conditions. The USD showed significant strength against most major currencies, with the traditionally defensive Swiss Franc the exception, buoyed by a surprise 0.5% hike in Swiss rates during June.

A summary for the month of July might be, "Monetary policy trumps recession." Markets observed both economic data deteriorating and some earnings disappointments, particularly from stocks exposed to lower income consumers in the US (Walmart an example). Whether the US economy entering technical recession (as it did, reporting a second quarter of negative growth) was indicative of a true recession or not, the overall picture of a deteriorating economy was stark. If this might be expected to undermine risk sentiment, the opposite was true; investors assumed that the Fed would be forced to moderate its monetary policy tightening and asset prices were supported. Bond yields fell, credit spreads narrowed, equity markets bounced. Meanwhile the latest Consumer Price Index print out of the US was 9.1% and the Fed hiked by 75bps. In currency markets, commodity-linked currencies in general performed well, as did the Yen, reversing a degree of the recent weakness. The Euro was particularly weak, despite the ECB's decision to hike rates by 50bps.

Geopolitics was far from quiet in the month of August, with Taiwan in the spotlight following the visit of US House Speaker Nancy Pelosi, and the conflict in Ukraine seemingly moving closer to a (perhaps temporary) stalemate. Global markets were not focused on politics, however. Instead, the continued pressures from elevated inflation and the expected response by major Central Banks were the key driver. FOMC Chair Jerome Powell's unambiguously hawkish message at the Jackson Hole Symposium led to a more bearish tone for risk assets generally, with credit and equity markets selling off. Bond markets had already moved lower, with front end yields under particular pressure. Currency markets were one area where the geopolitics did hit home. Reduced supplies of Russian gas into Europe and the associated risks to the European economy led the Euro to weaken against the USD, moving down through parity at one stage before recovering slightly. The Yen also weakened versus the dollar, the primary driver here the increasing interest rate differential to the US. Economic data was almost unremittingly negative on both sides of the Atlantic, whilst China put forward more stimulus measures to combat the negative impacts of their Covid-19 related lockdowns. Only labour market data stood out as resilient.

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

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

Early in November, a lower-than-expected inflation print led capital markets to price in a 50bp rate hike by the Fed in December, as opposed to the 75bp hikes that we have seen in recent months. Right at the end of November, the Chairman of the Fed, Jerome Powell, confirmed that the FOMC was looking at moderating the pace of rate hikes in December. This alone was sufficient for risk markets to rally hard and for bond yields to fall, particularly at the mid to long end of the curve. However, risk assets got a second boost from China, where the authorities appeared to begin a gradual relaxation of Covid-19 controls. The authorities also made concerted efforts to support the beleaguered property sector and cut the bank reserve requirement ratio. Emerging Markets thus led global equity markets higher, credit spreads fell and lower yields led to positive returns for all bond markets. The USD fell against major peers, particularly versus the Yen and the oil price was lower.

The bond market and risk rally of November came to a juddering halt in December. The Fed, BoE and ECB all hiked rates by 50bps as expected and the ECB in particular backed that action up with some very hawkish comments that seemed to signal further (multiple) rate hikes in Q1 2023. European bond markets in particular sold off dramatically in response, with German 10 year yields climbing by more than 50bps and long end Italian yields rising by almost 1%. The BoJ then threw in a surprise move in the run-up to the holiday season, doubling the width of the 10 year band within their yield curve control framework. Markets saw this as the first capitulation to inflationary pressures and higher rates globally, and this further dampened any risk sentiment. There was also uncertainty from Covid-19 restriction easing in China. Although the easing of measures was clearly welcome and continued apace, the number of infections predictably spiked (although reliable data on the new wave of infection was limited by a dramatic fall in testing). Several countries imposed negative testing requirements on arrivals from China and there were fears that economic reopening could be hampered by residents being unwilling to risk infection. Broadly, investment grade credit spreads were volatile and slightly higher, with a bigger negative move for High Yield bonds. Equity markets were sharply down. The USD was weaker against major peers, most notably the Yen. Of note to the investors was the political volatility in South Africa, where President Cyril Ramaphosa was referred for investigation in connection to a break in at his home. Ramaphosa emerged from the crisis, given the ability to run for re-election and with key allies in the major offices of the governing African National Congress (ANC) party. Volatility in both the Rand and the local bond market subsequently subsided, in line with expectation.

A very positive start to the year for both bond and equity markets alike. Economic (survey) data on both sides of the Atlantic was generally weak, whilst the US employment situation continued to show strength. China re-opening post Covid-19 continued. There was much speculation mid-month that the BoJ would adjust its yield curve control after the surprise December 10 year band widening. The speculation proved unfounded; the BoJ did nothing. Inflation remained elevated in Europe, and substantially above target in Japan but, crucially, in the US, the month-on-month change in CPI came in negative, even if the year-on-year figure remained unacceptably high. Market participants took this as confirmation that the Fed could slow to a 25bp pace of rate hikes in February, with little room to move much higher. Risk markets soared. Equity markets were strong, bond yields moved lower and became more steeply inverted, credit spreads tighter. In currency markets, the USD weakened against most peers.

Source: Nomura Asset Management U.K. Limited

SOFT COMMISSIONS RECEIVED FROM BROKERS

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

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

INCOME DISTRIBUTION

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

FUND DATA

As at 31 January 2023*	Class USD	Class MYR
Total NAV (USD)	309,239	3,342,907
NAV per Unit	0.8924	0.9209
Unit in Circulation	346,542	15,475,313
Highest NAV	0.9995	1.0118
Lowest NAV	0.7986	0.9055

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

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

NOMURA GLOBAL DYNAMIC BOND FUND

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2023

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NOMURA GLOBAL DYNAMIC BOND FUND

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2023

	Note	2023 USD	Financial period from 2.2.2021 (date of launch) to 31.1.2022 USD
INVESTMENT (LOSS)/INCOME			
Net (loss)/gain on financial assets at fair value through profit or loss ("FVTPL")	6	(412,510)	26,653
Net gain/(loss) on foreign currency exchange		1,402	(3,255)
		(411,108)	23,398
EXPENSES			
Management fee	3	(49,482)	(69,865)
Trustee's fee	4	(4,314)	(1,555)
Audit fee		(2,408)	(2,489)
Tax agent's fee		(1,105)	(1,336)
Other expenses		(649)	(525)
		(57,958)	(75,770)
LOSS BEFORE TAXATION		(469,066)	(52,372)
TAXATION	5	-	-
DECREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		(469,066)	(52,372)
Decrease in net assets attributable to unitholders is made of the following:			
Realised amount		(172,320)	(18,091)
Unrealised amount		(296,746)	(34,281)
		(469,066)	(52,372)

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

NOMURA GLOBAL DYNAMIC BOND FUND

STATEMENT OF FINANCIAL POSITION
AS AT 31 JANUARY 2023

	Note	As at 31.1.2023 USD	As at 31.1.2022 USD
ASSETS			
Cash and cash equivalents	7	15,961	101,238
Financial assets at fair value through profit or loss ("FVTPL")	6	3,645,333	5,780,157
Amount due from Manager of Target Fund - management fee rebate receivable		3,666	27,833
Amount due from Provider		-	790,854
TOTAL ASSETS		3,664,960	6,700,082
LIABILITIES			
Accrued management fee	3	4,291	7,827
Amount due to Manager		4,843	763,241
Amount due to Trustee	4	258	168
Other payables and accruals		3,422	3,369
TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS)		12,814	774,605
NET ASSET VALUE OF THE FUND		3,652,146	5,925,477
NET ASSET ATTRIBUTABLE TO UNITHOLDERS		3,652,146	5,925,477
REPRESENTED BY			
FAIR VALUE OF OUTSTANDING UNITS (USD)			
Class MYR		3,342,907	5,482,732
Class USD		309,239	442,745
NUMBER OF UNIT IN CIRCULATION (UNITS)			
Class MYR	8(a)	15,475,313	22,737,026
Class USD	8(b)	346,542	444,460
NET ASSET VALUE PER UNIT (USD)			
Class MYR		0.2160	0.2411
Class USD		0.8924	0.9961

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

STATEMENT OF FINANCIAL POSITION
AS AT 31 JANUARY 2023 (CONTINUED)

	Note	As at 31.1.2023 USD	As at 31.1.2022 USD
NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES			
Class MYR		0.9209	1.0089
Class USD		0.8924	0.9961

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

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2023

	2023 USD	Financial period from 2.2.2021 (date of launch) to 31.1.2022 USD
Net assets attributable to unitholders at the beginning of financial year/period	5,925,477	-
Movement due to units created and cancelled during the financial year/period:		
Creation of units from applications		
Class MYR	745,119	6,681,532
Class USD	-	1,682,458
	745,119	8,363,990
Cancellation of units		
Class MYR	(2,458,263)	(1,144,077)
Class USD	(91,121)	(1,242,064)
	(2,549,384)	(2,386,141)
Decrease in net assets attributable to unitholders during the financial year/period	(469,066)	(52,372)
Net assets attributable to unitholders at the end of financial year/period	3,652,146	5,925,477

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

NOMURA GLOBAL DYNAMIC BOND FUND

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2023

	Note	2023 USD	Financial period from 2.2.2021 (date of launch) to 31.1.2022 USD
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceed from sale of investments		3,263,192	1,130,848
Purchase of investments		(791,454)	(7,733,622)
Management fee paid		(53,018)	(62,039)
Rebate on management fee		65,597	30,584
Trustee fee paid		(4,224)	(1,387)
Tax agent fee paid		(971)	(456)
Payment for other fees and expenses		(3,138)	(525)
Net realised foreign exchange gain/(loss)		602	(2,460)
Net cash generated from/(used in) operating activities		2,476,586	(6,639,057)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash proceeds from units created		745,119	8,363,990
Payments for cancellation of units		(3,307,782)	(1,623,695)
Net cash (used in)/generated from financing activities		(2,562,663)	6,740,295
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(86,077)	101,238
EFFECTS OF FOREIGN CURRENCY EXCHANGE		800	-
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR/PERIOD		101,238	-
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR/PERIOD	7	15,961	101,238

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2023

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

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS"). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss.

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 period. 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 K.

(i) Standards and amendments to existing standards effective 1 January 2022

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 January 2022 that have a material effect on the financial statements of the Fund.

(ii) New standards, amendments and interpretations effective after 1 January 2022 and have not been early adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2022, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Fund.

B PRESENTATION AND FUNCTIONAL CURRENCY

Items included in the financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates (the "functional currency").

The financial statements are presented in USD, which is the Fund's presentation and functional currency.

Due to mixed factors in determining the functional currency of the Fund, the Manager has used its judgement to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions and have determined the functional currency to be in United States Dollar ("USD") primarily due to the following factors:

i) Significant portion of the net asset value ("NAV") is invested in the form of collective investment scheme denominated in USD.
ii) Significant portion of the Fund's expenses are denominated in USD.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

C INCOME RECOGNITION

For collective investment scheme ("CIS"), realised gains and losses on sale of investments are accounted for as the difference between the net disposal proceeds and the carrying amount of the investments, determined on a weighted average cost basis.

D TAXATION

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

E CASH AND CASH EQUIVALENTS

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

F FINANCIAL ASSETS AND FINANCIAL LIABILITIES

(i) Classification

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

- those to be measured subsequently at fair value through profit or loss, and
- those to be measured at amortised cost.

The Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions.

The Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. The contractual cash flows of the Fund's debt securities are solely principal and interest, 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.

Investments in CIS have contractual cash flows that do not represent SPPI, and therefore are classified as fair value through profit or loss.

The Fund classifies cash and cash equivalents, amount due from Manager and amount due from Provider 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, other payables and accruals as financial liabilities measured at amortised cost.

F FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(ii) Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date, the date on which the Fund commits to purchase or sell the asset. Investments are initially recognised at fair value. Subsequent to initial recognition, financial assets at fair value through profit of 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 fair value through profit or loss" category are recognised in the statement of comprehensive income in the financial year in which they arise.

Collective investment scheme is valued based on the most recent published NAV per unit or share of such collective investment scheme or, if unavailable, on the last published price of such unit or share (excluding any sales charge included in such selling price).

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

(iii) Impairment

The Fund measures credit risk and expected credit losses ("ECL") using probability of default, exposure at default and loss given default. The Manager considers both historical analysis and forward looking information in determining any ECL. The Manager considers the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12 month ECL as any such impairment would be wholly insignificant to the Fund.

F FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(iii) Impairment (continued)

Significant increase in credit risk

A significant increase in credit risk is defined by the Manager 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 write 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.

G UNITHOLDERS' CAPITAL

The unitholders' contribution to the Fund meet the definition of puttable instruments classified as financial liability under MFRS132 "Financial Instruments: Presentation".

The Fund issues cancellable units, in two classes of units, known respectively as the Class USD and Class MYR, which are cancelled at the unitholders' option and do not have identical features subject to restrictions as stipulated in the Information Memorandum and Securities Commission's ("SC") Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework. The units are classified as financial liabilities.

Cancellable units can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's NAV of respective classes. The outstanding units are carried at the redemption amount that is payable at the date of the statement of financial position if the unitholders exercise the right to put back the unit to the Fund.

Units are created and cancelled at the unitholders' option at prices based on the Fund's NAV per unit of respective classes at the close of business on the relevant dealing day. The Fund's NAV per unit of respective classes is calculated by dividing the net assets attributable to unitholders of respective classes with the total number of outstanding units of respective classes.

H AMOUNT DUE FROM/TO PROVIDER

Amounts due from/to Provider represent receivables for collective investment scheme sold and payables for collective investment scheme purchased that have been contracted for but not yet settled or delivered on the statement of financial position date respectively.

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Fund shall measure the loss allowance on amounts due from provider at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the Provider, probability that the Provider will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required.

If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by the Provider as any contractual payment which is more than 30 days past due.

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

I MANAGEMENT FEE REBATE

Management fee rebate derived from the Manager on an accrual basis to ensure no double charging of management fee. It is accrued daily based on the fair value of collective investment scheme held.

J INCREASE/DECREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

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

K CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The Fund makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information 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.

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

However, the Manager is of the opinion that there are no accounting policies which require significant judgement to be exercised.

1 INFORMATION ON THE FUND

Nomura Global Dynamic Bond Fund (the “Fund”) was constituted pursuant to the execution of a Master Deed (the “Deed”) dated 19 November 2020 entered into between Nomura Asset Management Malaysia Sdn Bhd (the “Manager”) and Deutsche Trustees Malaysia Berhad (the “Trustee”).

The Fund was launched on 2 February 2021 and will continue its operations until terminated by the Manager or the Trustee as provided under Clause 25 of the Deed.

The Fund may invest in one (1) collective investment scheme, deposits and money market instruments, derivatives instruments including but not limited to options, futures contracts, forward contracts and swaps for hedging purposes, and any other form of investments as may be determined by the Manager from time to time that is in line with the Fund’s objective.

The Fund aims to achieve long term capital growth by investing in a collective investment scheme which invests primarily in foreign fixed income securities.

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments are as follows:

	Note	At fair value through profit or loss USD	At amortised cost USD	Total USD
As at 31.1.2023				
Financial assets				
Cash and cash equivalents	7	-	15,961	15,961
Amount due from Manager		-	3,666	3,666
Financial assets at fair value through profit or loss (“FVTPL”)	6	3,645,333	-	3,645,333
Total		3,645,333	19,627	3,664,960
Financial liabilities				
Accrued management fee		-	4,291	4,291
Amount due to Manager		-	4,843	4,843
Amount due to Trustee		-	258	258
Other payables and accruals		-	3,422	3,422
Total		-	12,814	12,814

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

Financial instruments are as follows: (continued)

	Note	At fair value through profit or loss USD	At amortised cost USD	Total USD
As at 31.1.2022				
Financial assets				
Cash and cash equivalents	7	-	101,238	101,238
Amount due from Manager		-	27,833	27,833
Amount due from Provider		-	790,854	790,854
Financial assets at fair value through profit or loss ("FVTPL")	6	5,780,157	-	5,780,157
Total		5,780,157	919,925	6,700,082
Financial liabilities				
Accrued management fee		-	7,827	7,827
Amount due to Manager		-	763,241	763,241
Amount due to Trustee		-	168	168
Other payables and accruals		-	3,369	3,369
Total		-	774,605	774,605

The Fund is exposed to a variety of risks which include market risk (inclusive of price risk and currency risk), liquidity risk, credit risk, capital risk, country risk, concentration risk and fund management 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 and SC's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework.

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

Market risk

(a) 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 currency risk).

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

	As at 31.1.2023 USD	As at 31.1.2022 USD
Financial assets at fair value through profit or loss		
Collective investment scheme	3,645,333	5,780,157

The table below summarises the sensitivity of the Fund's profit after tax and NAV to movements in prices of investments at the end of each reporting year. 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	Market value USD	Impact on profit after tax/NAV USD
As at 31.1.2023		
+5%	3,827,600	182,267
-5%	3,463,066	(182,267)
As at 31.1.2022		
+5%	6,069,165	289,008
-5%	5,491,149	(289,008)

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

Market risk (continued)

(b) Currency risk

Currency risk is associated with investments denominated in Ringgit Malaysia. When the foreign currency fluctuates in an unfavorable movement against United States Dollar, the investments will face currency losses in addition to the capital gain/loss. The Manager will evaluate the likely directions of a foreign currency versus United States Dollar based on considerations of economic fundamentals such as interest differentials, balance of payments position, debt levels, and technical chart of considerations.

The following tables set out the foreign currency risk concentrations and counterparties of the Fund:

	Ringgit Malaysia USD	Total USD
As at 31.1.2023		
Financial assets		
Cash and cash equivalents	5,093	5,093
Financial liabilities		
Amount due to Manager	4,843	4,843
Other payables and accruals	3,422	3,422
Net assets attributable to unitholders	3,342,907	3,342,907
	3,351,172	3,351,172

	Ringgit Malaysia USD	Total USD
As at 31.1.2022		
Financial assets		
Cash and cash equivalents	67,170	67,170
Financial liabilities		
Amount due to Manager	763,241	763,241
Other payables and accruals	3,369	3,369
Net assets attributable to unitholders	5,482,732	5,482,732
	6,249,342	6,249,342

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

Market risk (continued)

(b) Currency risk (continued)

The table below summarises the sensitivity of the Fund's profit after tax and net asset value to changes in foreign exchange movements at the end of each reporting year. The analysis is based on the assumption that the foreign exchange rate changes by 5%, with all other variables held constant. This represents management's best estimate of a reasonable possible shift in a foreign exchange rate, having regard to historical volatility of this rate. Any increase/ (decrease) in foreign exchange rate will result in a corresponding (decrease)/increase in the net assets attributable to unitholder by approximately 5%. Disclosures below are shown in absolute terms, changes and impacts could be positive and negative.

	Change in foreign exchange rate	Impact on profit after tax/NAV
	%	USD
As at 31.1.2023		
Ringgit Malaysia	5	(167,304)

	Change in foreign exchange rate	Impact on profit after tax/NAV
	%	USD
As at 31.1.2022		
Ringgit Malaysia	5	(309,109)

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

Liquidity risk

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

The table below 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 USD	Between 1 month to 1 year USD	Total USD
As at 31.1.2023			
Accrued management fee	4,291	-	4,291
Amount due from Manager	4,843	-	4,843
Amount due to Trustee	258	-	258
Other payables and accruals	-	3,422	3,422
Net assets attributable to unitholders*	-	3,652,146	3,652,146
Contractual cash out flows	9,392	3,655,568	3,664,960

	Less than 1 month USD	Between 1 month to 1 year USD	Total USD
As at 31.1.2022			
Accrued management fee	7,827	-	7,827
Amount due from Manager	763,241	-	763,241
Amount due to Trustee	168	-	168
Other payables and accruals	-	3,369	3,369
Net assets attributable to unitholders*	-	5,925,477	5,925,477
Contractual cash out flows	771,236	5,928,846	6,700,082

* Outstanding units are redeemed on demand at the unitholders' option. However, the Manager does not envisage that the contractual maturity disclosed in the table above will be representative of the actual cash outflows, as holders of these instruments typically retain them for the medium to long term.

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

Credit risk

Credit risk refers to the ability of an issuer or a counter party to make timely payments of profit 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 licensed financial institutions with acceptable credit ratings.

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

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

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

	Cash and cash equivalents USD	Amount due from Manager USD	Total USD
As at 31.1.2023			
Financial institutions			
- AA1	15,961	-	15,961
Other			
- Not Rated	-	3,666	3,666
	15,961	3,666	19,627

	Cash and cash equivalents USD	Amount due from Provider USD	Amount due from Manager USD	Total USD
As at 31.1.2022				
Financial institutions				
- AA1	101,238	-	-	101,238
Other				
- Not Rated	-	790,854	27,833	818,687
	101,238	790,854	27,833	919,925

The financial assets of the Fund are neither past due or impaired.

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

Capital risk

The capital of the Fund is represented by net assets attributable to unitholders of USD3,652,146 (2022: USD 5,925,477). The amount of net assets attributable to unitholder can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of the 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 the unitholders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

Country Risk

The risk of price fluctuation in foreign securities may arise due to political, financial and economic events in foreign countries. If this occurs, there is possibility that the NAV of the Fund may be adversely affected.

Concentration Risk

The Fund, as a feeder fund, invests significantly all its assets in a CIS, any adverse effect on the CIS will inevitably affect the Fund as well. The performance of the Fund is also dependent on the performance of the CIS. This risk may be mitigated as the Manager is allowed to take temporary defensive positions in response to adverse market conditions. The Manager is also able to substitute the CIS with another fund with similar objective of the Fund if, in the Manager's opinion, the CIS no longer meets the Fund's objective subject to the unitholders' approval.

Fund management risk

There is the risk that the management company may not adhere to the investment mandate of the respective fund. With close monitoring by various relevant internal parties, investment management system being incorporated with limits and controls, and regular reporting to the senior management team, the management company is able to manage such risk. The Trustee has an oversight function over management of the Fund by the management company to safeguard the interests of the unitholders.

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

Fair value estimation

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price).

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

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.

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

(i) For bank balance, the carrying value is a reasonable estimate of fair value.

(ii) The carrying value less impairment provision of receivables and payables are assumed to approximate their fair values. The carrying value of the financial assets and financial liabilities approximate their fair value due to their short term nature.

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

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 level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement.

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

Fair value hierarchy (continued)

Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgment by the Fund. The Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

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

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
As at 31.1.2023				
Financial assets at fair value through profit or loss:				
- Collective investment scheme	3,645,333	-	-	3,645,333

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
As at 31.1.2022				
Financial assets at fair value through profit or loss:				
- Collective investment scheme	5,780,157	-	-	5,780,157

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include active listed equities and collective investment scheme. The Fund does not adjust the quoted prices for these instruments.

The carrying values of cash and cash equivalents, amount due from Manager, amount due from Provider and all current liabilities are reasonable approximation of the fair value due to their short-term nature.

3 MANAGEMENT FEE

In accordance with the Deed, the Manager is entitled to a management fee at a rate not exceeding 1.40% per annum of the NAV of each Class of the Fund calculated and accrued on a daily basis.

For the financial year ended 31 January 2023, the management fee is recognised at a rate of 1.40% (financial period from 2.2.2021 (date of launch) to 31.1.2022: 1.40%) per annum on the NAV of each Class of the Fund, calculated on a daily basis for the financial year/period.

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

4 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 each Class of the Fund but total trustee fee is subject to a minimum fee of RM 12,000 (equivalent to USD2,815) per annum (excluding foreign sub-custodian fees and charges).

For the financial year ended 31 January 2023, the Trustee fee is recognised at a rate of 0.03% (financial period from 2.2.2021 (date of launch) to 31.1.2022: 0.03%) per annum on the NAV of the Fund, exclusive of foreign sub-custodian fees and charges, calculated on a daily basis for the financial year/period.

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

5 TAXATION

	2023 USD	Financial period from 2.2.2021 (date of launch) to 31.1.2022 USD
Current taxation - local	-	-

5 TAXATION (CONTINUED)

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

	2023 USD	Financial period from 2.2.2021 (date of launch) to 31.1.2022 USD
Loss before taxation	(469,066)	(52,372)
Tax at applicable rate of 24% (2022: 24%)	(112,576)	(12,569)
Tax effect of:		
Investment income not subject to tax	(336)	(414)
Investment loss not deductible for tax purposes	108,945	8,818
Expenses not deductible for tax purposes	2,259	1,155
Restriction on tax deductible expenses for unit trust Funds	1,708	3,010
Taxation	-	-

6 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVTPL")

	As at 31.1.2023 USD	As at 31.1.2022 USD
Financial assets at FVTPL:		
- Collective investment scheme – foreign	3,645,333	5,780,157

	2023 USD	Financial period from 2.2.2021 (date of launch) to 31.1.2022 USD
Net loss on financial assets at FVTPL comprised:		
- Net realised (loss)/gain on sale of financial assets at FVTPL	(156,394)	1,722
- Net unrealised loss on changes in fair values	(297,546)	(33,486)
- Management fee rebate on collective investment scheme #	41,430	58,417
	(412,510)	26,653

6 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (“FVTPL”) (CONTINUED)

In arriving at the fair value of collective investment scheme, the management fee initially paid to the Manager of collective investment scheme has been considered as part of its NAV. In order to prevent the double charging of management fee, management fee charged on the Fund's Investment in a collective investment scheme has been refunded to the Fund. Accordingly, any rebate of management fee received from the Manager of collective investment scheme is reflected as an increase in the NAV of the collective investment scheme.

Collective investment scheme – foreign as at 31 January 2023 is as follows:

	Quantity	Aggregate cost	Fair value	Percentage of NAV
	Units	USD	USD	%
Nomura Funds Ireland – Global Dynamic Bond Fund (Class A USD)	35,731	3,976,365	3,645,333	99.81
Total collective investment scheme	35,731	3,976,365	3,645,333	99.81
UNREALISED LOSS ON CHANGES IN FAIR VALUE		(331,032)		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		3,645,333		

Collective investment scheme – foreign as at 31 January 2022 is as follows:

	Quantity	Aggregate cost	Fair value	Percentage of NAV
	Units	USD	USD	%
Nomura Funds Ireland – Global Dynamic Bond Fund (Class A USD)	50,648	5,813,643	5,780,157	97.55
Total collective investment scheme	50,648	5,813,643	5,780,157	97.55
UNREALISED LOSS ON CHANGES IN FAIR VALUE		(33,486)		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		5,780,157		

6 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVTPL") (CONTINUED)

Target Fund's top 10 holdings are as follows:

	Percentage of Target Fund's NAV %
31.1.2023	
US TREAS 2.875% 05/15/32	6.88
US TREAS 3.25% 05/15/42	6.03
US TREAS 2.375% 03/31/29	5.39
US T BILL ZCP 03/14/23	2.70
REPUBLIC 8.875% 02/28/35	1.79
REPUBLIC OF S 9% 01/40	1.71
KIN OF BAHR 6.25 01/25/51	1.41
BAHRAIN 5.45% 09/16/32	1.36
IBERCAJA BANCO PERP/EUR	1.13
BARCLAYS PLC V/R /PERP	1.04
	29.44

	Percentage of Target Fund's NAV %
31.1.2022	
US TREAS 2.875% 05/15/32	7.04
US TREAS 3.25% 05/15/42	6.04
US TREAS 2.375% 03/31/29	5.91
REPUBLIC OF S 9% 01/40	2.56
US T BILL ZCP 01/24/23	2.29
US TR NTS 4.125 10/31/27	1.92
REPUBLIC 8.875% 02/28/35	1.90
IBERCAJA BANCO PERP/EUR	1.51
KIN OF BAHR 6.25 01/25/51	1.43
BAHRAIN 5.45% 09/16/32	1.40
	32.00

7 CASH AND CASH EQUIVALENTS

	As at 31.1.2023 USD	As at 31.1.2022 USD
Cash and bank balances	15,961	101,238

8 NUMBER OF UNITS IN CIRCULATION

	2023 No. of units	Financial period from 2.2.2021 (date of launch) to 31.1.2022 No. of units
(a) Class MYR		
At beginning of the financial year/period	22,737,026	-
Creation of units during the financial year/period arising from applications	3,582,301	27,461,223
Cancellation of units	(10,844,014)	(4,724,197)
At end of the financial year/period	15,475,313	22,737,026

	2023 No. of units	Financial period from 2.2.2021 (date of launch) to 31.1.2022 No. of units
(b) Class USD		
At beginning of the financial year/period	444,460	-
Creation of units during the financial year/period arising from applications	-	1,677,521
Cancellation of units	(97,918)	(1,233,061)
At end of the financial year/period	346,542	444,460

9 TRANSACTIONS WITH PROVIDER

Details of transactions with the provider of the CIS as follows:

	Value of trade USD	Percentage of total trade %
2023		
Brown Brothers Harriman and Co.	3,263,792	100.00

	Value of trade USD	Percentage of total trade %
Finanial period from 2.2.2021 (date of launch) to 31.1.2022		
Brown Brothers Harriman and Co.	9,655,324	100.00

The provider above is not related to the Manager.

10 TOTAL EXPENSE RATIO ("TER")

	2023 %	Financial period from 2.2.2021 (date of launch) to 31.1.2022 %
TER	0.47	0. 35

TER is derived from the following calculation:

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

A = Management fee
B = Trustee's fee
C = Audit fee
D = Tax agent's fee
E = Other expenses
F = Average NAV of Fund calculated on daily basis

The average NAV of the Fund for the financial year/period calculated on daily basis is USD3,534,338 (financial period from 2.2.2021 (date of launch) to 31.1.2022: USD5,004,034).

11 PORTFOLIO TURNOVER RATIO ("PTR")

	2023	Financial period from 2.2.2021 (date of launch) to 31.1.2022
PTR (times)	0.46	0.97

PTR is derived from the following calculation:

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

Where: total acquisition for the financial year/period = USD791,454 (2022: USD7,733,622)
total disposal for the financial year/period = USD2,472,338 (2022: USD1,921,702)

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

The related party of and its relationship with the Fund are as follows:

Related party	Relationship
Nomura Asset Management Malaysia Sdn Bhd	The Manager

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

13 COMPARATIVES

The figures are not comparable as the comparatives do not cover a full financial year.

14 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue by the Manager on 28 March 2023.

NOMURA

NOMURA GLOBAL DYNAMIC BOND FUND

STATEMENT BY THE MANAGER

We, Leslie Yap Kim Loong and Atsushi Ichii, being two of the Directors of Nomura Asset Management Malaysia Sdn Bhd (the "Manager"), do hereby state that, in the opinion of the Manager, the accompanying financial statements set out on pages 1 to 28 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 January 2023 and of its financial performance, changes in net assets attributable to unitholders and cash flows for the financial year ended 31 January 2023 in accordance with the Malaysian Financial Reporting Standards, and International Financial Reporting Standards.

For and on behalf of the Manager,
NOMURA ASSET MANAGEMENT MALAYSIA SDN BHD

LESLIE YAP KIM LOONG
Managing Director

ATSUSHI ICHII
Director

Kuala Lumpur
28 March 2023

Deutsche Trustees Malaysia Berhad
Registration No: 200701005591 (763590-H)

Level 20, Menara IMC
8 Jalan Sultan Ismail
50250 Kuala Lumpur

Tel +603 2053 7522
Fax +603 2053 7526

TRUSTEE'S REPORT

TO THE UNIT HOLDERS OF NOMURA GLOBAL DYNAMIC BOND FUND ("Fund")

We have acted as Trustee of the Fund for the financial year ended 31 January 2023 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.

For Deutsche Trustees Malaysia Berhad

Soon Lai Ching
Senior Manager, Trustee Operations

Jiva Munusamy
Head, Client Management

Kuala Lumpur
28 March 2023

pwc

INDEPENDENT AUDITORS' REPORT
TO THE UNITHOLDERS OF NOMURA GLOBAL DYNAMIC BOND FUND

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Nomura Global Dynamic Bond Fund ("the Fund") give a true and fair view of the financial position of the Fund as at 31 January 2023, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

What we have audited

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 31 January 2023, and the statement of comprehensive income, statement of changes in net assets attributable to unitholders and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 1 to 28.

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 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 Ethics Standards Board for Accountants' 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 is responsible for the other information. The other information comprises the Manager's Report, but does not include the financial statements of the Fund and our auditors' report thereon.

PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), Chartered Accountants, Level 10, Menara TH 1 Sentral, Jalan Rakyat, Kuala Lumpur Sentral, P.O. Box 10192, 50706 Kuala Lumpur, Malaysia
T: +60 (3) 2173 1188, F: +60 (3) 2173 1288, www.pwc.com/my

INDEPENDENT AUDITORS' REPORT
TO THE UNITHOLDERS OF NOMURA GLOBAL DYNAMIC BOND FUND (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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.

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 for the financial statements

The Manager of the Fund is responsible for the preparation of the 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 intends to liquidate the Fund or to terminate the Fund, or has no realistic alternative but to do so.

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 GLOBAL DYNAMIC BOND FUND (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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:

(a) 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.

(b) 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.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.

(d) 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.

(e) 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 GLOBAL DYNAMIC BOND FUND
(CONTINUED)

OTHER MATTERS

This report is made solely to the unitholders of the Fund, and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

Kuala Lumpur
28 March 2023