

## PRODUCT HIGHLIGHTS SHEET NOMURA RINGGIT BOND FUND 2 (THE “FUND”)

Date of issuance: 10 April 2023

This Product Highlights Sheet is an important document.

- It highlights the key features and risks relating to the Fund and complements the Information Memorandum<sup>1</sup>.
- It is important to read the Information Memorandum before deciding whether to purchase Units of the Fund. If you do not have a copy of the Information Memorandum, please contact us for a copy.
- You should not invest in the Fund if you do not understand or are not comfortable with the accompanying risks.
- For account-related matters and information regarding the Fund, kindly contact us, or the distributor from whom you purchased Units of the Fund.

**This Product Highlights Sheet only highlights the key features and risks of the Fund. Investors are advised to request, read and understand the Information Memorandum before deciding to invest.**

### RESPONSIBILITY STATEMENT

This Product Highlights Sheet has been reviewed and approved by the directors or authorised committee or persons approved by the directors of *Nomura Asset Management Malaysia Sdn Bhd* and they collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable enquiries, they confirm to the best of their knowledge and belief, there are no false or misleading statements, or omission of other facts which would make any statement in the Product Highlights Sheet false or misleading.

### STATEMENT OF DISCLAIMER

The relevant information and document in relation to the Fund, including a copy of this Product Highlights Sheet has been lodged with the Securities Commission Malaysia under the Lodge and Launch Framework.

The lodgement of the relevant information and document in relation to the Fund, including this Product Highlights Sheet, should not be taken to indicate that the Securities Commission Malaysia recommends the Fund or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Product Highlights Sheet.

The Securities Commission Malaysia is not liable for any non-disclosure on the part of *Nomura Asset Management Malaysia Sdn Bhd* responsible for the Fund and takes no responsibility for the contents of this Product Highlights Sheet. The Securities Commission Malaysia makes no representation on the accuracy or completeness of this Product Highlights Sheet, and expressly disclaims any liability whatsoever arising from, or in reliance upon, the whole or any part of its contents.

**YOU SHOULD NOT MAKE PAYMENT IN CASH TO A UNIT TRUST CONSULTANT OR ISSUE A CHEQUE IN THE NAME OF A UNIT TRUST CONSULTANT.**

<sup>1</sup> The Information Memorandum and accompanying supplemental information memorandum (if any) are available at the offices of Nomura Asset Management Malaysia Sdn Bhd and its authorised distributors during business hours.

Brief Information on the Product	
<b>Type of Product</b>	The Fund is a wholesale fixed income fund managed by Nomura Asset Management Malaysia Sdn Bhd.
Product Suitability	
The Fund is for Sophisticated Investors who are seeking for regular income distribution and has a low risk tolerance.	
Key Product Features	
<b>Launch Date</b>	28 July 2020
<b>Financial Year End</b>	31 <sup>st</sup> March
<b>Minimum Initial Investment<sup>^</sup></b>	RM 500,000
<b>Minimum Additional Investment<sup>^</sup></b>	RM 250,000
<sup>^</sup> subject to our discretion, you may negotiate for a lower amount or value.	
<b>Investment Objective</b>	<p>The Fund seeks to generate regular income by investing in fixed income securities whilst carefully considering capital preservation* on behalf of its investors.</p> <p><u>Note:</u>  * The Fund is not a capital guaranteed or capital protected fund and the returns are not guaranteed.</p> <p>Any material change to the Fund's objective would require Unit Holders' approval.</p>
<b>Performance Benchmark</b>	<p>12-month Malayan Banking Berhad Fixed Deposit Account Rate  Source: <a href="http://www.maybank2u.com.my">www.maybank2u.com.my</a></p> <p><i>Note: The risk profile of the Fund is different from the risk profile of the performance benchmark.</i></p>
<b>Investment Strategy</b>	<p>The Fund seeks to achieve its investment objective by carefully considering the sources of returns and liquidity profiles of fixed income securities denominated in Ringgit Malaysia.</p> <p>The Fund seeks to capture the following sources of returns:</p> <ul style="list-style-type: none"> <li>Income from fixed income securities denominated in Ringgit Malaysia, money market instruments, deposits and/or placement of money at call with financial institutions; and</li> <li>Capital appreciation from the price movements of fixed income securities denominated in Ringgit Malaysia.</li> </ul> <p>For liquidity purpose, the Fund may also invest in fixed income instruments which are relatively liquid in nature including deposit placements with banks.</p> <p>The Fund may also invest in collective investment schemes to access investment opportunities which are not available through direct investment in fixed income securities denominated in Ringgit Malaysia.</p> <p>We may take temporary defensive positions that may be inconsistent with the Fund's principal strategy by reducing its investment into fixed income securities and collective investment schemes to raise liquidity levels of the Fund during adverse market condition and protect Unit Holders' interest. Similarly, we may raise liquidity levels if the liquidity profile of the investments change significantly. In raising the Fund's liquidity levels, we may invest into money market instruments, deposits, placement of money at call with financial institutions and/or hold cash. If temporary defensive position is undertaken, there is a risk that the Fund may not be able to meet its investment objective.</p>
<b>Distribution Policy</b>	<p>Subject to availability of income, distribution will be on monthly basis.</p> <p>Distribution of income may be made from realised gains, realised income and/or out of capital.</p> <p>The Fund may declare distribution out of capital if there is insufficient realised gains or realised income. This is to help the Fund to achieve its investment objective to generate regular income on behalf of its investors.</p> <p>The distribution is achieved by forgoing the potential for future capital growth and this cycle may continue until all capital of the Fund is depleted.</p>

	<p>Distribution out of capital has a risk of eroding the capital of the Fund. Payment of distribution out of capital amounts to a return or withdrawal of part of the Unit Holder's original investment or from any capital gains attributable to that original investment. Any distribution involving any payment out of capital of the Fund will result in an immediate reduction of the NAV per Unit. As a result, the value of future returns of the Fund would be diminished.</p> <p>The greater the risk of capital erosion that exists and the likelihood that, due to capital erosion, the value of future returns of the Fund would also be diminished.</p>
<b>Mode of Distribution</b>	<p>You may elect to receive the income distribution by way of reinvestment as additional Units into the Fund or cash payment.</p> <p><b>Any income distribution payable which is less than or equal to RM1,000.00 will be automatically reinvested based on the NAV per Unit on the income payment date which is 2 Business Days after the income distribution date at no cost.</b></p>
<b>The Parties Involved</b>	
<b>The Manager</b>	Nomura Asset Management Malaysia Sdn Bhd
<b>The Trustee</b>	Deutsche Trustees Malaysia Berhad
<b>Asset Allocation</b>	
0% - 100%	Fixed income securities denominated in Ringgit Malaysia
0% - 100%	Money market instruments, deposits, placement of money at call with financial institutions and/or held in cash
<b>Key Risks</b>	
<p><b>What are the possible outcomes of my investment?</b></p> <ul style="list-style-type: none"> <li>The value of the Fund and the income that you may receive from your investment may fall or rise. There may be a risk that you may lose some or all of your investments.</li> </ul> <p><i>FOR INFORMATION CONCERNING RISK FACTORS (INCLUDING THE SPECIFIC RISKS WHEN INVESTING IN COLLECTIVE INVESTMENT SCHEMES), WHICH YOU SHOULD CONSIDER, PLEASE REFER TO CHAPTER 4, "UNDERSTANDING THE RISKS OF THE FUND" OF THE INFORMATION MEMORANDUM (WHICH MAY BE AMENDED FROM TIME TO TIME).</i></p>	
<p><b><u>Specific Risks of the Fund</u></b></p> <p><b>Credit and Default Risk</b></p> <p>Credit risk relates to the creditworthiness of the issuers of the fixed income securities or money market instruments, and their expected ability to make timely payment of interest and/or principal. Any adverse situations faced by the issuer may impact the value as well as liquidity of the fixed income securities or money market instruments. In the case of rated fixed income securities or money market instruments, this may lead to a credit downgrade.</p> <p>Default risk relates to the risk that an issuer of a fixed income security or money market instrument either defaulting on payments or failing to make payments in a timely manner which will in turn adversely affect the value of the fixed income security or money market instrument. If the financial institution which the Fund places deposits with defaults in payment or become insolvent, the Fund may also suffer capital losses with regards to the capital invested and interest foregone, causing the performance of the Fund to be adversely affected. This could affect the value of the Fund as up to 100% of the NAV of the Fund may be invested in money market instruments, deposits, placement of money at call with financial institution and/or held in cash.</p> <p><b>Interest Rate Risk</b></p> <p>Deposits placed with financial institutions are subjected to the movement in the country's interest rate; in general, this corresponds to the central bank's overnight policy rate. The interest rates offered by the financial institutions are expected to be lower in a low interest rate environment. As the relationship between interest rate and fixed income securities prices are inverse, the Fund's holding in fixed income securities will be negatively affected in a rising interest rate environment. To some extent, the interest rate of these fixed income securities would also be impacted by external environment such as shift to/from emerging market fixed income securities or change in outlook/rating by international rating agencies.</p> <p><b>Liquidity Risk</b></p> <p>Liquidity risk refers to the ease of liquidating an asset depending on the asset's volume traded in the market. If the Fund holds assets that are illiquid, or are difficult to dispose of, the value of the Fund will be negatively affected when it has to sell such assets at unfavourable prices.</p> <p>The liquidity risk of the Fund also refers to our ability as manager to honour redemption requests or to pay Unit Holders' redemption proceeds in a timely manner. This is subject to the Fund's holding of adequate liquid assets, its ability to borrow on a temporary basis as permitted by the relevant laws and/or its ability to redeem</p>	

the Fund's investments at fair value. Should there be inadequate liquid assets held, the Fund may not be able to honour requests for redemption or to pay Unit Holders' redemption proceeds in a timely manner and may be forced to dispose the Fund's investments at unfavourable prices to meet redemption requirements.

**Reinvestment Risk**

This is a risk that future proceeds (interest and/or capital) are reinvested at a lower potential interest rate for deposits which are placed with financial institutions. Reinvestment risk is especially evident during periods of falling interest rates where the interest payments are reinvested at a lower interest rate compared to the initial interest rate. For investments in fixed income securities, the reinvestment risk will be apparent during periods of falling interest rates as the Fund will be reinvesting at higher prices (there is an inverse relationship between interest rates and prices of fixed income securities).

**Related Party Transaction Risk**

The Fund may invest in collective investment schemes of other asset management companies which are related to us and may also have dealings with parties related to these companies. Such related party transactions may potentially result in conflict of interests between the Unit Holders and us. In managing such conflict of interests, all transactions with related parties will be executed on terms which are best available to the Fund and based on best execution and at arms-length transaction between independent parties.

**Investments in Collective Investment Schemes**

Investing in collective investment schemes may be more costly to the Fund than if the Fund had invested in the underlying investments directly as the Fund will indirectly be paying the fees and expenses of the collective investment schemes in addition to the Fund's direct fees and expenses. Investing in other collective investment schemes may subject the Fund to the risk that (i) the valuations of the Fund may not reflect the true value of the underlying collective investment schemes at a specific time and/or (ii) the valuation of the underlying collective investment schemes may not be available as at the relevant valuation point for the Fund which could result in significant losses or inaccurate pricing for the Fund. The Fund's investments in collective investment schemes may also subject the Fund to additional risks (such as risk associated with the investment manager of the collective investment scheme) than if the Fund would have invested directly in the underlying investment of the collective investment schemes. The risk associated with the investment manager of the collective investment schemes includes but is not limited to the risk of non-adherence to the investment objective, strategy and policies of the collective investment schemes, the risk of direct or indirect losses resulting from inadequate or failed operational and administrative processes and systems of the investment manager of the collective investment schemes, and the risk that the collective investment schemes may underperform due to poor investment decisions by the investment manager of the collective investment schemes.

Any adverse price movement of such collective investment schemes will adversely affect the Fund's NAV.

**Distribution Out of Capital Risk**

The Fund may distribute out of the Fund's capital. Such capital distributions represent a return or withdrawal of part of the amount of your original investment and/or capital gains attributable to the original investment and will result in a reduction in the NAV per Unit of the Fund and reduce the capital available for future investment and capital growth. Future capital growth may therefore be constrained as a result.

**Risks Associated With the Use of Accretion or Amortised Cost Accounting**

We are using accretion or amortised cost accounting to value money market instruments with remaining term to maturity of not more than 90 days at the time of acquisition. Accretion or amortised cost accounting is an accounting process used to adjust the value between the purchase date and maturity date of a money market instruments that has been bought at a discounted rate or premium. Accretion is the accumulation of paper value on a discounted money market instruments until it reaches maturity. Where amortisation is used to calculate the yield at any given time of an money market instruments bought at a premium, it is the writing off of the investment's premium over its projected life until maturity.

We have delegated the fund accounting and valuation services of the Fund to the Trustee. There may be a possibility of incorrect valuation performed by the Trustee due to human error or system failure. To mitigate this risk, we have our own set of accretion or amortised cost accounting to reconcile the accretion or amortised cost performed by the Trustee on a daily basis. Should the difference in valuation exceeds the threshold of 0.05%, we will perform an investigation on the Trustee's valuation.

**Suspension of Redemption Request Risk**

Having considered the best interests of Unit Holders, the redemption requests by the Unit Holders may be subject to suspension due to exceptional circumstances stated under Section 6.8 of the Information Memorandum. In such case, Unit Holders will not be able to redeem their Units and will be compelled to remain invested in the Fund for a longer period of time than original timeline. Hence, their investments will continue to be subject to the risks inherent to the Fund.

**THE ABOVE SHOULD NOT BE CONSIDERED TO BE AN EXHAUSTIVE LIST OF THE RISKS WHICH INVESTORS SHOULD CONSIDER BEFORE INVESTING INTO THE FUND. INVESTORS SHOULD BE AWARE THAT AN INVESTMENT IN THE FUND MAY BE EXPOSED TO OTHER RISKS FROM TIME TO TIME.**

**YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF AN INVESTMENT. YOU SHOULD READ AND UNDERSTAND THE CONTENTS OF THE INFORMATION MEMORANDUM AND, IF NECESSARY, CONSULT YOUR ADVISER(S) BEFORE MAKING AN INVESTMENT DECISION.**

#### **Fees and Charges**

<b>Sales Charge</b>	Nil
<b>Redemption Charge</b>	Nil.
<b>Switching Fee</b>	Nil.
<b>Transfer Fee</b>	Nil.
<b>Management Fee</b>	Up to 0.25% per annum of the NAV of the Fund.
<b>Trustee Fee</b>	Up to 0.03% per annum of the NAV of the Fund, subject to a minimum fee of RM12,000 per annum.
<b>Other Fees and Expenses</b>	Only the expenses (or part thereof) which are directly related and necessary to the operation and administration of the Fund may be charged to the Fund.

#### **Valuation of Investment**

The Fund is valued once every Business Day after the close of the market in which the portfolio of the Fund is invested for the relevant day. As such, the daily price of the Fund for a particular Business Day will be published on the next Business Day.

The daily NAV per Unit of the Fund is available on <https://www.nomura-asset.com.my>. You may also request the daily NAV per Unit from the distributor from whom you invested with.

#### **Exiting from Investment**

<b>Submission of Redemption Application</b>	<p>You may redeem your Units by completing a redemption application form and returning it to us on any Business Day between 9:00 a.m. to 5:30 p.m. However, the cut-off time is 4:00 p.m. Any application form which is received by us after the cut-off time will be deemed to have been received on the following Business Day and will be processed on the next Business Day. Our authorised distributors may have an earlier cut-off time. Please check with the respective authorised distributors for their respective cut-off time.</p> <p>Redemption of Units must be made in terms of Units and the minimum Units for redemption is 250,000 Units. There is no restriction on the frequency of redemption. However, you will need to comply with the minimum Units held (which may be changed at our discretion), otherwise all the remaining Units you hold in the Fund will be redeemed automatically.</p>
<b>Payment of Redemption Proceeds</b>	<p>You will receive the redemption proceeds within 3 Business Days via telegraphic transfer transferred to your bank account after we have received your redemption application provided that all documentations are complete and verifiable. However, you may experience a delay of 1 – 2 Business Days in receiving the redemption proceeds if you are redeeming your investments via our authorised distributors. In the event of any unforeseeable circumstances which results in us being unable to pay the redemption proceeds within the stipulated period above, we will pay the redemption proceeds within 7 Business Days. Where Units are held jointly, payment will be made to the person whose name appears first in the register of Unit Holders. Any bank charges or fees incurred due to a withdrawal by way of telegraphic transfer will be borne by you.</p>
<b>Minimum Units Held<sup>^</sup></b>	250,000 Units

<sup>^</sup>subject to our discretion, you may negotiate for a lower amount or value.

#### **Contact Information**

##### **Who should I contact for further information or to lodge a complaint?**

- For account-related matters and information regarding the Fund, please contact the distributor from whom you purchased Units of the Fund.
- For Fund related enquiries and internal dispute resolution, you may contact:
  - distributor from whom you purchased the Fund; or
  - Nomura Asset Management Malaysia Sdn Bhd at [marketing@nomura-asset.com.my](mailto:marketing@nomura-asset.com.my) or +603 2027 6688
- If you are dissatisfied with the outcome of the internal dispute resolution process, please refer your dispute to Securities Industry Dispute Resolution Center (SIDREC):
  - via phone to: 03-2282 2280 (b) via fax to: 03-2282-3855
  - via email to: [info@sidrec.com.my](mailto:info@sidrec.com.my)

- (c) via letter to: Securities Industry Dispute Resolution Center (SIDREC) Unit A-9-1, Level 9, Tower A, Menara UOA Bangsar, No. 5, Jalan Bangsar Utama 1, 59000 Kuala Lumpur.
4. You can also direct your complaint to the SC even if you have initiated a dispute resolution process with SIDREC. To make a complaint, please contact the SC's Consumer & Investor Office:
- (a) via phone to the Aduan Hotline at: 03-6204 8999
  - (b) via fax to: 03-6204 8991
  - (c) via e-mail to: [aduan@seccom.com.my](mailto:aduan@seccom.com.my)
  - (d) via online complaint form available at [www.sc.com.my](http://www.sc.com.my)
  - (e) via letter to: Consumer & Investor Office, Securities Commission Malaysia, 3 Persiaran Bukit Kiara Bukit Kiara, 50490 Kuala Lumpur.
5. Federation of Investment Managers Malaysia (FIMM)'s Complaints Bureau:
- (a) via phone to: 03-2092 3800
  - (b) via fax to: 03-2093 2700
  - (c) via e-mail to: [complaints@fimm.com.my](mailto:complaints@fimm.com.my)
  - (d) via online complaint form available at [www.fimm.com.my](http://www.fimm.com.my)
  - (e) via letter to: Legal, Secretarial & Regulatory Affairs, Federation of Investment Managers Malaysia, 19-06-1, 6th Floor, Wisma Tune, No. 19, Lorong Dungun, Damansara Heights, 50490 Kuala Lumpur

## **GLOSSARY**

Terms and expressions not expressly defined in this Product Highlights Sheet and which have been defined in the Information Memorandum shall have the same meanings ascribed to them in the Information Memorandum.

<b>Base Currency</b>	MYR, the currency in which the Fund is denominated.
<b>Bursa Malaysia</b>	The stock exchange managed or operated by Bursa Malaysia Securities Berhad (Registration No.: 200301033577 (635998-W)).
<b>Business Day</b>	A day on which Bursa Malaysia is open for trading.
<b>Fund</b>	Nomura Ringgit Bond Fund 2.
<b>Information Memorandum</b>	The information memorandum for this Fund.
<b>Manager</b>	Nomura Asset Management Malaysia Sdn Bhd.
<b>NAV</b>	The value of the Fund's assets less its liabilities at the valuation point.
<b>NAV per Unit</b>	The NAV of the Fund at the valuation point divided by the total number of Units in circulation at the same valuation point.
<b>RM / MYR</b>	Ringgit Malaysia.
<b>SC</b>	Securities Commission Malaysia.
<b>Sophisticated Investor</b>	Any person who:- (i) falls within any of the categories of investors set out in Part I, Schedule 6 and 7 of the Capital Markets and Services Act 2007; (ii) acquires unlisted capital market products where the consideration is not less than two hundred and fifty thousand ringgit or its equivalent in foreign currencies for each transaction whether such amount is paid for in cash or otherwise; or (iii) any other person as may be determined by the SC from time to time under the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework issued by the SC .
<b>Trustee</b>	Deutsche Trustees Malaysia Berhad.
<b>Unit</b>	A measurement of the right or interest of a Unit Holder in the Fund and means a unit of the Fund.
<b>Unit Holder</b>	A person registered as the holder of a Unit, including persons jointly registered, for the Fund.