



NOMURA

Nomura Ringgit Bond Fund 1

Quarterly Report For The Period Ended 31 March 2023

MANAGER:

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

TRUSTEE:

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

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MANAGER'S REPORT

Category, Objective and Distribution Policy

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

Subject to availability of income, distribution will be on quarterly basis.

Fund Type

Income

Benchmark

12-month Malayan Banking Berhad Fixed Deposit Account Rate.

Performance as at 31 March 2023

For the period under review from 1 January 2023 to 31 March 2023, the Fund has registered a 2.38% return. Compared to the Benchmark return of 0.70%, the Fund has outperformed its Benchmark by 1.68%. The last published Net Asset Value ("NAV") per unit of the Fund as at 31 December 2022 was RM1.0205 as compared to the NAV per unit as at 31 March 2023 of RM 1.0315. On the total NAV basis, the Fund's NAV stood at RM 490.17 million as at 31 March 2023.

Performance as at 31 March 2023 (%)

	3 months (01/01/2023- 31/03/2023)	6 Months (01/10/2022- 31/03/2023)	1 Year (01/04/2022- 31/03/2023)	3 Years (01/04/2020- 31/03/2023)	Since Commencement (02/07/2019- 31/03/2023)
Fund	2.38	4.36	4.24	11.34	14.59
Benchmark	0.70	1.40	2.49	6.44	8.84
Outperformance/ (Underperformance)	1.68	2.96	1.75	4.90	5.75

Source of Fund and Benchmark Returns: Refinitiv Lipper

Volatility as at 31 March 2023

	3-Year
Fund	1.27%

Source: Refinitiv Lipper

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

Strategies Employed (1 January 2023 to 31 March 2023)

As we anticipate the end of the global rate hike cycle, we extended duration and switched towards a barbell strategy by overweighting on the 7-10y portion of the credit curve. We shifted the tilt of our asset allocation towards corporate bonds and away from government bonds and cash.

Summary of Asset Allocation

	<u>31 March 2023</u>	<u>31 December 2022</u>
Government Investment Issue	2.93%	3.17%
Corporate Bonds	95.90%	92.25%
Cash and other net current assets / liabilities	1.16%	4.58%
Total	100.0%	100.0%

Review of Market (1 January 2023 to 31 March 2023)

Tracking global rates movement, domestic bond yields rallied strongly in 1Q23 as markets began to price in the end of the interest rate hiking cycle. This was further supported by Bank Negara Malaysia (“BNM”)’s extended pause on its Overnight Policy Rate (“OPR”) normalisation cycle in both Monetary Policy Committee (MPC) meetings that took place over the quarter. Domestic investors were caught flat-footed as markets were pricing in further OPR hikes in 1H23. As a result, the domestic bond market rallied as it recalibrated its expectations of BNM’s terminal rate downwards to 2.75%, instead of the prior range of 3.25-3.50%. In addition, the failure of a couple of mid-sized US banks and the takeover of Credit Suisse in Switzerland sparked a strong bout of risk-off sentiments that benefitted rates globally. Overall, Malaysian Government Securities (MGS) yield curve bull-steepened as front end of the curve plunged 30-33 bps QoQ while the rest of the curve fell 10-26 bps QoQ.

Year-to-date (YTD) corporate bond issuances recorded a total of MYR 15.9 billion. Corporate bond issuances were strong in March despite elevated market volatility. Notable issuances include TNB Power Generation Sdn Berhad and Petroleum Sarawak Exploration & Production Sdn Berhad which issued MYR 2.0 billion and MYR 1.5 billion respectively. Within the AA-rated space, YTL Power International Berhad, Point Zone (M) Sdn Berhad, and UEM Sunrise Berhad issued MYR 1.715 billion, MYR 555 million, and MYR 420 million respectively.

TRANSACTIONS WITH FINANCIAL INSTITUTIONS AND BROKERS/DEALERS

Cross Trades (1 January 2023 to 31 March 2023)

During the financial period under review, four (4) cross trades were conducted between the Fund and accounts managed by the Manager and the Manager's related company.

	<u>Total Value of trades (RM)</u>
Nomura i-Income Fund	4,978,550
Private Mandate	7,398,575
Total	12,377,125

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

SOFT COMMISSIONS RECEIVED FROM BROKERS

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

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

INCOME DISTRIBUTION

The Fund distributed a gross total of RM 0.0130 per unit to investors of the Fund over the period under review.

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

Cum-Distribution Date	Cum-Distribution (RM)	Ex-Distribution Date	Ex-Distribution (RM)	Distribution per Unit (RM)
15-Mar-23	1.0407	16-Mar-23	1.0277	0.0130

FUND PERFORMANCE DATA

	<u>As at 31 March 2023</u>	<u>As at 31 December 2022</u>
Total NAV (RM)	490,171,528	478,805,267
NAV per Unit (RM)	1.0315	1.0205
Units in Circulation	475,211,169	469,204,035
Highest NAV (RM)	1.0407	1.0301
Lowest NAV (RM)	1.0225	1.0107

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

NOMURA RINGGIT BOND FUND 1

FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 01 JANUARY 2023 TO 31 MARCH 2023

NOMURA RINGGIT BOND FUND 1

FINANCIAL STATEMENTS

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NOMURA RINGGIT BOND FUND 1

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD FROM 01 JANUARY 2023 TO 31 MARCH 2023

	01.01.2023 To 31.03.2023 RM	01.01.2022 To 31.03.2022 RM
INVESTMENT INCOME		
Interest income from financial assets	4,946,585	3,821,900
Interest income from deposits with licensed financial institutions	145,468	95,261
Net gain/(loss) on financial assets at fair value through profit or loss ("FVTPL")	6,443,759	(3,084,323)
Other income	-	11
	<u>11,535,812</u>	<u>832,849</u>
EXPENSES		
Manager's fee	(203,425)	(180,733)
Trustee's fee	(35,898)	(31,894)
Audit fee	(2,925)	(2,614)
Tax agent's fee	(1,072)	(1,046)
Other expenses	(171)	(271)
	<u>(243,491)</u>	<u>(216,558)</u>
PROFIT BEFORE TAXATION	11,292,321	616,291
TAXATION	-	-
PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD	<u>11,292,321</u>	<u>616,291</u>
Profit after taxation is made up of the following:		
Realised amount	4,331,996	3,510,396
Unrealised amount	6,960,325	(2,894,105)
	<u>11,292,321</u>	<u>616,291</u>
Distributions for the financial period:		
Net distributions	<u>6,099,893</u>	<u>4,692,339</u>
Gross/net distributions per unit	<u>0.0130</u>	<u>0.0113</u>

NOMURA RINGGIT BOND FUND 1

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023

	<u>31.03.2023</u>	<u>31.03.2022</u>
	RM	RM
ASSETS		
Financial assets at fair value through profit or loss ("FVTPL")	489,396,468	393,416,114
Cash at bank	129,496	673,523
Deposit with licensed financial institution	681,103	36,573,000
Interest receivable	51	1,754
Amount due from manager	66,054	-
TOTAL ASSETS	<u>490,273,172</u>	<u>430,664,391</u>
LIABILITIES		
Amount due to Manager	70,428	128,722
Amount due to Trustee	12,429	11,010
Other payables and accruals	18,787	18,500
TOTAL LIABILITIES	<u>101,644</u>	<u>158,232</u>
NET ASSET VALUE ("NAV") OF THE FUND	<u>490,171,528</u>	<u>430,506,159</u>
EQUITY		
Unitholders' capital	487,674,122	431,233,503
Retained earnings/(loss)	2,497,406	(727,344)
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	<u>490,171,528</u>	<u>430,506,159</u>
UNITS IN CIRCULATION	<u>475,211,169</u>	<u>419,532,479</u>
NAV PER UNIT (RM) (EX-DISTRIBUTION))	<u>1.0315</u>	<u>1.0262</u>

NOMURA RINGGIT BOND FUND 1

STATEMENT OF CHANGES IN NET ASSETS VALUE FOR THE FINANCIAL PERIOD FROM 01 JANUARY 2023 TO 31 MARCH 2023

	Unitholders' <u>capital</u> RM	Retained <u>earnings</u> RM	<u>Total</u> RM
Balance as at 1 January 2023	481,500,289	(2,695,022)	478,805,267
Total comprehensive income for the financial period	-	11,292,321	11,292,321
Creation of units	137,203	-	137,203
Reinvestment of distributions	6,099,893	-	6,099,893
Cancellation of units	(63,263)	-	(63,263)
Distributions	-	(6,099,893)	(6,099,893)
Balance as at 31 March 2023	<u>487,674,122</u>	<u>2,497,406</u>	<u>490,171,528</u>

	Unitholders' <u>capital</u> RM	Retained <u>earnings</u> RM	<u>Total</u> RM
Balance as at 1 January 2022	426,741,004	3,348,704	430,089,708
Total comprehensive income for the financial period	-	616,291	616,291
Creation of units	249,904	-	249,904
Reinvestment of distributions	4,692,339	-	4,692,339
Cancellation of units	(449,744)	-	(449,744)
Distributions	-	(4,692,339)	(4,692,339)
Balance as at 31 March 2022	<u>431,233,503</u>	<u>(727,344)</u>	<u>430,506,159</u>

NOMURA RINGGIT BOND FUND 1

STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD FROM 01 JANUARY 2023 TO 31 MARCH 2023

	<u>01.01.2023</u> To <u>31.03.2023</u> RM	<u>01.01.2022</u> To <u>31.03.2022</u> RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from sale of financial assets	40,526,050	35,066,700
Purchase of financial assets	(64,988,575)	(15,753,250)
Interest income from financial assets	3,353,188	4,195,566
Interest income from deposit with licensed financial institution	148,685	94,809
Other income	-	11
Manager's fee paid	(201,781)	(179,697)
Trustee's fee paid	(35,608)	(31,711)
Payment for other fees and expenses	(221)	(271)
Net cash (used)/generated in operating activities and investing activities	<u>(21,198,262)</u>	<u>23,392,157</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash proceeds from units created	71,149	254,904
Cash paid for units cancelled	(63,263)	(383,411)
Net cash generated/(used) from financing activities	<u>7,886</u>	<u>(128,507)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(21,190,376)	23,263,650
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF FINANCIAL PERIOD	22,000,975	13,982,873
CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL PERIOD	<u>810,599</u>	<u>37,246,523</u>

Cash and cash equivalents comprises of:

Cash at bank	129,496	673,523
Deposit with licensed financial institution	681,103	36,573,000
	<u>810,599</u>	<u>37,246,523</u>