

Nomura Global Sustainable Equity Fund - MYR Class B

August 2023

Fund Commentary and Strategy

During the month, the Fund was mainly invested in the Target Fund.

Commentary from the Target Fund Manager

August snapped a strong winning streak for global equity markets as a sharp rise in interest rates (the US ten year increased from 3.96% to a peak of 4.44% intra month) put pressure on equity valuations and even NVIDIA's hotly anticipated blow out numbers were met with a lukewarm reaction across mega cap Tech and the perceived Artificial Intelligence ("AI") winners that have driven so much of the market performance year to date. However as softer data and less hawkish commentary from central bankers was digested through the end of the month, long term rates came down allowing equities to rebound.

The greatest contributors to performance were Novo Nordisk (+15%) and Cisco (+10%). During August, Novo Nordisk announced that their SELECT trial showed a 20% reduction in cardiovascular events for those who took Wegovy, its anti-obesity medicine, compared to the control arm. The 20% result was higher than the trial was set for (17%) and will foster increased acceptance of this new class of medicines. Cisco shares performed well on the back of their earnings call where they said that product orders in the July quarter grew over 30% quarter-over-quarter which was the second highest sequential growth rate in the past 20 years. This statement was indicative of stable end demand despite headwinds from high levels of backlog booked during the pandemic related supply constraints being worked down. The greatest detractors were Johnson Controls (-15%) and DSM Firmenich (-17%). Johnson Controls delivered earnings that were broadly in line with consensus and maintained its earnings guidance for the full year. Whilst there were some small niggles in the numbers and the results were not as robust as peer Heating, Ventilation, and Air Conditioning ("HVAC") companies the extreme share price reaction was indicative of the positivity coming into short term results rather than any change in the long term strength of the company's position to benefit from mitigate climate change mega trends. DSM Firmenich continues to disappoint investors with regard to clarity around the merger with Firmenich and the market is now rightly concerned by the lack of financial direction at the company given a very muddled communication of net debt and expected cash flow implications.

Impact Focus of the Month: The 20% reduction in cardiovascular events seen across the Novo Nordisk SELECT Trial has potentially far reaching implications for global health outcomes. Novo Nordisk has estimated that 764mm people are suffering from obesity with around half of this in developed markets. So far around 10% of that population (76mm) seek help for obesity but very few (15mm) are treated with anti-obesity medicines. If all those seeking help (76mm) were treated with Wegovy, which was able to reduce cardiovascular ("CV") events by 20%, it is conceivable that over 15mm CV events could be prevented over time. Given the trial length was 5 years and the take-up of Wegovy has been rapid, it could be possible that these benefits accrue already by 2035 globally. Longer-term the benefits are likely to be even greater as demand for these medicines continues to scale. The 76mm modelled is just 10% of today's obese population, which is still growing, and the penetration rate could move meaningfully higher. Why is it important to reduce CV events? Reducing cardiovascular events at scale should improve key health metrics such as life expectancy both directly (less fatal heart attacks/ strokes) but also because CV events can contribute to other debilitating conditions (just 10% of patients fully recover from a stroke according to the National Stroke Association for example).

Cumulative Fund Returns (%)

	YTD 31/12/2022 To 31/8/2023	1 Month 31/7/2023 To 31/8/2023	3 Month 31/5/2023 To 31/8/2023	6 Month 28/2/2023 To 31/8/2023
Fund	17.19	1.19	5.76	12.72
Benchmark	21.36	0.07	7.30	14.38

Cumulative Fund Returns (%)

	1 Year 31/8/2022 To 31/8/2023	Since Commencement 9/7/2021 To 31/8/2023
Fund	15.55	3.68
Benchmark	18.74	11.31

Source: Refinitiv Lipper

Notes: Performance data is calculated based on the changes in the Fund's NAV price per unit for the specified length of time and on the assumption that any dividends declared are reinvested into the Fund. Performance figures are presented in cumulative basis, unless indicated otherwise.

Fund Objectives

The Fund aims to achieve long-term capital growth by investing in the Target Fund.

Target Fund

Nomura Funds Ireland – Global Sustainable Equity Fund USD-F

Benchmark

MSCI All Country World Index

Distribution Policy

Incidental. Distribution of income shall be in line with the dividend policy of the Target Fund.

Key Facts

Launch Date	18-Jun-2021
Fund Category	Feeder Fund (Global Equity)
Year End	31 July
Fund Size	USD 2.75 million
Class Size	MYR 12.68 million
Units in Circulation (MYR Class B)	12.23 million
NAV per Unit (MYR Class B)	MYR 1.0368
Transaction cut-off time	Daily; 4:00 pm
Redemption Period	Within 10 days

Sales charge

Up to 3.00% of the NAV per Unit.

Management fee

Up to 1.60% per annum of the NAV of each Class.

Trustee fee

Up to 0.03% per annum of the NAV of the Fund (excluding foreign custodian fees and charges), subject to a minimum fee of RM12,000.00 per annum.

Calendar Year Returns (%)

	2022	2021
Fund	-13.45	2.22
Benchmark	-13.25	5.73

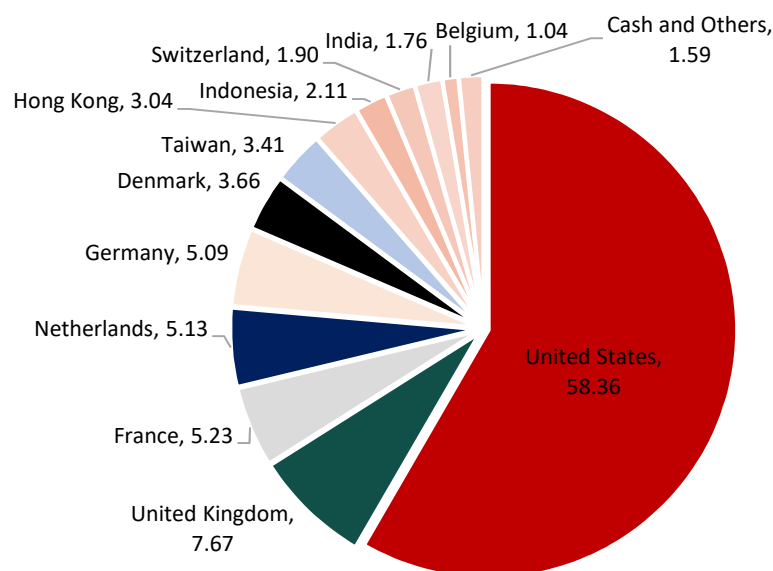
Source: Refinitiv Lipper

Notes: Performance data is calculated based on the changes in the Fund's NAV price per unit for the specified length of time and on the assumption that any dividends declared are reinvested into the Fund. Performance figures are presented in cumulative basis, unless indicated otherwise. Calendar year returns for 2021 are measured from its commencement date of 9 July 2021.

Top 5 Holdings of Target Fund (%)

Microsoft Corporation	4.04
Mastercard Incorporated Class A	4.02
Thermo Fisher Scientific Inc.	3.85
Johnson Controls International plc	3.77
Novo Nordisk A/S Class B	3.66

Country Breakdown of Target Fund (%)



Asset Allocation (%)

Target Fund	99.76
Cash and Others*	0.24

Included in 'Cash and Others' are cash on hand and net current assets / liabilities. Net current liabilities include amounts which are accrued (but not due and payable).

All data presented are as of 30 August 2023 unless otherwise specified.

Data in relation to the Target Fund is sourced from Nomura Asset Management U.K. Ltd.

Percentages may not add up to 100% due to rounding.

Sector Breakdown of Target Fund (%)

Health Care	26.15
Financials	20.13
Information Technology	19.81
Industrials	16.28
Utilities	6.77
Consumer Staples	3.52
Communication Services	2.98
Materials	2.77
Cash and Others	1.59

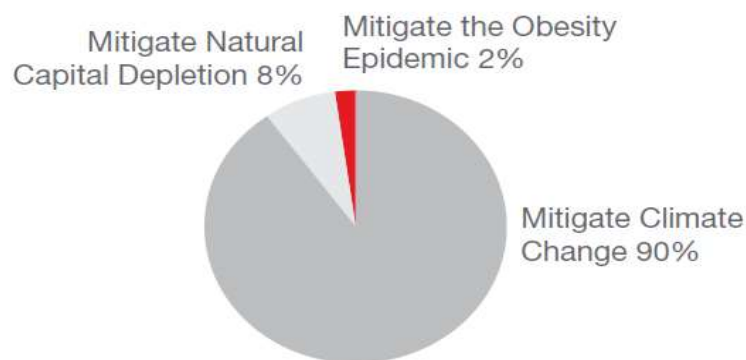
Nomura Asset Management's 6 Impact Goals

In 2Q23 we continued to work on progressing towards our 6 Impact Goals focused around the most pressing issues facing our world and where we as investors believe we can have the greatest positive impact. The impact goals are closely aligned with the United Nations Sustainable Development Goals (UN SDGs), and NAM's Global ESG Statement. As part of our commitment to deeply integrate our 6 Impact Goals into our processes we strive to further increase our engagements with companies on the selected goals and work together towards achieving progress. In 2Q23, 71 of our total engagements were directly aligned to our Mitigate Climate Change goal, while 6 were aligned with Mitigate Natural Capital Depletion goal. Furthermore, the team continued to support our Mitigate the Obesity Epidemic impact goal by engaging with two companies held in the Global Sustainable Equity strategy to assess access to obesity medications and treatments of the condition.

Click [here](#) for more details on the report.

Engagements by NAM Impact Goals

Mitigate Climate Change	71
Mitigate Natural Capital Depletion	6
Eliminate Communicable Disease	0
Mitigate the Obesity Epidemic	2
Global Access to Basic Financial Services	0
Global Access to Clean Drinking Water	0
Total	79



Source: Nomura Asset Management U.K. Ltd. - Responsible Investing Report Q2 2023

Disclaimer:

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