



**NOMURA**

# Nomura Global High Conviction Fund

Annual Report and Audited Financial Statements for the  
Financial Year Ended 31 August 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)

**AUDITOR:**

PRICEWATERHOUSE COOPERS PLT  
Business Registration No.: LLP0014401-LCA & AF1146

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*This Annual Report is available, upon request, to unit holders without charge*

## 1. FUND PROFILE

### 1.1 Fund Name

Nomura Global High Conviction Fund (“Fund”)

### 1.2 Type and Category of Fund

Growth – Feeder fund (Global equity)

### 1.3 Duration of the Fund

The Fund is an open-ended fund.

### 1.4 Investment Objectives

The Fund seeks to achieve long term capital growth by investing in Nomura Funds Ireland – Global High Conviction Fund (“Target Fund”) which invests primarily in global equity securities.

### 1.5 Distribution Policy

Distribution of income, if any, is incidental.

### 1.6 Performance Benchmark

MSCI All Country World Index (“Benchmark”).

## 2. FUND PERFORMANCE

### 2.1 Key Fund Performance Data\*

Asset Allocation / Portfolio Composition	31 Aug 2023	31 Aug 2022	31 Aug 2021
Target Fund	98.71%	99.42%	98.96%
Cash and Others <sup>#</sup>	1.29%	0.58%	1.04%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

<sup>#</sup> 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).

### Fund – Class USD

Category	1 Sep 2022 to 31 Aug 2023	1 Sep 2021 to 31 Aug 2022	Since commencement, 23 Oct 2020 to 31 Aug 2021 <sup>5</sup>
Highest NAV per Unit (USD) <sup>1</sup>	1.1558	1.2469	1.2421
Lowest NAV per Unit (USD) <sup>1</sup>	0.8525	0.9249	0.9229
Total Return (%) <sup>2</sup>			
- Capital growth (%)	14.61	(20.62)	23.04
- Income (%)	-	-	-
Gross/Net Distribution per unit (sen)	-	-	-
Total NAV (USD) <sup>1</sup>	28,075	4,284	5,624
NAV per Unit (USD)	1.1179	0.9760	1.2421
Unit in Circulation	25,113	4,390	4,528

**Fund – Class MYR**

Category	1 Sep 2022 to 31 Aug 2023	1 Sep 2021 to 31 Aug 2022	1 Sep 2020 to 31 Aug 2021
Highest NAV per Unit (RM) <sup>1</sup>	1.6544	1.6541	1.6743
Lowest NAV per Unit (RM) <sup>1</sup>	1.2762	1.2990	1.2231
Total Return (%) <sup>2</sup>			
- Capital growth (%)	16.22	(14.48)	21.75
- Income (%)	-	-	-
Gross/Net Distribution per unit (sen)	-	-	-
Total NAV (USD) <sup>1</sup>	982,537	449,915	570,432
NAV per Unit (RM)	1.6187	1.3932	1.6458
Unit in Circulation	2,818,400	1,444,809	1,439,354

Category	1 Sep 2022 to 31 Aug 2023	1 Sep 2021 to 31 Aug 2022	1 Sep 2020 to 31 Aug 2021
Total Expense Ratio (%) <sup>3</sup>	1.01	0.96	0.73
Portfolio Turnover Ratio (time) <sup>4</sup>	1.55	0.17	0.36

**Notes:**

\* Prior to 1 October 2022, the Fund was managed as a wholesale fund. Hence, the aforementioned Fund data prior to 1 October 2022 reflects the data of the Fund as a wholesale fund which are subject to guidelines, restrictions and risks applicable to wholesale fund.

(1) Figures shown as ex-distribution.

(2) Total Return of the Fund and its Benchmark for a period are calculated based on the absolute return of the Fund for that period. The calculation of the Total Return of the Fund is based on NAV-to-NAV basis, and is sourced from Refinitiv Lipper. Fund performances include reinvestment of income distributions into the Fund. The performance figures are a comparison of the growth/decline in NAV for the stipulated period taking into account all the distributions payable (if any) during the stipulated period:

- **Capital Return**= {NAV per Unit End / NAV per Unit Beginning – 1} x 100
- **Income Return**= {Income Distribution per Unit / NAV per Unit Ex-Distribution} x 100

(3) Total Expense Ratio (“TER”) is calculated based on the total fees and expenses incurred by the Fund divided by the average net asset value of the Fund for the financial period calculated on daily basis.

(4) Portfolio Turnover ratio (“PTR”) is calculated based on the total acquisitions and total disposals of investment securities of the Fund for the financial period divided by the average net asset value of the Fund for the financial period calculated on daily basis. The PTR is higher due to high transaction volume on previous FY of the Fund.

(5) The Fund commenced on 2 February 2017. There were no units in circulation for Class USD for the period between 19 May 2020 and 22 October 2020. As such, the Class USD’s performance figures are only available from 23 October 2020 onwards.

## 2.2 Average Total Return of the Fund <sup>1</sup>

### Fund – Class USD

	1 Year to 31 Aug 2023	3 Years to 31 Aug 2023	Since commencement, 23 Oct 2020 to 31 Aug 2023 <sup>3</sup>
<b>Average Total Return (%)</b>	14.61	-	4.03

Source: Refinitiv Lipper

### Fund – Class MYR

	1 Year to 31 Aug 2023	3 Years to 31 Aug 2023	5 Years to 31 Aug 2023
<b>Average Total Return (%)</b>	16.22	6.56	7.33

Source: Refinitiv Lipper

## 2.3 Annual Total Return of the Fund <sup>1</sup>

### Fund – Class USD

	FY 2023	FY2022	FY2021 <sup>3</sup>	FY2020	FY2019	FY2018
<b>Total Return (%) <sup>2</sup></b>	14.61	(20.62)	23.04	-	-	-
<b>Benchmark (%)</b>	14.53	(15.49)	29.49	-	-	-

Source: Refinitiv Lipper

### Fund – Class MYR

	FY 2023	FY2022	FY2021	FY2020	FY2019	FY2018
<b>Total Return (%) <sup>2</sup></b>	16.22	(14.48)	21.75	11.36	5.72	9.46
<b>Benchmark (%)</b>	18.74	(9.01)	28.92	16.00	2.62	7.76

Source: Refinitiv Lipper

### Notes:

- (1) Prior to 1 October 2022, the Fund was managed as a wholesale fund. Hence, the aforementioned Fund data prior to 1 October 2022 reflects the data of the Fund as a wholesale fund which are subject to guidelines, restrictions and risks applicable to wholesale fund.
- (2) Annual Total Return of the Fund and its Benchmark for a period are calculated based on the absolute return of the Fund for that period. The calculation of the Annual Total Return of the Fund is based on NAV-to-NAV basis, and is sourced from Refinitiv Lipper. Fund performances include reinvestment of income distributions into the Fund. Further details on basis of calculation and assumption made in calculating returns is as follows:

The performance figures are a comparison of the growth/decline in NAV for the stipulated period taking into account all the distributions payable (if any) during the stipulated period:

- **Capital Return** = {NAV per Unit End / NAV per Unit Beginning – 1} x 100
- **Income Return** = {Income Distribution per Unit / NAV per Unit Ex-Distribution} x 100
- **Total Return** = (1 + Percentage Growth)<sup>1/n</sup> – 1

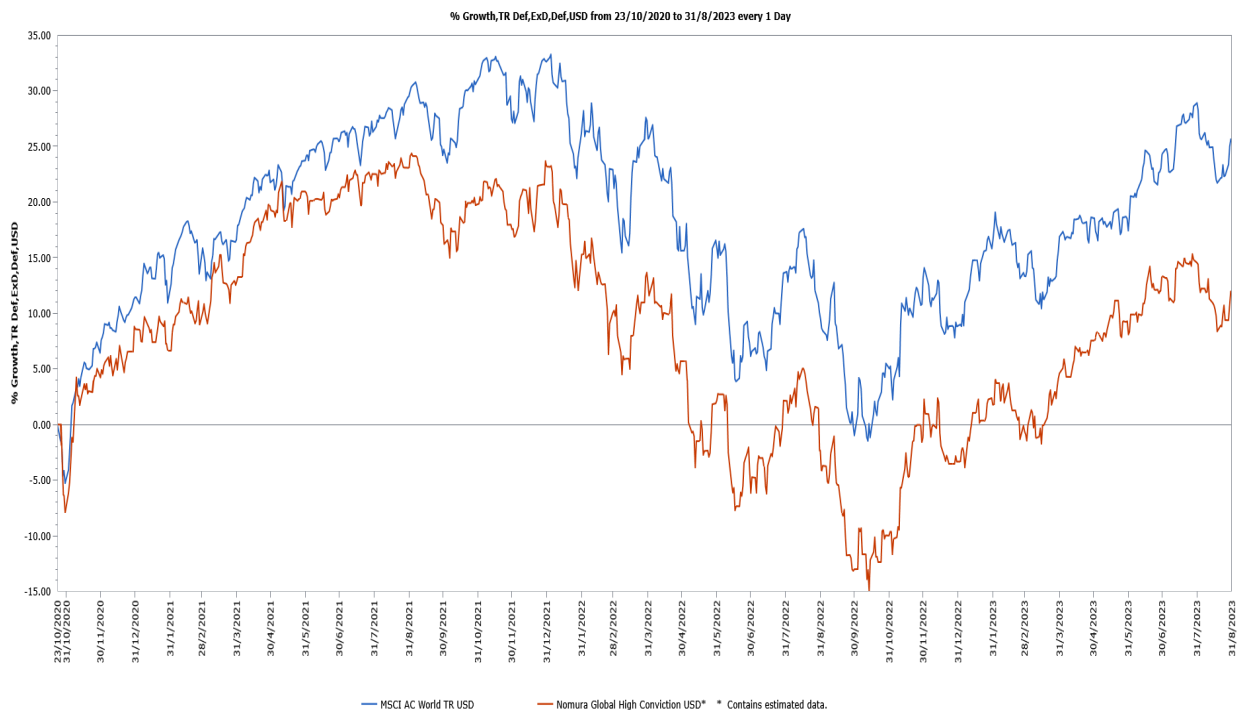
(3) The Fund commenced on 2 February 2017. There were no units in circulation for Class USD for the period between 19 May 2020 and 22 October 2020. As such, the Class USD's performance figures are only available from 23 October 2020 onwards.

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

### 3. MANAGER'S REPORT

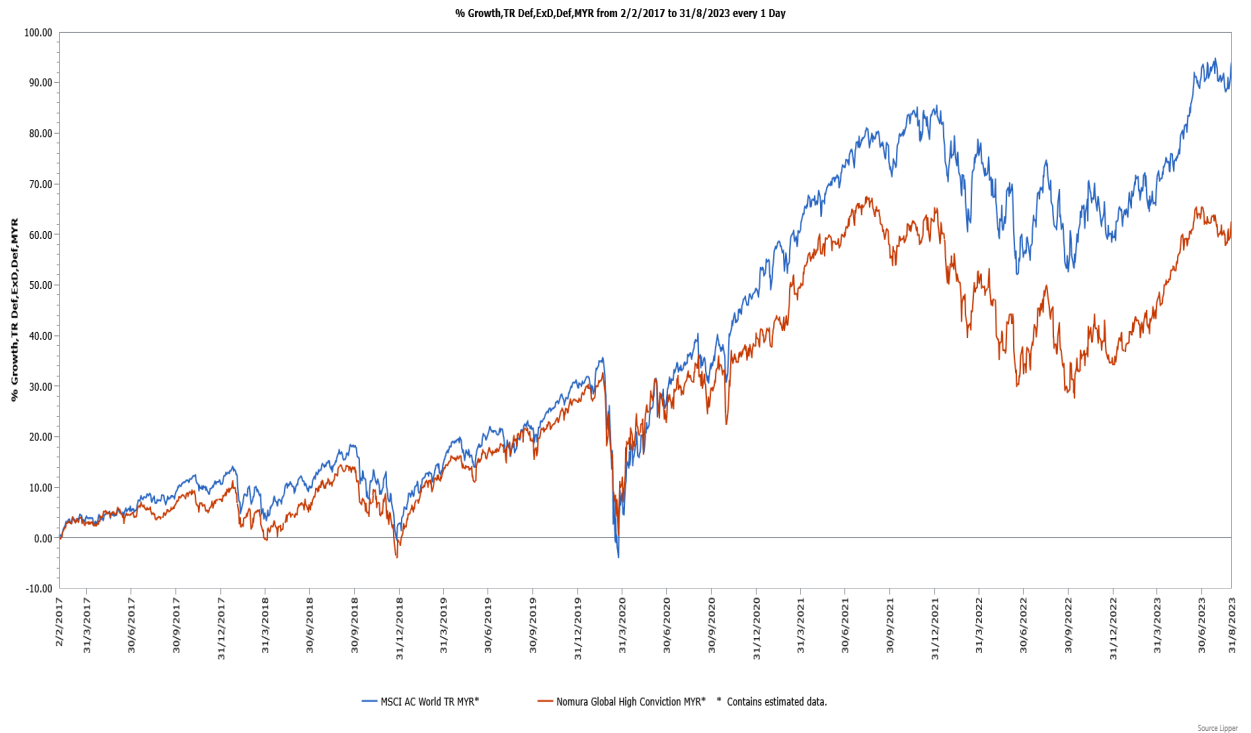
#### Performance of Nomura Global High Conviction Fund

Fund – Class USD (from 23 October 2020\* to 31 August 2023)



\* The Fund commenced on 2 February 2017. There were no units in circulation for Class USD for the period between 19 May 2020 and 22 October 2020. As such, the Class USD's performance figures are only available from 23 October 2020 onwards.

### Fund – Class MYR (from 2 February 2017 to 31 August 2023)



**Benchmark:** MSCI All Country World Index

**Source:** The calculation of the Annual Total Return of the Fund is based on NAV-to-NAV basis, and is sourced from Refinitiv Lipper. Fund performances include reinvestment of income distributions into the Fund.

### 3.1 Performance for the period from 1 September 2022 to 31 August 2023

#### Fund – Class USD

For the period under review from 1 September 2022 to 31 August 2023, Class USD has registered 14.61% return. Compared to the Benchmark return of 14.53%, Class USD has outperformed the Benchmark 0.08%. The Net Asset Value (“NAV”) per unit of Class USD as at 31 August 2023 was USD1.1179 compared to the NAV per unit as at 31 August 2022 of USD0.9760. On the total NAV basis, Class USD’s NAV stood at USD0.028 million as at 31 August 2023.

#### Fund – Class MYR

For the period under review from 1 September 2022 to 31 August 2023, Class MYR has registered 16.22% return. Compared to the Benchmark return of 18.74%, Class MYR has underperformed the Benchmark by -2.52%. The Net Asset Value (“NAV”) per unit of Class MYR as at 31 August 2023 was RM1.6187 compared to the NAV per unit as at 31 August 2022 of RM1.3932. On the total NAV basis, Class MYR’s NAV stood at RM4.55 million as at 31 August 2023.

### 3.2 Review of Market and Target Fund for the period from 1 September 2022 to 31 August 2023

During the period under review, the Target Fund remained closely aligned with its investment philosophies and process.

In late September, the UK Government announced a 'mini budget' with various tax cutting initiatives, which caused significant market volatility including further weakening of sterling. UK oriented stocks also were hit with even USD earners falling as money was pulled from UK investment funds. This gave the Target Fund Manager some opportunities, but also in this vein, Persimmon was the weakest performer in September. The strongest performers tended to be the less cyclical or lower beta stocks such as Cigna, which continued to outperform along with the Healthcare sector, which has outperformed so far this year and did so again in September.

In October, the rise in bond yields was an important factor with inflation remaining persistently high and central banks hawkish, the Target Fund Manager saw bond yields rise again. The key movers in stocks were in the Technology sector and while the Target Fund Manager tend to regard several, but not all, of these stocks as higher quality they generally suffered weak Q 3 results and fell, significantly in some cases. Meta in particular was a significant loser and one that the Target Fund Manager does not hold (partly on ESG grounds given its previous attitude to personal data), so was positive from a relative return perspective. However on the other hand, Alphabet and Microsoft disappointed the market and although Apple remained resilient, the stock has since fallen back on concerns over iPhone demand in the near term. This situation led to a frustrating month whereby the Target Fund was doing quite well but after the disappointing results at the end of the month, performance reversed.

Rates expectations were less hawkish in November in spite of strong jobs data, as inflation finally moderated. This caused a fluctuation in the performance of different parts of the market through the month although overall "Quality", the Target Fund Manager's favoured area, was flat to the benchmark with the outperformance achieved primarily coming from stock selection. In particular AiA, the large Asian life insurer, recovered from its previous price level, which had been pressured by the zero COVID-19 policy in China and Ross Stores, an off price retailer in the US published good quarterly numbers causing the stock to rally sharply. The second half of the latest quarterly reporting season has been good for the Target Fund's performance, which is a reversal from the first half and now the performance of the Target Fund year-to-date has recovered substantially.

The rise in yields caused Quality stocks to underperform somewhat at the end of the month with the Target Fund finishing the year almost flat to the benchmark gross of fees. The best performing stocks were Novo Nordisk and AiA which both rose around 10% in the month. Novo Nordisk continues to see good momentum in its anti-obesity drug Wegovy and AiA benefitted from the reopening of China post the extended zero COVID policy. Interestingly the large fall in the price of Telsa was actually the largest relative contributor in the US having been a negative contributor, after a rapid rise in 2021. Telsa stock is now 70% below its peak.

If the Federal Reserve does start cutting rates by the end of 2023, the Target Fund Manager believes it is good for Growth stocks, unless the cuts are associated with a very sharp economic slowdown. At this moment, the Federal Reserve continues to be hawkish although the January rate hike was just 25bps. The best performing stocks in the month were Amazon, AO Smith and LVMH. Amazon bounced back after a weak end to 2022 along with other Growth stocks, as mentioned previously AO Smith and LVMH were beneficiaries of optimism related to China re-opening post pandemic with LVMH in particular benefiting from giving a positive outlook for 2023 despite mixed Q4 reported results. The losers in the month were NextEra Energy which announced that a key manager (CEO of key subsidiary) will retire and Cigna which fell along with the Healthcare sector.



February was a month of earnings releases with most companies doing reasonably well. Meta, which we do not hold, was a particular positive surprise after a very tough period, had positive results at the start of the month causing the stock to jump. On the other hand, the excitement around ChatGPT caused concern that Alphabet's search business will be disrupted, putting pressure on the stock price. As a result of that, Alphabet was one of the portfolio's worst performing stocks in the month, down 9% while further negative performance came from not owning NVIDIA which is a key beneficiary of the Artificial Intelligence boom. Moody's was also down 10% in the month pulling back with the market after rising in January. The best performing stocks were IMI which rose 6% and continues to perform well, Novo Nordisk which continues to benefit from the sale of the weight loss drug Wegovy and UnitedHealth, which was added to the portfolio during the month and quickly started to outperform.

Rising Federal Funds rates would typically benefit banks, but in this case have actually caused several to experience deep difficulty. Concern over the stability of the financial system triggered a sell-off in financial stocks, cyclicals and energy stocks all of which was relatively positive for the Target Fund, which is focused on higher quality stocks. As a result the Target Fund outperformed its benchmark quite significantly with the characteristic outperformance of "Quality" during periods of stress complimented by some good selection effects as well. The best performing stock in the month was Microsoft which outperformed strongly as investors focused on highly cash generative businesses that would likely weather any storm quite easily. Similarly Alphabet and Novo Nordisk outperformed. The worst performing stock was Persimmon, which fell over 10% as the market focused on the potentially difficult lending environment for mortgage borrowers and a slowing economy.

In April where there was a receding of the banking crisis. The Target Fund makes no top down sector allocations, rather the sector exposures are an outcome of the stock selections, which focus on higher quality companies. This tends to lead to lower exposure to areas like Energy, Materials and Financials sectors with higher exposure to Consumer Discretionary, Information Technology and Healthcare sectors. Interestingly this month the sector weights caused a headwind to performance with Consumer Discretionary and Information Technology sector the worst and Energy sector the best, yet, as mentioned above, the Target Fund strongly outperformed. This is because the individual stock selections, which is the strength of the team, performed very well. Persimmon rose strongly after a tough period as the market came to think the worst of the UK housing market is over, Microsoft was up strongly on good results and LVMH also posted strong results, with Chinese demand a particular positive. The worst performer was Thermo Fisher Scientific, which was dragged down by weaker results from a peer Danaher, although its own results were reasonable.

In May, there was strong performance from the Technology sector, especially from the big technology companies, which has contributed most of the positive performance of the S&P500. A reason for this is the optimism about Artificial Intelligence (AI), which has driven NVIDIA shares +172% (as of 1st June 2023). While the Target Fund doesn't hold NVIDIA, it owns two of the long term winners from the AI revolution, Microsoft and Google, which have been positive contributors to the Target Fund's performance in May. The Target Fund also has exposure to the semiconductor industry through the position in TSMC, which will also benefit from NVIDIA AI chips demand, while being a company with a much more attractive valuation at current levels. On the other side, defensive sectors have underperformed in May, especially Consumer Staples and Utilities. Besides some sector rotation, the market has been repricing their estimates for the peak rates in the major developed economies a bit higher, as the recession expected for 2023 has not yet materialised. Nestlé, Pepsico, Thermo Fisher Scientific and NextEra Energy among the defensives, detracted from the performance in May.

In June, the Target Fund suffered from the stock selection in the Consumer Discretionary, Health Care and Communication Services sectors. Alphabet shares declined in the month vs. a strong performance of the market and its sector, partially as results of increasing regulatory concerns. Persimmon was the main detractor in the Consumer Discretionary sector as interest rate expectations kept rising in the UK, translating into higher mortgage rates and more difficult access to new homes, especially for first time buyers. In Health Care, some of the stocks corrected after a good performance earlier this year. The Target Fund also suffered a more general headwind with lower Quality stocks outperforming, in general. These stocks do not align with the Target Fund's approach which is to focus on higher Quality companies as the first step in the selection process. On the other side, Industrials and Financials outperformed in June. In the Industrials sector, AO Smith outperformed similarly to Johnson Controls being well aligned to benefit from increased spending on energy efficiency and with underlying data on commercial building spending remaining positive, while Moody's share price increased as results of debt issuance growth in the US turned a corner. Besides some sector rotation, the market has been repricing their estimates for the peak rates in the major developed economies a bit higher, especially in Europe, with the Federal Reserve rates expected to peak at around 5.5% (as at 11th July 2023), the Bank of England rates at around 6.5% and the European Central Bank hiking until around 4.0% levels.

July was a difficult month with "Growth" stocks, led by Nvidia and certain other pockets (e.g. banks) doing well and the market as a whole rising significantly. This was difficult for our approach, hence the underperformance. In particular the Consumer Discretionary, Technology and Financial sectors contributed negatively with LVMH and Compass Group the main negatives. LVMH posted good results, but expectations in the market were even higher so the stock reacted negatively. Compass Group was more nuanced in that the results were positive and ahead of expectations, but the guidance for the rest of the year was not increased. This caused the market to assume that the second half of the year will be weak so the stock fell even though the company is doing well and steadily improving. Within Technology the negatives were TSMC which is benefiting from artificial intelligence (AI) related ordering but not enough to offset the current weakness in the semiconductor cycle, Microsoft which saw Azure growth slow and Nvidia which was up strongly again on artificial intelligence related growth expectations, but the strategy does not hold it. Within Financials the primary issue was not holding banks, which we tend to think are generally of a lower quality. On the positive side Alphabet and Amazon did well at their results and were up strongly. Within Healthcare Thermo Fisher Scientific and United Health Group were up in the month and contributed positively.

Lastly, August was a frustrating month with the fund performing well until late in the month when "Growth" stocks outperformed and the performance fell back to just slightly ahead. There were multiple company quarterly reports in August with mixed implications for performance. In Industrials Johnson Controls and Daikin both met analyst expectation and maintained guidance, but that was not good enough for investors and the stocks fell sharply. Both being down around 15% for the month. IMI produced good results which were supportive of our expectations for the company but was also down for the month. On the flip side Novo Nordisk announced a very positive result from its trial of Wegovy against cardiovascular disease and was up 15% in the month. The trial showed a 20% reduction in cardiovascular events for Wegovy users, which was better than the 17% threshold. We also saw positive results from Amazon which seems to be ahead of others in seeing an inflection in the growth of its cloud business and, as we expected, is seeing the excess capacity in its retail business being absorbed. Alphabet was also a positive contributor during the month, with Mastercard and Marsh McLennan also doing well.

*Source: Nomura Asset Management U.K. Limited*

### 3.3 Investment Outlook

As we commented earlier in the year, there is clear indication that inflation has peaked now and this is now feeding through to clear expectations that the process of hiking central bank policy rates has now ended or is very close to ended. That said the expectations that rates will soon be cut seem too optimistic with the Fed in particular indicating that rates are likely to stay at the current level for an extended time so that inflation does not increase again. The ongoing conflict in Ukraine and the action of OPEC on oil prices brings significant uncertainty to the inflation outlook and central banks are likely to be cautious.

Expectations at the start of the year were for the economy to slow and even go into recession by the end of the year. However now a 'soft landing' looks increasingly probable, especially in the USA where the economy has remained much stronger than expected, based on ongoing strong consumer spending. In the US the savings rate has gone negative meaning that consumers are spending their savings to keep buying things and thus supporting the economy. This is unlikely to continue indefinitely so some sort of slowdown still seems possible.

The market this year has been dominated by the performance of a relatively small number of large Tech companies with Artificial Intelligence being a key theme. This has caused the Growth style to outperform, but excluding those few stocks actually Growth has not outperformed strongly. Rather the 'rest' of the market has had rather muted performance probably as a result of concerns over economic outlook, where those few Tech stocks have seen big increases in earnings expectations which has driven the stock prices higher. Nvidia is the most notable as a key beneficiary of the boom in Artificial Intelligence being almost uniquely positioned to supply the GPUs that are required for Artificial Intelligence training. It is not clear how much further these stocks will run and certainly over the recent few weeks their outperformance has slowed down, so perhaps we are now heading for a period of less concentration in market returns, which would likely be better for our performance.

*Source: Nomura Asset Management U.K. Limited*

### 3.4 Strategies Employed for the period from 1 September 2022 to 31 August 2023

For the financial year under review, the Fund has complied with the requirements of the Guidelines on Sustainable and Responsible Investment Funds.

The Fund invests in the Target Fund which promotes environmental and/or social characteristics in a way that meets the criteria contained in Article 8 of SFDR\*. This includes the screening, selection, monitoring and realisation of the Target Fund's investments by the Investment Manager.

The Fund remained primarily invested in the Target Fund with approximately 99% of the Fund's assets being invested in the Target Fund during the period under review.

\* *Sustainable Finance Disclosures Regulation. Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial service sector.*

### 3.5 Strategies Employed by the Target Fund for the period from 1 September 2022 to 31 August 2023

Nomura Asset Management U.K. Limited, the investment manager of the Target Fund ("**Investment Manager**") has a philosophy of considering the environmental, social and governance impact of investment decisions on all the stakeholders of an investee company, including the environment, society, customers, suppliers, employees and investors. Within this philosophical framework, the Investment Manager has additionally identified six Impact Goals, which it aims to contribute to over the long-term, as follows:

- 1) Mitigate Climate Change,
- 2) Mitigate Natural Capital Depletion,

- 3) Eliminate Communicable Disease,
- 4) Mitigate the Obesity Epidemic,
- 5) Global Access to Basic Financial Services and
- 6) Global Access to Clean Drinking Water.

Source: Nomura Asset Management U.K. Limited

### 3.6 Asset Allocation

Asset Allocation / Portfolio Composition	31 Aug 2023	31 Aug 2022	31 Aug 2021	31 Aug 2020
Target Fund	98.71%	99.42%	98.96%	99.50%
Cash and Others <sup>#</sup>	1.29%	0.58%	1.04%	0.50%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

<sup>#</sup> 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).

There were no significant changes on the Fund's asset allocation during the financial year under review.

### 3.7 Securities Lending or Repurchase Transactions

The Fund has not undertaken any securities lending or repurchase transactions during the financial year under review.

### 3.8 Income Distribution

The Fund did not declare any income during the financial year under review.

### 3.9 Details of Any Unit Split Exercise

There was no unit split exercise during the financial year under review.

### 3.10 Significant Changes in the State of Affairs of the Fund

There were no significant changes in the state of affairs of the Fund during the financial year under review.

However, please find the latest changes to the Manager's board of directors as follows:

- Mr. Leslie Yap Kim Loong
- Mr. Atsushi Ichii
- Ms. Chooi Su May
- Mr. Tomoya Kawagishi (appointed on 7 August 2023)
- Mr. Johari Bin Abdul Muid\*
- Ms. Julia Binti Hashim\*

\* Independent director

### **3.11 Circumstances that Materially Affect Any Interest of Unit Holders**

There were no circumstances that had materially affected the interest of the unit holders during the financial year under review.

### **3.12 Cross Trades Transactions**

There were no cross trades conducted during the financial year under review.

### **3.13 Soft Commissions Received From Brokers**

The Manager did not receive any soft commission during the financial year under review.

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

NOMURA GLOBAL HIGH CONVICTION FUND  
FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023

# NOMURA GLOBAL HIGH CONVICTION FUND

## FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023

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# NOMURA GLOBAL HIGH CONVICTION FUND

## STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023

	<u>Note</u>	<u>2023</u> USD	<u>2022</u> USD
<b>INVESTMENT INCOME/(LOSS)</b>			
Net gain/(loss) on financial assets at fair value through profit or loss ("FVTPL")	7	93,362	(104,101)
Net loss on forward foreign currency contracts	8	(2,577)	(5,894)
Net loss on foreign currency exchange		(2,279)	(2,649)
		<u>88,506</u>	<u>(112,644)</u>
<b>EXPENSES</b>			
Management fee	3	(9,158)	(8,249)
Trustee fee	4	(2,007)	(2,057)
Other expenses		(1,402)	(769)
		<u>(12,567)</u>	<u>(11,075)</u>
<b>PROFIT/(LOSS) BEFORE TAXATION</b>		75,939	(123,719)
<b>TAXATION</b>	6	<u>-</u>	<u>-</u>
<b>INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		<u>75,939</u>	<u>(123,719)</u>
Increase/(Decrease) in net assets attributable to unitholders is made up of the following:			
Realised amount		23,962	(6,920)
Unrealised amount		51,977	(116,799)
		<u>75,939</u>	<u>(123,719)</u>

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



## NOMURA GLOBAL HIGH CONVICTION FUND

### STATEMENT OF FINANCIAL POSITION AS AT 31 AUGUST 2023

	<u>Note</u>	As at <u>31.8.2023</u> USD	As at <u>31.8.2022</u> USD
<b>ASSETS</b>			
Cash and cash equivalents	9	5,572	890
Financial assets at fair value through profit or loss ("FVTPL")	7	997,619	451,575
Foreign forward currency contracts	8	-	333
Amount due from Manager		319,202	-
Amount due from Manager of Target Fund - management fee rebate receivable		1,388	948
Amount due from Provider		-	1,815
<b>TOTAL ASSETS</b>		<u>1,323,781</u>	<u>455,561</u>
<b>LIABILITIES</b>			
Amount due to Manager	3	923	649
Amount due to Trustee	4	170	713
Amount due to Provider		312,076	-
<b>TOTAL LIABILITIES</b>		<u>313,169</u>	<u>1,362</u>
<b>NET ASSET VALUE OF THE FUND</b>		<u>1,010,612</u>	<u>454,199</u>
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		<u>1,010,612</u>	<u>454,199</u>

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

## NOMURA GLOBAL HIGH CONVICTION FUND

### STATEMENT OF FINANCIAL POSITION AS AT 31 AUGUST 2023 (CONTINUED)

	<u>Note</u>	As at <u>31.8.2023</u> USD	As at <u>31.8.2022</u> USD
<b>REPRESENTED BY</b>			
<b>FAIR VALUE OF OUTSTANDING UNITS (USD)</b>			
Class MYR		982,537	449,915
Class USD		<u>28,075</u>	<u>4,284</u>
<b>NUMBER OF UNIT IN CIRCULATION (UNITS)</b>			
Class MYR	10(a)	2,814,400	1,444,809
Class USD	10(b)	<u>25,113</u>	<u>4,390</u>
<b>NET ASSET VALUE PER UNIT (USD)</b>			
Class MYR		0.3491	0.3114
Class USD		<u>1.1179</u>	<u>0.9760</u>
<b>NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES</b>			
Class MYR		1.6187	1.3932
Class USD		<u>1.1179</u>	<u>0.9760</u>

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

## NOMURA GLOBAL HIGH CONVICTION FUND

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

	<u>2023</u> USD	<u>2022</u> USD
<b>Net assets attributable to unitholders at the beginning of the financial year</b>	454,199	576,056
Movement due to units created and cancelled during the financial year:		
Creation of units from applications		
- Class MYR	1,075,369	82,888
- Class USD	23,226	-
	<u>1,098,595</u>	<u>82,888</u>
Cancellation of units		
- Class MYR	(617,961)	(80,879)
- Class USD	(160)	(147)
	<u>(618,121)</u>	<u>(81,026)</u>
Increase/(decrease) in net assets attributable to unitholders during the financial year	75,939	(123,719)
<b>Net assets attributable to unitholders at the end of financial year</b>	<u>1,010,612</u>	<u>454,199</u>

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

## NOMURA GLOBAL HIGH CONVICTION FUND

### STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023

	<u>Note</u>	<u>2023</u> USD	<u>2022</u> USD
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Proceed from sale of investments		654,442	94,074
Purchase of investments		(800,055)	(81,476)
Management fee paid		(8,884)	(8,380)
Rebate on management fee		6,382	6,339
Trustee fee paid		(2,550)	(1,354)
Payment for other fees and expenses		(1,402)	(769)
Net realised foreign exchange loss		(3,056)	(2,613)
Net realised loss on forward foreign currency contracts		(2,244)	(6,227)
Net cash used in from operating activities		<u>(157,367)</u>	<u>(406)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from creation of units		780,150	83,367
Payments for cancellation of units		(618,121)	(87,248)
Net cash generated from/(used in) financing activities		<u>162,029</u>	<u>(3,881)</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		4,662	(4,287)
<b>EFFECTS OF FOREIGN CURRENCY EXCHANGE</b>		20	(90)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR</b>		890	5,267
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>	9	<u>5,572</u>	<u>890</u>

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

## NOMURA GLOBAL HIGH CONVICTION FUND

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 AUGUST 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 of Nomura Global High Conviction Fund (the "Fund") have been prepared in accordance with 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 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 L.

##### (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 September 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 September 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").

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.

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

## NOMURA GLOBAL HIGH CONVICTION FUND

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023 (CONTINUED)

#### B PRESENTATION AND FUNCTIONAL CURRENCY (CONTINUED)

##### 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 recognized 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 ("SPPI"). 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.

## NOMURA GLOBAL HIGH CONVICTION FUND

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023 (CONTINUED)

#### F FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

##### (i) Classification (continued)

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 manager of Target Fund 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 Provider, amount due to Manager and amount due to Trustee as financial liabilities measured at amortised cost.

##### (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 or 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 with net gain or loss on financial assets at fair value through profit or loss 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.

## NOMURA GLOBAL HIGH CONVICTION FUND

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023 (CONTINUED)

#### 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 Prospectus and Securities Commission's ("SC") Guidelines on Unit Trust Funds. 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.



## NOMURA GLOBAL HIGH CONVICTION FUND

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023 (CONTINUED)

#### 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 DERIVATIVE

A derivative is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

The Fund's derivative comprise forward foreign currency contracts. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Financial derivative positions will be "marked to market" at the close of each valuation day. Foreign exchange gains and losses on the derivative are recognised in profit or loss when settled or at the date of the statement of financial position at which time they are included in the measurement of the derivative. Derivative instruments that have a negative fair value are presented as liabilities as fair value through profit or loss.

The fair value of forward foreign currency contracts is determined using forward exchange rates on the date of the statement of financial position, with the resulting value discounted back to present value.

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and the nature of the item being hedged. Derivatives that do not qualify for hedge accounting are classified as financial assets/liabilities at fair value through profit or loss.

## NOMURA GLOBAL HIGH CONVICTION FUND

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023 (CONTINUED)

#### L 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.

# NOMURA GLOBAL HIGH CONVICTION FUND

## NOTES TO FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023

### 1 INFORMATION ON THE FUND

Nomura Global High Conviction Fund (the "Fund") was constituted pursuant to the execution of a Master Deed dated 22 November 2016 and Supplemental Deed dated 4 July 2022 (collectively referred to as the "Deed") entered into between Nomura Asset Management Sdn Bhd (the "Manager") and CIMB Commerce Trustee Berhad (the "Trustee").

The Fund was launched on 13 December 2016 and will continue its operations until terminated by the Manager or the Trustee as provided under Clause 12 of the Supplemental Deed.

The Fund was converted into a Unit Trust Fund on 1 October 2022. The Fund shall invest in the Target Fund, money market instruments, fixed deposits with financial institutions, derivatives and any other form of investments as may be permitted by the SC from time to time that is in line with the Fund's objective.

The Fund seeks to achieve long-term capital growth by investing in the Nomura Funds Ireland – Global High Conviction Fund (Target Fund) which invests primarily in global equity securities.

The Manager is a company incorporated in Malaysia. The principal activities of the Manager are establishment and management of unit trust funds and asset management including providing fund management services to private clients.

The financial statements were authorised for issue by the Manager on 30 October 2023.

### 2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments are as follows:

	<u>Note</u>	<u>At fair value through profit or loss USD</u>	<u>At amortised cost USD</u>	<u>Total USD</u>
<u>As at 31.8.2023</u>				
<u>Financial assets</u>				
Cash and cash equivalents	9	-	5,572	5,572
Financial assets at fair value through profit or loss ("FVTPL")	7	997,619	-	997,619
Amount due from Manager		-	319,202	319,202
Amount due from Manager of Target Fund - management fee rebate receivable		-	1,388	1,388
Total		997,619	326,162	1,323,781
<u>Financial liabilities</u>				
Amount due to Manager		-	923	923
Amount due to Trustee		-	170	170
Amount due to Provider		-	312,076	312,076
Net assets attributable to unitholders		1,010,612	-	1,010,612
Total		1,010,612	313,169	1,323,781

## NOMURA GLOBAL HIGH CONVICTION FUND

### NOTES TO FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023 (CONTINUED)

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

Financial instruments are as follows: (continued)

	<u>Note</u>	At fair value through profit or loss USD	At amortised cost USD	<u>Total</u> USD
<u>As at 31.8.2022</u>				
<u>Financial assets</u>				
Cash and cash equivalents	9	-	890	890
Financial assets at fair value through profit or loss ("FVTPL")	7	451,575	-	451,575
Foreign forward currency contracts		333	-	333
Amount due from Manager of Target Fund - management fee rebate receivable		-	948	948
Amount due from Provider		-	1,815	1,815
Total		<u>451,908</u>	<u>3,653</u>	<u>455,561</u>
<u>Financial liabilities</u>				
Amount due to Manager		-	649	649
Amount due to Trustee		-	713	713
Net assets attributable to unitholders		454,199	-	454,199
Total		<u>454,199</u>	<u>1,362</u>	<u>455,561</u>

The Fund is exposed to a variety of risks which include liquidity risk, credit risk, capital risk, market risk (inclusive of price risk and currency 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 Unit Trust Funds.

# NOMURA GLOBAL HIGH CONVICTION FUND

## NOTES TO FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023 (CONTINUED)

### 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 exposures to price risk are as follows:

	As at <u>31.8.2023</u> USD	As at <u>31.8.2022</u> USD
<u>Financial assets at fair value through profit or loss:</u>		
Collective investment scheme	997,619	451,575

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.

<u>% Change in price</u>	<u>Market value</u> USD	<u>Impact on profit</u> <u>after tax/NAV</u> USD
<u>As at 31.8.2023</u>		
+5%	1,047,500	49,881
-5%	947,738	(49,881)
<u>As at 31.8.2022</u>		
+5%	474,154	22,579
-5%	428,996	(22,579)

## NOMURA GLOBAL HIGH CONVICTION FUND

### NOTES TO FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023 (CONTINUED)

#### 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:

	<u>Ringgit Malaysia</u> USD	<u>Total</u> USD
<u>As at 31.8.2023</u>		
<u>Financial assets</u>		
Cash and cash equivalents	5,377	5,377
	<hr/>	<hr/>
<u>Financial liabilities</u>		
Net assets attributable to unitholders	982,537	982,537
	<hr/>	<hr/>
	<u>Ringgit Malaysia</u> USD	<u>Total</u> USD
<u>As at 31.8.2022</u>		
<u>Financial assets</u>		
Cash and cash equivalents	41	41
Foreign forward currency contracts	333	333
	<hr/>	<hr/>
	374	374
	<hr/>	<hr/>
<u>Financial liabilities</u>		
Net assets attributable to unitholders	449,915	449,915
	<hr/>	<hr/>

## NOMURA GLOBAL HIGH CONVICTION FUND

### NOTES TO FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023 (CONTINUED)

#### 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.

	<u>Change in foreign exchange rate</u> %	<u>Impact on profit after tax/NAV</u> USD
<u>As at 31.8.2023</u>		
Ringgit Malaysia	5	(48,858)
	<hr/>	<hr/>
	<u>Change in foreign exchange rate</u> %	<u>Impact on profit after tax/NAV</u> USD
<u>As at 31.8.2022</u>		
Ringgit Malaysia	5	(22,477)
	<hr/>	<hr/>

## NOMURA GLOBAL HIGH CONVICTION FUND

### NOTES TO FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023 (CONTINUED)

#### 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 <u>1 month</u> USD	Between 1 month <u>to 1 year</u> USD	<u>Total</u> USD
<u>As at 31.8.2023</u>			
Amount due to Manager	923	-	923
Amount due to Trustee	170	-	170
Amount due to Provider	312,076	-	312,076
Net assets attributable to unitholders*	1,010,612	-	1,010,612
Contractual cash out flows	<u>1,323,781</u>	<u>-</u>	<u>1,323,781</u>
<u>As at 31.8.2022</u>			
Amount due to Manager	649	-	649
Amount due to Trustee	713	-	713
Net assets attributable to unitholders*	454,199	-	454,199
Contractual cash out flows	<u>455,561</u>	<u>-</u>	<u>455,561</u>

\* 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.



## NOMURA GLOBAL HIGH CONVICTION FUND

### NOTES TO FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023 (CONTINUED)

#### 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 interest 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.

For amount due from Manager, the settlement terms of units receivable from the Manager are governed by the SC's Guidelines on Unit Trust Funds.

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.

Analysis of deposits with licensed financial institutions and bank balances by rating agency designation are as follows:

	<u>Cash and cash equivalents</u> USD	<u>Other assets*</u> USD	<u>Total</u> USD
<u>As at 31.8.2023</u>			
Financial institutions			
- AAA	5,572	-	5,572
Other			
- Not rated	-	320,590	320,590
	<u>5,572</u>	<u>320,590</u>	<u>326,162</u>

	<u>Cash and cash equivalents</u> USD	<u>Amount due from Provider</u> USD	<u>Other assets*</u> USD	<u>Foreign currency forward contracts</u> USD	<u>Total</u> USD
<u>As at 31.8.2022</u>					
Financial institutions					
- AAA	890	-	-	333	1,223
Other					
- Not rated	-	1,815	948	-	2,763
	<u>890</u>	<u>1,815</u>	<u>948</u>	<u>333</u>	<u>3,986</u>

\*Other assets include amount due from Manager and amount due from Manager of the Target Fund.

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

## NOMURA GLOBAL HIGH CONVICTION FUND

### NOTES TO FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023 (CONTINUED)

#### 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 USD1,010,612 (2022: USD454,199). 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 unitholder's 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.

## NOMURA GLOBAL HIGH CONVICTION FUND

### NOTES TO FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023 (CONTINUED)

#### 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.

## NOMURA GLOBAL HIGH CONVICTION FUND

### NOTES TO FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023 (CONTINUED)

#### 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:

	<u>Level 1</u> USD	<u>Level 2</u> USD	<u>Level 3</u> USD	<u>Total</u> USD
<u>2023</u>				
Financial assets at fair value through profit or loss:				
- Collective investment scheme	<u>997,619</u>	<u>-</u>	<u>-</u>	<u>997,619</u>
<u>2022</u>				
Financial assets at fair value through profit or loss:				
- Collective investment scheme	451,575	-	-	451,575
- Forward foreign currency contracts	-	333	-	333
	<u>451,575</u>	<u>333</u>	<u>-</u>	<u>451,908</u>

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.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. These include forward foreign currency contracts. As Level 2 instruments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

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

## NOMURA GLOBAL HIGH CONVICTION FUND

### NOTES TO FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023 (CONTINUED)

#### 3 MANAGEMENT FEE

In accordance with the Deed, the Manager is entitled to a management fee at a rate not exceeding 3% per annum of the NAV of each Class of the Fund calculated and accrued on a daily basis.

For the financial year ended 31 August 2023, the management fee is recognised at a rate of 1.60% (2022: 1.60%) per annum on the NAV of each Class of the Fund, calculated on a daily basis for the financial year.

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 of 0.10% per annum of the NAV of each Class of the Fund (including local custodian fees and expenses but excluding foreign custodian fees and charges) subject to a minimum fee of RM 9,000 (equivalent to: USD2,007) (2022: RM9,000 (equivalent to: USD 2,057)) per annum.

For the financial year ended 31 August 2023, the Trustee fee is recognised at a rate of 0.02% (2022: 0.02%) per annum on the NAV of the Fund (including local custodian fees and expenses but excluding foreign custodian fees and charges) subject to a minimum fee of RM 9,000 (equivalent to: USD2,007) (2022: RM9,000 (equivalent to: USD 2,057)) per annum, calculated on a daily basis for the financial year.

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

#### 5 AUDIT FEE AND TAX AGENT'S FEE

Audit fee and tax agent's fee of the Fund for the current and previous financial year are borne by the Manager of the Fund.

## NOMURA GLOBAL HIGH CONVICTION FUND

### NOTES TO FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023 (CONTINUED)

#### 6 TAXATION

	<u>2023</u> USD	<u>2022</u> USD
Current taxation - local	-	-

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

	<u>2023</u> USD	<u>2022</u> USD
Profit/(loss) before taxation	75,939	(123,719)
Taxation at Malaysian statutory rate of 24% (2022: 24%)	18,225	(29,693)
Tax effect of:		
Investment income not subject to tax	(21,241)	27,035
Expenses not deductible for tax purposes	818	678
Restriction on tax deductible expenses for Unit Trust Funds	2,198	1,980
Taxation	-	-

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

	As at <u>31.8.2023</u> USD	As at <u>31.8.2022</u> USD
Financial assets at FVTPL:		
- Collective investment scheme – foreign	997,619	451,575
	<u>2023</u> USD	<u>2022</u> USD
Net gain on financial assets at FVTPL		
- realised gain on sale of investments	35,007	6,849
- unrealised (loss)/gain	51,533	(117,096)
- management fee rebate on collective investment scheme #	6,822	6,146
	<u>93,362</u>	<u>(104,101)</u>

# In arriving at the fair value of collective investment scheme, the management fee initially paid to the Manager of collective investment scheme have been considered as part of its NAV. In order to prevent the double charging of management fee which is not permissible under SC's Guidelines on Unit Trust Funds, management fee charged on the Fund's investments in collective investment scheme have 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.

## NOMURA GLOBAL HIGH CONVICTION FUND

### NOTES TO FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023 (CONTINUED)

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

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

	<u>Quantity</u> Units	<u>Aggregate</u> <u>cost</u> USD	<u>Fair</u> <u>value</u> USD	<u>Total</u> USD
Nomura Funds Ireland – Global High Conviction Fund (Class A USD)	<u>5,284</u>	967,179	<u>997,619</u>	<u>98.71</u>
UNREALISED GAIN ON CHANGES IN FAIR VALUE		<u>30,440</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>997,619</u>		

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

	<u>Quantity</u> Units	<u>Aggregate</u> <u>cost</u> USD	<u>Fair</u> <u>value</u> USD	<u>Total</u> USD
Nomura Funds Ireland – Global High Conviction Fund (Class A USD)	<u>2,747</u>	472,668	<u>451,575</u>	<u>99.42</u>
UNREALISED LOSS ON CHANGES IN FAIR VALUE		<u>(21,093)</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>451,575</u>		

## NOMURA GLOBAL HIGH CONVICTION FUND

### NOTES TO FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023 (CONTINUED)

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

Target Fund's top 10 holdings are as follows:

<u>Security Name</u>	<u>Percentage of</u> <u>Target Fund's NAV</u>
	%
<u>As at 31.8.2023</u>	
Microsoft Corporation	6.99
Alphabet Inc. Class A	6.85
Apple Inc.	6.33
Mastercard Incorporated Class A	5.39
Nestle S.A.	4.80
Amazon.com, Inc.	4.67
Taiwan Semiconductor Manufacturing Co., Ltd.	4.31
LVMH Moet Hennessy Louis Vuitton SE	4.30
Compass Group PLC	4.26
Novo Nordisk A/S Class B	4.10
	<hr/> 52.00 <hr/>
 <u>As at 31.8.2022</u>	
Microsoft Corporation	7.20
Apple Inc.	7.04
Alphabet Inc. Class A	6.97
Thermo Fisher Scientific Inc.	5.23
Mastercard Incorporated Class A	4.86
Amazon.com, Inc.	4.82
AIA Group Limited	4.61
LVMH Moet Hennessy Louis Vuitton SE	4.57
Novo Nordisk A/S Class B	4.36
Johnson Controls International plc	4.36
	<hr/> 54.02 <hr/>



## NOMURA GLOBAL HIGH CONVICTION FUND

### NOTES TO FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023 (CONTINUED)

#### 8 DERIVATIVE ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at <u>31.8.2023</u> USD	As at <u>31.8.2022</u> USD
<u>Derivative assets</u>		
Forward foreign currency contracts	-	333
	<u>-</u>	<u>333</u>
	<u>2023</u> USD	<u>2022</u> USD
Net realised loss on forward currency contracts	(2,244)	(6,227)
Net unrealised (loss)/gain on forward currency contracts	(333)	333
	<u>(2,577)</u>	<u>(5,894)</u>

	<u>Receivables</u> USD	<u>Payables</u> USD	<u>Fair value</u> USD	<u>Percentage</u> <u>of NAV</u> USD
<u>2022</u>				
CIMB Bank Berhad	123,333	123,000	333	0.07
	<u>123,333</u>	<u>123,000</u>	<u>333</u>	<u>0.07</u>

As at 31 August 2023, the notional principal amount for forward foreign currency contract is Nil (2022: USD 123,333). The USD/MYR forward foreign currency contracts entered into during the financial year to minimise the risk of foreign exchange exposure between the USD and MYR for the Fund.

As the Fund has not adopted hedge accounting the change in fair value of the forward foreign currency contract is recognised immediately in statement of comprehensive income.

#### 9 CASH AND CASH EQUIVALENTS

	As at <u>31.8.2023</u> USD	As at <u>31.8.2022</u> USD
Cash and bank balances	5,572	890
	<u>5,572</u>	<u>890</u>

NOMURA GLOBAL HIGH CONVICTION FUND

NOTES TO FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023 (CONTINUED)

10 NUMBER OF UNITS IN CIRCULATION

	<u>2023</u> No. of units	<u>2022</u> No. of units
(a) Class MYR		
At beginning of the financial year	1,444,809	1,439,354
Creation of units during the financial year arising from creations	3,129,526	229,017
Cancellation of units	<u>(1,759,935)</u>	<u>(223,562)</u>
At end of the financial year	<u>2,814,400</u>	<u>1,444,809</u>
(b) Class USD		
At beginning of the financial year	4,390	4,528
Creation of units during the financial year arising from creations	20,878	-
Cancellation of units	<u>(155)</u>	<u>(138)</u>
At end of the financial year	<u>25,113</u>	<u>4,390</u>

11 TRANSACTIONS WITH PROVIDER

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

	<u>Value of trade</u> USD	<u>Percentage of total trade</u> %
<u>2023</u>		
<u>Name of Provider</u>		
Brown Brothers Harriman	<u>1,764,757</u>	<u>100.00</u>
	<u>Value of trade</u> USD	<u>Percentage of total trade</u> %
<u>2022</u>		
<u>Name of Provider</u>		
Brown Brothers Harriman	<u>170,763</u>	<u>100.00</u>

The provider above is not related to the Manager.

## NOMURA GLOBAL HIGH CONVICTION FUND

### NOTES TO FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023 (CONTINUED)

#### 12 TOTAL EXPENSE RATIO ("TER")

	<u>2023</u> %	<u>2022</u> %
TER	<u>1.01</u>	<u>0.96</u>

TER is derived from the following calculation:

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

A	=	Management fee (net of management fee rebate)
B	=	Trustee's fee
C	=	Other expenses
D	=	Average NAV of Fund calculated on daily basis

The average NAV of the Fund for the financial year calculated on daily basis is USD570,850 (2022: USD515,811).

#### 13 PORTFOLIO TURNOVER RATIO ("PTR")

	<u>2023</u>	<u>2022</u>
PTR (times)	<u>1.55</u>	<u>0.17</u>

PTR is derived from the following calculation:

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

Where: total acquisition for the financial year = USD1,112,131 (2022: USD81,476)  
total disposal for the financial year = USD652,626 (2022: USD89,286)

#### 14 UNITS HELD BY THE MANAGER AND PARTIES RELATED TO THE MANAGER

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

<u>Related party</u>	<u>Relationship</u>
Nomura Asset Management Malaysia Sdn Bhd	The Manager

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

#### 15 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue by the Manager on 30 October 2023.

**NOMURA GLOBAL HIGH CONVICTION 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 August 2023 and of its financial performance, changes in net assets attributable to unitholders and cash flows for the financial year ended 31 August 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

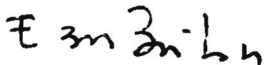
Kuala Lumpur  
30 October 2023

**TRUSTEE'S REPORT  
TO THE UNIT HOLDERS OF NOMURA GLOBAL HIGH CONVICTION FUND ("Fund")**

We have acted as Trustee of the Fund for the financial year ended 31 August 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 Unit Trust Funds;
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 and on behalf of  
**CIMB Commerce Trustee Berhad**



**Datin Ezreen Eliza binti Zulkiplee**  
Chief Executive Officer

Kuala Lumpur, Malaysia  
30 October 2023



## INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF NOMURA GLOBAL HIGH CONVICTION FUND

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### Our opinion

In our opinion, the financial statements of Nomura Global High Conviction Fund (“the Fund”) give a true and fair view of the financial position of the Fund as at 31 August 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 August 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.



**INDEPENDENT AUDITORS' REPORT  
TO THE UNITHOLDERS OF NOMURA GLOBAL HIGH CONVICTION 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 HIGH CONVICTION 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 HIGH CONVICTION 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.

A handwritten signature in black ink, appearing to be 'R. L. Lee', is written over a horizontal line.

PRICEWATERHOUSECOOPERS PLT  
LLP0014401-LCA & AF 1146  
Chartered Accountants

Kuala Lumpur  
30 October 2023