



NOMURA

Nomura Ringgit Bond Fund 1

Quarterly Report For The Period Ended 30 September 2023

MANAGER:

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

TRUSTEE:

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

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MANAGER'S REPORT

Category, Objective and Distribution Policy

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

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

Fund Type

Income

Benchmark

12-month Malayan Banking Berhad Fixed Deposit Account Rate.

Performance as at 30 September 2023

For the period under review from 1 July 2023 to 30 Sep 2023, the Fund has registered a 1.39% return. Compared to the Benchmark return of 0.78%, the Fund has outperformed its Benchmark by 0.61%. The last published Net Asset Value ("NAV") per unit of the Fund as at 30 September 2023 was RM 1.0431 as compared to the NAV per unit as at 30 June 2023 of RM1.0374. On the total NAV basis, the Fund's NAV stood at RM 525.30 million as at 30 September 2023.

Performance as at 30 September 2023 (%)

	3 months (01/07/2023 - 30/09/2023)	6 Months (01/04/2023 - 30/09/2023)	1 Year (01/10/2022 - 30/09/2023)	3 Years (01/10/2020 - 30/09/2023)	Since Commencement (02/07/2019- 30/09/2023)
Fund	1.39	3.11	7.60	8.34	18.15
Benchmark	0.78	1.52	2.92	6.94	10.49
Outperformance/ (Underperformance)	0.61	1.59	4.68	1.40	7.66

Source of Fund and Benchmark Returns: Refinitiv Lipper

Volatility as at 30 Sep 2023

	3-Year
Fund	1.16%

Source: Refinitiv Lipper

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

Strategies Employed (1 July 2023 to 30 September 2023)

We see value in the present steepness of the belly of the credit curve, particularly as the 3-7 year portion remains fairly steep, making for an attractive rolldown **play**.

Summary of Asset Allocation

	<u>30 September 2023</u>	<u>30 June 2023</u>
Government Investment Issue	1.76%	1.85%
Corporate Bonds	91.21%	94.65%
Cash and other net current assets / liabilities	7.02%	3.50%
Total	100.0%*	100.0%

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

Review of Market (1 July 2023 to 30 September 2023)

The domestic bond market experienced yet another volatile quarter in 3Q23. Malaysian Government Securities (MGS) were relatively supported and stable going into 3Q23 despite the rising global rates, but weakened towards the end of the quarter. All in all, the domestic yield curve bear-steepened, with the long-end of the yield curve rising faster than the short-end. In particular, front-end to belly of the MGS yield curve rose 8-15 bps QoQ while the long-end of the curve surged 20-28 bps QoQ. While the short-end remains anchored by Bank Negara Malaysia (BNM) keeping the Overnight Policy Rate (OPR) at 3.00%, the longer end has been drifting upwards in tandem with global rates as the US Federal Reserve signals its stance to markets that it intends to hold rates “higher for longer”. However, credit spreads compressed sharply as domestic real money investors reached for yields in the corporate bond space.

Malaysia’s gross domestic product (GDP) growth slowed to +2.9% in 2Q23 (1Q23: +5.6%) amid year-ago high base effects, normalization in domestic consumer spending, and weaker global demand. This was attributed to moderation in the construction (+6.2%), services (+4.7%), and manufacturing (+0.1%) sectors while agriculture (-1.1%) and mining & quarrying (-2.3%) slipped into negative territory during the quarter. On the demand side, private consumption (+4.3%), though moderated, remained as the key driver of Malaysia’s economic growth. Meanwhile, acceleration in government spending and total investments offset the decline in net trade.

As widely expected, BNM kept the OPR unchanged at 3.00% in its September Monetary Policy Committee meeting. On the global front, BNM reiterated the downside risks to global growth outlook, citing slowdown in major economies, persistently high inflation, escalating geopolitical tensions, and a sharp tightening in financial market conditions. Conversely, BNM remained positive on the domestic growth outlook on the back of resilient domestic spending stemming from continued employment and wage growth, improving tourist arrivals, encouraging progress of existing infrastructure projects, announcement of new initiatives under the recently announced national master plans, and conducive domestic financial conditions. In its statement, BNM highlighted that inflation is expected to continue its downward trend for the rest of the year, subject to upside risks. All in all, BNM sounded neutral as it assessed that the current monetary policy stance remains supportive of the economy.

In August 2023, RAM Ratings downgraded Country Garden Real Estate Sdn Bhd (CGRE)’s Islamic Medium Term Notes from AA3/Negative to BBB3/NegativeWatch. According to RAM Ratings, this rating action takes into consideration developments surrounding China-based developer Country Garden Holdings Company Limited (Country Garden or the Group) – CGRE’s ultimate parent company and the corporate guarantor of the IMTN.

TRANSACTIONS WITH FINANCIAL INSTITUTIONS AND BROKERS/DEALERS

Cross Trades (1 July 2023 to 30 September 2023)

During the financial period under review, no cross trades were conducted between the Fund and other fund / accounts managed by the Manager and the Manager's related company.

SOFT COMMISSIONS RECEIVED FROM BROKERS

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

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

INCOME DISTRIBUTION

The Fund distributed a gross total of RM 0.0088 per unit to investors of the Fund over the period under review.

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

Cum-Distribution Date	Cum-Distribution (RM)	Ex-Distribution Date	Ex-Distribution (RM)	Distribution per Unit (RM)
15-Sept-23	1.0525	18-Sept-23	1.0440	0.0088

FUND PERFORMANCE DATA

	As at 30 September 2023	As at 30 June 2023
Total NAV (RM)	525,302,876	498,616,845
NAV per Unit (RM)	1.0431	1.0374
Units in Circulation	503,580,959	480,654,134
Highest NAV (RM)	1.0525	1.0484
Lowest NAV (RM)	1.0368	1.0319

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

NOMURA RINGGIT BOND FUND 1

FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 01 JULY 2023 TO 30 SEPTEMBER 2023

NOMURA RINGGIT BOND FUND 1

FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 01 JULY 2023 TO 30 SEPTEMBER 2023

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**NOMURA RINGGIT BOND FUND 1
STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD FROM 01 JULY 2023 TO 30 SEPTEMBER 2023**

	<u>01.07.2023</u> To <u>30.09.2023</u> RM	<u>01.07.2022</u> To <u>30.09.2022</u> RM
INVESTMENT INCOME		
Interest income from financial assets	5,442,831	4,341,118
Interest income from deposits with licensed financial institutions	129,271	102,923
Net gain/(loss) on financial assets at fair value through profit or loss ("FVTPL")	<u>1,676,477</u>	<u>(933,030)</u>
	<u>7,248,579</u>	<u>3,511,011</u>
EXPENSES		
Manager's fee	(216,810)	(184,946)
Trustee's fee	(38,261)	(32,637)
Audit fee	(3,949)	(2,672)
Tax agent's fee	(1,095)	(1,069)
Other expenses	<u>(963)</u>	<u>(341)</u>
	<u>(261,078)</u>	<u>(221,665)</u>
PROFIT BEFORE TAXATION	6,987,501	3,289,346
TAXATION	<u>-</u>	<u>-</u>
PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD	<u>6,987,501</u>	<u>3,289,346</u>
Profit after taxation is made up of the following:		
Realised amount	5,965,024	3,156,319
Unrealised amount	<u>1,022,477</u>	<u>133,027</u>
	<u>6,987,501</u>	<u>3,289,346</u>
Distributions for the financial period:		
Net distributions	<u>4,393,294</u>	<u>1,692,658</u>
Gross/net distributions per unit	<u>0.0088</u>	<u>0.0040</u>

**NOMURA RINGGIT BOND FUND 1
STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023**

	<u>30.09.2023</u>	<u>30.09.2022</u>
	RM	RM
ASSETS		
Financial assets at fair value through profit or loss ("FVTPL")	493,412,682	403,815,439
Cash at bank	366,772	198,506
Deposit with licensed financial institution	31,599,000	26,033,783
Interest receivable	5,281	1,783
Amount due from Manager	20,048	-
TOTAL ASSETS	<u>525,403,783</u>	<u>430,049,511</u>
LIABILITIES		
Amount due to Manager	71,991	60,426
Amount due to Trustee	12,704	10,663
Other payables and accruals	16,212	11,100
TOTAL LIABILITIES	<u>100,907</u>	<u>82,189</u>
NET ASSET VALUE ("NAV") OF THE FUND	<u>525,302,876</u>	<u>429,967,322</u>
EQUITY		
Unitholders' capital	517,411,024	436,578,337
Retained earnings/(loss)	7,891,852	(6,611,015)
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	<u>525,302,876</u>	<u>429,967,322</u>
UNITS IN CIRCULATION	<u>503,580,959</u>	<u>424,844,169</u>
NAV PER UNIT (RM) (EX-DISTRIBUTION)	<u>1.0431</u>	<u>1.0121</u>

**NOMURA RINGGIT BOND FUND 1
STATEMENT OF CHANGES IN NET ASSETS VALUE
FOR THE FINANCIAL PERIOD FROM 01 JULY 2023 TO 30 SEPTEMBER 2023**

	<u>Unitholders' capital</u> RM	<u>Retained earnings</u> RM	<u>Total</u> RM
Balance as at 1 July 2023	493,319,200	5,297,645	498,616,845
Total comprehensive income for the financial period	-	6,987,501	6,987,501
Creation of units	20,106,446	-	20,106,446
Reinvestment of distributions	4,393,294	-	4,393,294
Cancellation of units	(407,916)	-	(407,916)
Distributions	-	(4,393,294)	(4,393,294)
Balance as at 30 September 2023	<u>517,411,024</u>	<u>7,891,852</u>	<u>525,302,876</u>

	<u>Unitholders' capital</u> RM	<u>Retained earnings</u> RM	<u>Total</u> RM
Balance as at 1 July 2022	434,931,472	(8,207,703)	426,723,769
Total comprehensive income for the financial period	-	3,289,346	3,289,346
Creation of units	259,480	-	259,480
Reinvestment of distributions	1,692,658	-	1,692,658
Cancellation of units	(305,273)	-	(305,273)
Distributions	-	(1,692,658)	(1,692,658)
Balance as at 30 September 2022	<u>436,578,337</u>	<u>(6,611,015)</u>	<u>429,967,322</u>

**NOMURA RINGGIT BOND FUND 1
STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD FROM 01 JULY 2023 TO 30 SEPTEMBER 2023**

	<u>01.07.2023</u>	<u>01.07.2022</u>
	To	To
	<u>30.09.2023</u>	<u>30.09.2022</u>
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from sale of financial assets	15,654,000	42,600,000
Purchase of financial assets	(20,026,000)	(23,626,650)
Interest income from financial assets	4,000,735	3,309,127
Interest income from deposits with licensed financial institutions	125,000	101,349
Manager's fee paid	(214,319)	(184,034)
Trustee's fee paid	(37,821)	(32,477)
Payment for other fees and expenses	(12,573)	(4,581)
Net cash (used)/generated in operating activities and investing activities	<u>(510,978)</u>	<u>22,162,734</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash proceeds from units created	20,086,398	259,480
Cash paid for units cancelled	(407,916)	(315,168)
Net cash generated/(used) from financing activities	<u>19,678,482</u>	<u>(55,688)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	19,167,504	22,107,046
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF FINANCIAL PERIOD	12,798,268	4,125,243
CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL PERIOD	<u><u>31,965,772</u></u>	<u><u>26,232,289</u></u>
Cash and cash equivalents comprises of:		
Cash at bank	366,772	198,506
Deposit with licensed financial institution	31,599,000	26,033,783
	<u><u>31,965,772</u></u>	<u><u>26,232,289</u></u>