



NOMURA

Nomura Ringgit Bond Fund 1

Annual Report and Audited Financial Statements for the Financial
Year Ended 31 December 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: ERNST & YOUNG PLT
Business Registration No.: LLP0022760-LCA & AF0039

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ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

MANAGER'S REPORT

Category, Objective and Distribution Policy

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

The Fund will distribute income on a quarterly basis, subject to availability of income.

Fund Type

Income

Benchmark

Malayan Banking Berhad 12 months Fixed Deposit Account rate.

Performance as at 31 December 2023

For the period under review from 1 January 2023 to 31 December 2023, the Fund has registered a 6.33% return. Compared to the Benchmark return of 3.01%, the Fund has outperformed the Benchmark by 3.32%. The last published Net Asset Value ("NAV") per unit of the Fund as at 31 December 2022 was RM1.0203 as compared to the NAV per unit as at 31 December 2023 of RM 1.0424. On the total NAV basis, the Fund's NAV stood at RM 648.62 million as at 31 December 2023.

Performance as at 31 December 2023

	1 Month 01/12/2023 To 31/12/2023	3 Months 01/10/2023 To 31/12/2023	6 Months 01/07/2023 To 31/12/2023	1 Year 01/01/2023 To 31/12/2023	3 Years 01/01/2021 To 31/12/2023	Since Commencement 02/07/2019 To 31/12/2023
Fund	0.83	0.73	2.13	6.33	8.7	19.01
Benchmark	0.26	0.78	1.56	3.01	7.27	11.35
Outperformance/ (Underperformance)	0.57	-0.05	0.57	3.32	1.43	7.66

Source of Fund and Benchmark Returns: Refinitiv Lipper.

Volatility as at 31 December 2023

	3-Year
Fund	0.72

Source: Refinitiv Lipper

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

Strategies Employed (1 January 2023 to 31 December 2023)

Despite BNM holding rates, 2023 saw yields spike nonetheless on the back of global yield volatility. We had focused investment in the belly of the credit curve, specifically the 3-7 year portion, where the rolldown would offer some benefit.

In 2023, the Country Garden Real Estate Sdn Bhd (CGRE) rating suffered a multi-notch downgrade from AA3 to B3. The rating revision was premised on the potential trigger of a cross-default mechanism between CGRE and its ultimate parent, Country Garden Holding Company Limited (COGARD). Even though CGRE has been seen improvement its ability to service its sukuk obligation on its own, CGRE's rating still hinges greatly on COGARD's creditworthiness based on the extended unconditional and irrevocable corporate guarantee structure. Since 2H2023, COGARD has unexpectedly missed a series of coupon payments on its dollar bond obligations due to a tight liquidity position reflecting the rapid deterioration of China's housing market since the Evergrade saga. The rating revision also considers its non-payment of HKD470 million of indebtedness and the need to extend the maturity of its offshore bonds.

Summary of Asset Allocation

	<u>31 December 2023</u>	<u>31 December 2022</u>
Government Investment Issue	0.00%	3.17%
Corporate Bonds	84.64%	92.25%
Cash and other net current assets / liabilities	15.36%	4.58%
Total	100.0%	100.0%

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

Volatility remained a mainstay in 2023, as the local bond markets experienced yields rising especially with the global rout in risk free assets in 2Q 2023, before seeing a strong rally to end the year. The Government Investment Issues (GII)'s saw yield curve bull flatten, as the long end of the curve rallied 35-41 bps YoY while the front end of the curve saw rallies in the 25-26 bps range YoY.

Yields started the year strong, as global expectations of a coming economic crisis, coupled with falling inflation expectations, and global trade concerns, led to expectations that global central banks would begin unwinding of the multi-decade high interest rates. The data that emerged in 1Q 2023, saw major central banks upending this expectations, as they began another round of tightening, pushing global yields upwards. Notably the US Federal Reserve continued to hike rates to 5.50% in 2023. In the domestic front, BNM remained focused on the domestic economy, and did not follow suit in the rate hikes seen globally, raising rates once to 3.00% early on in the year. Towards the end of the year however, amid increased geopolitical tensions, i.e. Russia-Ukraine, Israel-Palestine, and amid a return on expectations of rate cuts from major central banks, the Malaysian market saw yields rally. Supporting this was slightly lowered domestic economy performance and a rally in credit spreads.

TRANSACTIONS WITH FINANCIAL INSTITUTIONS AND BROKERS/DEALERS

Cross Trades (1 January 2023 to 31 December 2023)

During the financial year under review, twelve (12) cross trades were conducted between the Fund and other funds / accounts managed by the Manager and/or the Manager's related company.

	<u>Total Value of trades (RM)</u>
Nomura Ringgit Bond Fund 2	4,711,600
Nomura i-Income Fund	37,989,740
Private Mandate	15,767,600
Total	58,468,940

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

SOFT COMMISSIONS RECEIVED FROM BROKERS

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

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

BREAKDOWN OF UNITHOLDERS BY SIZE

Size of holdings (units)	No. of unitholders	No. of units held ('000)*
Less than 500,000	1	165.52
500,000 - to 1,000,000	1	830.78
1,000,001 to 5,000,000	1	1,201.57
5,000,001 to 10,000,000	-	-
10,000,001 to 15,000,000	-	-
15,000,001 to 20,000,000	-	-
20,000,001 and above	2	620,016.84
Total	5	622,214.71

* Note : Excluding Manager's Stock

INCOME DISTRIBUTION

Nomura Ringgit Bond Fund 1 distributed a gross total of RM 0.0418 per unit to investors of the Fund over the period under review.

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

Cum-Distribution Date	Cum-Distribution (RM)	Ex-Distribution Date	Ex-Distribution (RM)	Distribution per Unit (RM)
15-Mar-23	1.0407	16-Mar-23	1.0277	0.0130
15-Jun-23	1.0484	16-Jun-23	1.0368	0.0116
15-Sep-23	1.0525	18-Sep-23	1.0440	0.0088
19-Dec-23	1.0484	20-Dec-23	1.0404	0.0084

FUND PERFORMANCE DATA

	As at 31 December <u>2023</u>	As at 31 December <u>2022</u>
Total NAV (RM)	648,623,458	478,805,267
NAV per Unit (RM)	1.0424	1.0205
Unit in Circulation	622,214,707	469,204,035
Highest NAV (RM)	1.0525	1.0434
Lowest NAV (RM)	1.0225	0.9986

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 YEAR ENDED 31 DECEMBER 2023

NOMURA RINGGIT BOND FUND 1

FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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**TRUSTEE'S REPORT
TO THE UNIT HOLDERS OF NOMURA RINGGIT BOND FUND 1 ("Fund")**

We have acted as Trustee of the Fund for the financial year ended 31 December 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 Unlisted Capital Market Products under the Lodge and Launch Framework;
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.

We are of the opinion that the distributions of income by the Fund are appropriate and reflect the investment objective of the Fund.

For and on behalf of
CIMB Commerce Trustee Berhad

Datin Ezreen Eliza binti Zulkiplee
Chief Executive Officer

Kuala Lumpur, Malaysia
27 February 2024

NOMURA RINGGIT BOND FUND 1**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 7 to 51 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 December 2023 and of its financial performance, changes in net assets attributable to unitholder and cash flows for the financial year ended 31 December 2023 in accordance with 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

27 February 2024

Independent auditors' report to the unitholders of Nomura Ringgit Bond Fund 1

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Nomura Ringgit Bond Fund 1 (the "Fund"), which comprise the statement of financial position as at 31 December 2023, and statement of comprehensive income, statement of changes in equity and statement of cash flows of the Fund for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 7 to 51.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 December 2023, and of its financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

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 audit 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 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 (the "Manager") is responsible for the other information. The other information comprises the information included in the annual report of the Fund, but does not include the financial statements of the Fund and our auditors' report thereon.

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.

Independent auditors' report to the unitholders of Nomura Ringgit Bond Fund 1 (cont'd)

Information other than the financial statements and auditors' report thereon (cont'd)

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 and Trustee for the financial statements

The Manager is responsible for the preparation of 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 intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

The Trustee is responsible for overseeing the Fund's financial reporting process. The Trustee is also responsible for ensuring that the Manager maintains proper accounting and other records as are necessary to enable true and fair presentation of these financial statements.

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 Ringgit Bond Fund 1 (cont'd)

Auditors' responsibilities for the audit of the financial statements (cont'd)

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:

- 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.
- 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- 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.
- 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 Ringgit Bond Fund 1 (cont'd)**

Other matters

This report is made solely to the unitholders of the Fund, as a body, in accordance with Guidelines on Unlisted Capital Market Products Under the Lodge and Launch Framework issued by Securities Commission Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



Ernst & Young P.L.T.
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Kuala Lumpur, Malaysia
27 February 2024



Yap Kah Foo
No. 03574/05/2025 J
Chartered Accountant

NOMURA RINGGIT BOND FUND 1

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	<u>01.01.2023</u> to <u>31.12.2023</u> RM	<u>01.01.2022</u> to <u>31.12.2022</u> RM
INVESTMENT INCOME			
Interest income from financial assets at fair value through profit or loss ("FVTPL")		21,548,987	17,009,300
Interest income from deposits with licensed financial institution		947,450	431,993
Other income		-	12
Net gain/(loss) on financial assets at FVTPL	5	11,115,611	(7,224,731)
		<u>33,612,048</u>	<u>10,216,574</u>
EXPENSES			
Management fee	2	(885,910)	(745,502)
Trustee's fee	3	(156,337)	(131,559)
Audit fee		(11,000)	(10,000)
Tax agent's fee		(4,346)	(4,240)
Other expenses		(3,580)	(2,198)
		<u>(1,061,173)</u>	<u>(893,499)</u>
PROFIT BEFORE TAXATION		32,550,875	9,323,075
TAXATION	4	<u>-</u>	<u>-</u>
PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		<u>32,550,875</u>	<u>9,323,075</u>
Profit after taxation is made up of the following:			
Realised income		21,223,424	13,911,554
Unrealised gain/(loss)		11,327,451	(4,588,479)
		<u>32,550,875</u>	<u>9,323,075</u>
Distributions for the financial year:			
Net distributions	10	<u>21,154,927</u>	<u>15,366,801</u>
Gross/net distributions per unit	10	<u>0.0418</u>	<u>0.0355</u>

The accompanying notes form an integral part of these financial statements.

NOMURA RINGGIT BOND FUND 1

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

	<u>Note</u>	<u>31.12.2023</u> RM	<u>31.12.2022</u> RM
ASSETS			
Financial assets at fair value through profit or loss ("FVTPL")	5	548,983,065	456,896,787
Cash at bank	6	314,559	315,975
Deposit with licensed financial institution	7	90,107,000	21,685,000
Interest receivable	7	23,329	3,268
Trade receivable	8	9,320,677	-
TOTAL ASSETS		<u>648,748,630</u>	<u>478,901,030</u>
LIABILITIES			
Amount due to Manager	2	92,791	68,785
Amount due to Trustee	3	16,375	12,138
Other payables and accruals		16,006	14,840
TOTAL LIABILITIES		<u>125,172</u>	<u>95,763</u>
NET ASSET VALUE ("NAV") OF THE FUND		648,623,458	478,805,267
EQUITY			
Unitholders' capital	9 (a)	639,922,532	481,500,289
Retained earnings	9 (b) & (c)	8,700,926	(2,695,022)
NET ASSET ATTRIBUTABLE TO UNITHOLDERS		<u>648,623,458</u>	<u>478,805,267</u>
UNITS IN CIRCULATION	9 (a)	<u>622,214,707</u>	<u>469,204,035</u>
NAV PER UNIT (RM) (EX-DISTRIBUTION)		<u>1.0424</u>	<u>1.0205</u>

The accompanying notes form an integral part of these financial statements.

NOMURA RINGGIT BOND FUND 1

STATEMENT OF CHANGES IN NET ASSET VALUE FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Unitholders' capital <u>Note 9 (a)</u> RM	Retained earnings <u>Note 9 (b) & (c)</u> RM	<u>Total</u> RM
Balance as at 1 January 2023	481,500,289	(2,695,022)	478,805,267
Total comprehensive income for the financial year	-	32,550,875	32,550,875
Creation of units	138,996,113	-	138,996,113
Reinvestment of distributions	21,154,926	-	21,154,926
Cancellation of units	(1,728,796)	-	(1,728,796)
Distributions (Note 10)	-	(21,154,927)	(21,154,927)
Balance as at 31 December 2023	639,922,532	8,700,926	648,623,458

	Unitholders' capital <u>Note 9 (a)</u> RM	Retained earnings <u>Note 9 (b) & (c)</u> RM	<u>Total</u> RM
Balance as at 1 January 2022	426,741,004	3,348,704	430,089,708
Total comprehensive income for the financial year	-	9,323,075	9,323,075
Creation of units	40,617,250	-	40,617,250
Reinvestment of distributions	15,366,801	-	15,366,801
Cancellation of units	(1,224,766)	-	(1,224,766)
Distributions (Note 10)	-	(15,366,801)	(15,366,801)
Balance as at 31 December 2022	481,500,289	(2,695,022)	478,805,267

The accompanying notes form an integral part of these financial statements.

NOMURA RINGGIT BOND FUND 1

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	<u>Note</u>	<u>01.01.2023</u> <u>to</u> <u>31.12.2023</u> RM	<u>01.01.2022</u> <u>to</u> <u>31.12.2022</u> RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sale of financial assets		104,916,520	138,820,900
Purchase of financial assets		(195,298,230)	(187,891,140)
Income received from financial assets		21,639,354	18,145,575
Income received from deposit with licensed financial institution		927,388	430,028
Other income		-	12
Manager's fee paid		(861,903)	(738,072)
Trustee's fee paid		(152,100)	(130,248)
Payment for other fees and expenses		(17,760)	(16,437)
Net cash used in operating activities and investing activities		<u>(68,846,731)</u>	<u>(31,379,382)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash proceeds from units created		138,996,113	40,622,250
Cash paid for units cancelled		(1,728,796)	(1,224,766)
Net cash generated from financing activities		<u>137,267,317</u>	<u>39,397,484</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		68,420,586	8,018,102
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		22,000,975	13,982,873
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR		<u>90,421,561</u>	<u>22,000,975</u>
Cash and cash equivalents comprise:			
Cash at bank (Note 6)		314,559	315,975
Deposit with licensed financial institution (Note 7)		90,107,000	21,685,000
		<u>90,421,559</u>	<u>22,000,975</u>

The accompanying notes form an integral part of these financial statements.

NOMURA RINGGIT BOND FUND 1

MATERIAL ACCOUNTING POLICY INFORMATION FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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 RINGGIT BOND FUND 1 ("the Fund") have been prepared under the historical cost convention except for financial assets measured at FVTPL, in accordance with Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS").

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 year. 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 J.

The financial statements are presented in Ringgit Malaysia ("RM").

NOMURA RINGGIT BOND FUND 1

MATERIAL ACCOUNTING POLICY INFORMATION FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

B STANDARDS AND AMENDMENTS ISSUED BUT NOT EFFECTIVE

The following are standards, amendments to standards and interpretations issued by the MASB, but not yet effective, up to the date of issuance of the Fund's financial statements. The Fund intends to adopt the relevant standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 7: Financial Instruments – Disclosure (Supplier Finance Arrangements)	1 January 2024
Amendments to MFRS 16: Leases (Lease Liability in a Leaseback)	1 January 2024
Amendments to MFRS 101: Presentation of Financial Statements (Non-current Liabilities with Covenants)	1 January 2024
Amendments to MFRS 107: Statement of Cash Flows (Supplier Finance Arrangements)	1 January 2024
Amendments to MFRS 121: The Effects of Changes in Foreign Exchange Rates (Lack of Exchangeability)	1 January 2025
Amendments to MFRS 10: Consolidated Financial Statements (Sale or Contribution of Assets between an Investor and its Associate or Joint Venture)	Deferred
Amendments to MFRS 128: Investments in Associates and Joint Ventures (Sale or Contribution of Assets between an Investor and its Associate or Joint Venture)	Deferred

The Fund expects that the adoption of the above standards will not have any material impact on the financial statements in the period of initial application.

NOMURA RINGGIT BOND FUND 1

MATERIAL ACCOUNTING POLICY INFORMATION FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

C INCOME RECOGNITION

Income is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the income can be reliably measured. Income is measured at the fair value of consideration received or receivable.

Interest income from government and corporate bond and deposit with licensed financial institutions are recognised on an accrual basis using the effective interest method.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired.

Realised gain and loss on sale of government and corporate bond is measured by the difference between the net disposal proceeds and the carrying amounts of the investments (adjusted for accretion of discount or amortisation of premium).

D TAXATION

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax expense is determined according to the Malaysian tax laws at the current rate based upon the taxable income earned during the financial period.

NOMURA RINGGIT BOND FUND 1

MATERIAL ACCOUNTING POLICY INFORMATION FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

E FINANCIAL ASSETS AND FINANCIAL LIABILITIES

(i) Classification

The Fund designates its investments in government and corporate bond as financial assets at FVTPL on initial recognition.

Financial assets are designated as FVTPL when they are managed and their performance evaluated on a fair value basis.

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and have been included in assets. The Fund's receivables comprise of interest receivables.

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

The Fund classifies amount due to Manager, amount due to Trustee and other payables and accruals as financial liabilities.

The Fund classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or 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 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.

The Fund classifies amount interest receivables and cash and cash equivalents 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 Manager, amount due to Trustee and other payables and accruals as financial liabilities measured at amortised cost.

NOMURA RINGGIT BOND FUND 1

MATERIAL ACCOUNTING POLICY INFORMATION FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

E FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(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 FVTPL' category are presented in the statement of comprehensive income for the financial year ended 31 December 2023 in which they arise.

Government and corporate bond denominated in Ringgit Malaysia are revalued on a daily basis based on fair value prices quoted by Bond Pricing Agency Malaysia Sdn Bhd ("BPAM") registered with the Securities Commission of Malaysia ("SC") as per the SC's Guidelines on Unlisted Capital Market Products Under the Lodge and Launch Framework.

Receivables are subsequently carried at amortised cost using the effective interest method.

NOMURA RINGGIT BOND FUND 1

MATERIAL ACCOUNTING POLICY INFORMATION FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

E FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(iii) Impairment

The Fund measures credit risk and expected credit losses ("ECL") using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward looking information in determining any expected credit loss. Management 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 expected credit losses as any such impairment would be wholly insignificant to the Fund.

Significant increase in credit risk

A significant increase in credit risk is defined by management 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 writes 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.

(iv) Fair value estimation

The fair value of financial assets and liabilities traded in an active market (such as publicly traded derivatives and 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.

NOMURA RINGGIT BOND FUND 1

MATERIAL ACCOUNTING POLICY INFORMATION FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

E FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(iv) Fair value estimation (continued)

For instruments for which there is no active market, the Fund may use internally developed models, which are usually based on valuation methods and techniques generally recognised as standard within the industry. Valuation models are used primarily to value unlisted government and corporate bond, for which market were or have been inactive during the financial year. Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Fund holds.

The fair values are based on the following methodology and assumptions:

- (i) The carrying value is a reasonable estimate of fair value for cash and cash equivalent.
- (ii) Ringgit-denominated government and corporate bond are valued using indicative prices quoted by BPAM plus accrued interest, which includes the accretion of discount and amortisation of premium. Adjusted cost of investments relates to the purchase cost plus accrued interest, adjusted for amortisation of premium and accretion of discount, if any, calculated over the period from the date of acquisition to the date of maturity of the respective securities as approved by the Manager and the Trustee. The difference between adjusted cost and fair value is treated as unrealised gain or loss and is recognised in profit or loss. Unrealised gains or losses recognised in profit or loss are not distributable in nature. Where the Manager is of the view that the price quoted by BPAM for a specific government and corporate bond differs from the market price by more than 20 basis points, the Manager may use market price, provided that the Manager records its basis for using a non-BPAM price, and obtains necessary internal approvals to use the non-BPAM price.

Valuations are therefore adjusted, where appropriate, to allow for additional factors including model risk, liquidity risk and counterparty risk.

NOMURA RINGGIT BOND FUND 1

MATERIAL ACCOUNTING POLICY INFORMATION FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

F CASH AND CASH EQUIVALENTS

For the purpose of statement of cash flows, cash and cash equivalents comprise cash and bank balance and deposit with licensed financial institution that is readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

G UNITHOLDERS' CAPITAL

The unitholders' contributions to the Fund meet the definition of puttable instruments classified as equity instruments under the revised MFRS 132 'Financial Instruments: Presentation'.

- The units entitle the unitholders to a pro-rata share of the net asset of the Fund.
- The units are subordinated and have identical features.
- There is no contractual obligation to deliver cash or another financial asset other than the obligation on the Fund to repurchase the units.
- The total expected cash flows from the units in the Fund over the life of the units are based on the change in the net asset of the Fund.

H CREATION AND CANCELLATION OF UNITS

The Fund issues cancellable units, which are cancelled at the unitholder's option and are classified as equity. Cancellable units can be returned to the Fund at any time for cash equal to a proportionate share of the Fund's NAV. The outstanding units are carried at the redemption amount that is payable at the statement of financial position date if the unitholder exercises the right to put the unit back to the Fund.

Units are created and cancelled at the unitholder's option at prices based on the Fund's NAV per unit at the time of creation or cancellation. The Fund's NAV per unit is calculated by dividing the net asset attributable to unitholders with the total number of outstanding units.

I DISTRIBUTIONS

Distributions are at the discretion of the Fund. A distribution to the Fund's unitholders is accounted for as a deduction from realised reserves. A proposed distribution is recognised as a liability in the year in which it is approved.

NOMURA RINGGIT BOND FUND 1

MATERIAL ACCOUNTING POLICY INFORMATION FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

J MATERIAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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.

No major judgements have been made by the Manager in applying the Fund's accounting policies. There are no key assumptions concerning the future and other key sources of estimation uncertainty at reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

NOMURA RINGGIT BOND FUND 1

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

1 INFORMATION ON THE FUND

NOMURA RINGGIT BOND FUND 1 (the "Fund") was constituted pursuant to the execution of a Master Deed (the "Deed") dated 25 June 2019 and First Supplemental Deed dated 7 March 2023 entered into between Nomura Asset Management Malaysia Sdn Bhd (the "Manager") and CIMB Commerce Trustee Berhad (the "Trustee").

The Fund was launched on 01 July 2019 and will continue its operations until being terminated by the Manager or the Trustee as provided under Clause 25 of the Deed.

The Fund shall invest primarily in fixed income securities with sound and quality credit fundamentals. The Fund would largely maintain a buy and hold strategy for its core holdings.

For liquidity purpose, the Fund may also invest in fixed income instruments which are relatively liquid in nature including deposit placements with banks and debt securities issued by the Malaysian Government and denominated in Ringgit Malaysia.

The permitted investments will be rebalanced during appropriate times such as when there is a change in the credit fundamentals to ensure stable capital growth and consistent income stream to investors. During any unfavourable credit event, the Manager shall exercise its discretion to act based on the best interest of the Fund. The Manager could continue to hold the affected security should the Manager believes it to be more beneficial to the Fund.

NOMURA RINGGIT BOND FUND 1

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

2 MANAGEMENT FEE

In accordance with the Deed, the Manager is entitled to a management fee at a rate not exceeding 3.00% per annum of the NAV of the Fund calculated and accrued daily before deducting Manager's fee for the particular day.

The management fee provided in the financial statements is not exceeding 0.20% per annum based on the NAV of the Fund calculated and accrued on a daily basis for the financial year.

3 TRUSTEE FEE

In accordance with the Deed, the Trustee is entitled to an annual fee at a rate not exceeding 0.03% per annum of the NAV of the Fund calculated and accrued daily before deducting Trustee's fee for the particular day, subject to a minimum fee of RM9,000 per annum.

The trustee fee provided in the financial statements is recognized at a rate of 0.03% per annum based on the NAV of the Fund calculated and accrued on a daily basis for the financial year.

4 TAXATION

Income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable income for the financial year. Dividend income derived from sources outside Malaysia are exempted from Malaysian income tax. However, such income may be subject to tax in the country from which it is derived.

The taxation charge for the financial year is on the taxable income earned by the Fund after deducting tax allowable expense. In accordance with Schedule 6 of the Income Tax Act 1967, interest income and dividend income earned by the Fund is exempted from Malaysian tax.

The reconciliation of income tax expense applicable to net income before tax at the statutory income tax rate to income tax expense at the effective income tax rate is as follows:

	<u>01.01.2023</u> to <u>31.12.2023</u> RM	<u>01.01.2022</u> to <u>31.12.2022</u> RM
Profit before taxation	<u>32,550,875</u>	<u>9,323,075</u>
Tax at Malaysian statutory rate of 24%	7,812,210	2,237,538
Investment income not subject to tax	(8,117,733)	(4,185,913)
Loss not deductible for tax purposes	50,842	1,733,935
Expenses not deductible for tax purposes	60,412	51,122
Restriction on tax deductible expenses for wholesale funds	194,269	163,318
Tax expense for the financial year	<u>-</u>	<u>-</u>

NOMURA RINGGIT BOND FUND 1

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

5 FINANCIAL ASSETS AT FVTPL

	<u>31.12.2023</u>	<u>31.12.2022</u>
	RM	RM
Financial assets at FVTPL:		
- Government and corporate bond	<u>548,983,065</u>	<u>456,896,787</u>
Net loss on financial assets at FVTPL comprised:		
- Net realised loss on sale of financial assets at FVTPL	(211,840)	(2,636,252)
- Net unrealised gain/(loss) on financial assets at FVTPL	<u>11,327,451</u>	<u>(4,588,479)</u>
	<u>11,115,611</u>	<u>(7,224,731)</u>

Nominal value	Name of Counter	Rating	Adjusted Cost	Fair value as at 31.12.2023	Percentage of NAV 31.12.2023
RM			RM	RM	%
5,000,000	AEON Credit Senior Sukuk (Series 1 Tranche 1)	AA3	5,067,450	5,030,059	0.78%
5,000,000	AEON Credit Senior Sukuk (Series 1 Tranche 2)	AA3	5,075,945	5,016,745	0.77%
5,000,000	AIBB IMTN7 SENIOR SUKUK MURABAHAH	AA3	5,011,339	5,031,439	0.78%
5,000,000	Air Selangor IMTN T3 S1 Sri Sukuk Kas 26.07.2029	AAA	5,247,866	5,306,573	0.82%
2,500,000	Air Selangor IMTN T3 S2 Sri Sukuk Kas 26.07.2032	AAA	2,553,036	2,708,586	0.42%
10,000,000	Air Selangor IMTN T6 S1 Sri Sukuk Kas 11.10.2030	AAA	10,098,849	10,347,949	1.60%
5,000,000	Aldzahab Abs-IMTN 15.09.2026 (Class B Tranche 5)	AAA	5,259,712	5,179,351	0.80%
10,000,000	Azrb Capital IMTN 4.850% 26.12.2024	AA- IS	10,009,802	10,018,173	1.54%
9,000,000	Azrb Capital IMTN 5.000% 24.12.2026	AA- IS	9,091,406	9,019,097	1.39%
5,000,000	Azrb Capital IMTN 5.100% 26.12.2028	AA- IS	4,846,695	5,008,292	0.77%
18,000,000	BPMB IMTN 4.050% 06.06.2031	AAA IS	18,047,934	18,154,314	2.80%

NOMURA RINGGIT BOND FUND 1

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

5 FINANCIAL ASSETS AT FVTPL (CONTINUED)

Nominal value	Name of Counter	Rating	Adjusted Cost	Fair value as at 31.12.2023	Percentage of NAV 31.12.2023
RM			RM	RM	%
5,000,000	BSN IMTN 3.890% 20.10.2028	AAA	5,037,451	5,039,451	0.78%
5,000,000	CCB IMTN 4.740% 30.03.2029 (Tranche 6)	AA IS	5,061,036	5,069,436	0.78%
5,000,000	CIMB 3.150% 12.11.2030 - Tranche 6	AA	5,020,712	4,946,512	0.76%
5,000,000	CIMB 4.300% 08.03.2030 - Tranche 2 Sukuk Wakalah S4 T1	AA2	5,067,740	5,111,490	0.79%
10,000,000	CIMB THAI 3.900% 11.07.2031 - Tranche No 5	AA3	10,184,849	10,829,649	1.55%
10,000,000	CIMB THAI 4.700% 29.03.2033 - Tranche No 6	AA3	10,121,041	10,229,541	1.58%
5,000,000	Country Garden IMTN 5.250% 27.03.2025 – Issue No. 7	B3 ^A	5,068,374	127,391	0.02%
5,000,000	Danum IMTN 3.290% 13.05.2030 – Tranche 9	AAA (S)	5,021,633	4,848,583	0.75%
5,000,000	Dialog Senior Sukuk Wakalah Tranche No. 2	AA2	5,298,258	5,278,807	0.81%
5,000,000	Edra Energy IMTN 5.820% 04.07.2025 - Tranche No 8	AA3	5,562,129	5,560,385	0.86%
5,000,000	Edra Energy IMTN 6.030% 05.01.2029 - Tranche No 15	AA3	5,574,113	5,598,875	0.86%
5,000,000	Edra Energy IMTN 6.060% 05.07.2029 - Tranche No 16	AA3	5,644,525	5,473,025	1.14%
15,000,000	Esmsb IMTN 4.050% 30.12.2025	AA- IS	14,725,037	15,011,143	2.31%
5,000,000	Essb IMTN 4.500% 11.10.2029	AA2	5,050,548	5,123,098	0.79%

^AIn 2023, the Country Garden Real Estate Sdn Bhd (CGRE) rating suffered a multi-notch downgrade from AA3 to B3. The rating revision was premised on the potential trigger of a cross-default mechanism between CGRE and its ultimate parent, Country Garden Holding Company Limited (COGARD). Even though CGRE has been seen improvement its ability to service its sukuk obligation on its own, CGRE's rating still hinges greatly on COGARD's creditworthiness based on the extended unconditional and irrevocable corporate guarantee structure. Since 2H2023, COGARD has unexpectedly missed a series of coupon payments on its dollar bond obligations due to a tight liquidity position reflecting the rapid deterioration of China's housing market since the Evergrade saga. The rating revision also considers its non-payment of HKD470 million of indebtedness and the need to extend the maturity of its offshore bonds.

NOMURA RINGGIT BOND FUND 1

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

5 FINANCIAL ASSETS AT FVTPL (CONTINUED)

Nominal value	Name of Counter	Rating	Adjusted Cost	Fair value as at 31.12.2023	Percentage of NAV 31.12.2023
RM			RM	RM	%
5,000,000	Essb IMTN 4.650% 10.10.2031	AA2	4,872,405	5,169,783	0.80%
5,000,000	FARM FRESH IMTN 3.720% 28.05.2026-S1/Tranche 1	AA- IS	5,017,326	4,977,726	0.77%
10,000,000	GENM Capital MTN 3653D 05.5.2033	AA1 (S)	10,084,690	10,268,690	1.58%
5,000,000	Genting RMTN MTN 3653D 08.11.2029 – Tranche 1	AA1 (S)	4,765,761	4,833,271	0.75%
15,000,000	Guan Chong IMTN 5.070% 28.01.2028	AA- IS	15,345,390	15,714,018	2.42%
5,000,000	Hla Sub Notes 31.01.2030 (Tranche 1)	AA3	5,079,637	5,059,537	0.78%
25,000,000	Infracap Resources Sukuk 4.40% 15.04.2031 (T1 S6)	AAA (S)	25,000,085	25,665,805	3.96%
2,000,000	Jep IMTN 5.450% 04.12.2025 - Tranche 10	AA- IS	2,053,881	2,053,962	0.32%
3,500,000	Lesb IMTN 4.150% 16.07.2027 Series 7	AA- IS	3,564,925	3,510,365	0.54%
3,500,000	Lesb IMTN 4.500% 16.07.2030 Series 10	AA- IS	3,570,390	3,506,448	0.54%
5,000,000	Lesb IMTN 4.600% 16.07.2031 Series 11	AA- IS	4,769,766	5,002,963	0.99%
5,000,000	MAHB IMTN 3.600% 06.11.2030 – Tranche 4	AAA	4,792,222	4,940,166	0.76%
4,000,000	Manjung IMTN 4.430% 25.11.2025 - Series 1 (10)	AAA	4,062,620	4,066,392	0.63%
5,000,000	MMC Corp IMTN 5.400% 30.11.2029	AA- IS	5,032,623	5,284,871	0.81%
4,000,000	MMC Corp IMTN 5.800% 12.11.2025	AA- IS	4,088,249	4,151,310	0.64%
5,000,000	MMC Corp IMTN 5.950% 12.11.2027	AA- IS	5,407,554	5,341,423	1.10%

NOMURA RINGGIT BOND FUND 1

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

5 FINANCIAL ASSETS AT FVTPL (CONTINUED)

Nominal value	Name of Counter	Rating	Adjusted Cost	Fair value as at 31.12.2023	Percentage of NAV 31.12.2023
RM			RM	RM	%
20,000,000	MMC Port IMTN 4.660% 06.04.2029 (Tranche 2)	AA- IS	20,214,488	20,642,488	3.18%
10,000,000	MUMTAZ IMTN 3.780% 25.06.2031	AA3 (S)	10,006,214	9,889,514	1.52%
5,000,000	Nbad 4.75% 09.12.2027	AA1	5,153,260	5,148,814	0.79%
5,000,000	PLUS Berhad IMTN 4.960% 12.01.2029 -Sukuk PLUS T7	AAA IS (S)	5,599,673	5,353,345	0.83%
5,000,000	PLUS Berhad IMTN 5.070% 10.01.2031 -Sukuk PLUS T9	AAA IS (S)	5,256,098	5,460,802	0.84%
10,000,000	Point Zone IMTN 4.860% 11.03.2033	AA- IS (CG)	10,146,466	10,602,066	1.63%
20,000,000	Poseidon ABS Class A Senior MTN 1096D 03.8.2026	AA2	20,112,009	20,128,227	3.10%
13,000,000	Press Metal IMTN 4.300% 17.10.2029	AA2	13,096,104	13,251,855	2.04%
7,000,000	Press Metal IMTN 4.810% 07.12.2028	AA3	6,907,332	7,262,112	1.12%
10,000,000	Psep IMTN 5.080% 11.11.2027 (Tr2 Sr1)	AAA	10,077,795	10,492,005	1.62%
11,000,000	Psep IMTN 5.220% 09.11.2029 (Tr2 Sr2)	AAA	11,095,177	11,765,431	1.81%
15,000,000	Ptp IMTN 3.950% 18.06.2027	AA IS	14,952,744	14,988,976	2.31%
5,000,000	Qsps Green Sri Sukuk 5.760% 05.04.2030 - T23	AA- IS	5,259,642	5,458,747	0.84%
10,000,000	Qsps Green Sri Sukuk 5.800% 04.10.2030 - T24	AA- IS	10,469,215	10,973,847	1.69%
15,000,000	Rhbbank IMTN 4.380% 17.11.2028	AA1	15,081,000	15,319,200	2.36%
5,000,000	Rhbbank MTN 3652D 28.4.2031	AA2	5,031,500	4,992,450	0.77%

NOMURA RINGGIT BOND FUND 1

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

5 FINANCIAL ASSETS AT FVTPL (CONTINUED)

Nominal value	Name of Counter	Rating	Adjusted Cost	Fair value as at 31.12.2023	Percentage of NAV 31.12.2023
RM			RM	RM	%
5,000,000	Samalaju IMTN 5.45% 28.12.2027 - Issue No. 5	AA1 (S)	5,213,880	5,287,086	0.82%
7,500,000	Samalaju IMTN 5.65% 28.12.2029 - Issue No. 7	AA1 (S)	7,927,012	8,165,919	1.26%
2,500,000	SEB IMTN 5.320% 03.12.2032	AAA	2,710,372	2,753,663	0.42%
5,000,000	Sms IMTN 4.380% 19.10.2029	AA3	5,071,700	4,926,150	0.76%
5,000,000	Sms IMTN 4.530% 21.10.2030	AA3	5,092,532	4,927,888	0.76%
5,000,000	UEMS IMTN 4.600% 20.05.2026 - Series No. 13	AA- IS	5,028,786	5,041,666	0.78%
5,000,000	UEMS IMTN 5.150% 31.10.2025	AA- IS	5,154,202	5,109,440	0.79%
3,000,000	UEMS IMTN 5.340% 07.04.2026	AA-IS	3,084,261	3,093,298	0.48%
7,500,000	UEMS IMTN 5.390% 05.03.2026	AA-IS	7,632,403	7,773,449	1.20%
10,000,000	YTL CORP MTN 2922D 10.4.2031	AA1	10,127,236	10,589,216	1.63%
10,000,000	YTL POWER IMTN 4.990% 24.03.2033	AA1	10,166,006	10,793,378	1.66%
10,000,000	YTL POWER IMTN 5.050% 03.05.2027	AA1	10,443,969	10,406,230	1.60%
2,500,000	Zamarad Abs-IMTN 05.09.2025 Class A S3 Tranche 4	AAA	2,526,219	2,494,644	0.38%
5,000,000	Zamarad Abs-IMTN 07.03.2029 Class B Tranche 4	AAA	4,846,618	5,031,067	0.78%

NOMURA RINGGIT BOND FUND 1

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

5 FINANCIAL ASSETS AT FVTPL (CONTINUED)

Nominal value	Name of Counter	Rating	Adjusted Cost	Fair value as at 31.12.2023	Percentage of NAV 31.12.2023
RM			RM	RM	%
3,500,000	Zamarad Abs-IMTN 07.07.2028 Class A S4 Tranche 6	AAA	3,572,158	3,546,958	0.55%
2,500,000	Zamarad Abs-IMTN 07.09.2027 Class A S4 Tranche 4	AAA	2,527,411	2,470,336	0.38%
2,000,000	Zamarad Abs-IMTN 08.01.2030 Class B Tranche 6	AA2	1,939,674	2,032,670	0.31%
5,000,000	Zamarad Abs-IMTN 26.01.2028 (Class B Tranche 2)	AAA	5,111,082	5,226,482	0.81%
TOTAL GOVERNMENT AND CORPORATE BOND			546,340,996	548,983,065	84.64%
UNREALISED GAIN ON CHANGES IN FAIR VALUE			2,642,069		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS			548,983,065		

NOMURA RINGGIT BOND FUND 1

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

5 FINANCIAL ASSETS AT FVTPL (CONTINUED)

Nominal value	Name of Counter	Rating	Adjusted Cost	Fair value as at 31.12.2022	Percentage of NAV 31.12.2022
RM			RM	RM	%
5,000,000	AEON Credit Senior Sukuk (Series 1 Tranche 1)	AA3	5,067,313	4,917,809	1.03%
5,000,000	AEON Credit Senior Sukuk (Series 1 Tranche 2)	AA3	5,075,945	4,874,045	1.02%
2,500,000	Air Selangor IMTN T3 S2 Sri Sukuk Kas 26.07.2032	AAA	2,553,036	2,613,261	0.55%
5,000,000	Aldzahab Abs-IMTN 15.09.2026 (Class B Tranche 5)	AAA	5,321,750	5,201,679	1.09%
9,000,000	Azrb Capital IMTN 5.000% 24.12.2026	AA- IS	9,121,859	8,843,894	1.85%
5,000,000	Azrb Capital IMTN 5.100% 26.12.2028	AA-IS	4,823,489	4,838,743	1.01%
18,000,000	BPMB IMTN 4.050% 06.06.2031	AAA IS	18,047,934	17,394,174	3.63%
5,000,000	BSN IMTN 3.890% 20.10.2028	AAA	5,038,367	4,904,417	1.02%
5,000,000	CCB IMTN 4.740% 30.03.2029 (Tranche 6)	AA IS	5,060,386	4,895,836	1.02%
5,000,000	CIMB 3.150% 12.11.2030 - Tranche 6	AA	5,020,712	4,847,112	1.01%
10,000,000	CIMB 4.880% 13.09.2029 - Tranche 4	AA	10,430,980	10,250,268	2.14%
10,000,000	CIMB THAI 3.900% 11.07.2031 - Tranche No 5	AA3	10,184,849	9,829,649	2.05%
5,000,000	CIMB Bank MTN 2556D 17.5.2024 - Series 1 Tranche 2	AAA	5,073,488	5,071,636	1.06%
5,000,000	Country Gdn IMTN 5.250% 27.03.2025-Issue No7	AA3(S)	5,072,499	4,947,791	1.03%
5,000,000	CTX IMTN 5.20% 27.08.2027 - Series 11	AA+ IS	5,301,834	5,255,841	1.10%
5,000,000	Danum IMTN 3.290% 13.05.2030 - Tranche 9	AAA(S)	5,021,633	4,644,133	0.97%
5,000,000	Dialog Senior Sukuk Wakalah Tranche No. 2	AA2	5,097,426	4,971,726	1.04%

NOMURA RINGGIT BOND FUND 1

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

5 FINANCIAL ASSETS AT FVTPL (CONTINUED)

Nominal value	Name of Counter	Rating	Adjusted Cost	Fair value as at 31.12.2022	Percentage of NAV 31.12.2022
RM			RM	RM	%
5,000,000	DiGi IMTN 3.60% 20.09.2029 - Tranche No 5	AAA	5,050,795	4,806,844	1.00%
3,000,000	Edra Energy IMTN 5.730% 05.01.2024 - Tranche No 5	AA3	3,162,566	3,131,003	0.65%
5,000,000	Edra Energy IMTN 5.820% 04.07.2025 - Tranche No 8	AA3	5,399,840	5,298,307	1.11%
5,000,000	Edra Energy IMTN 6.030% 05.01.2029 - Tranche No 15	AA3	5,638,190	5,454,035	1.14%
5,000,000	Edra Energy IMTN 6.060% 05.07.2029 - Tranche No 16	AA3	5,644,525	5,473,025	1.14%
15,000,000	Esmsb IMTN 4.050% 30.12.2025	AA- IS	14,602,608	14,390,129	3.00%
5,000,000	Essb IMTN 4.500% 11.10.2029	AA2	5,050,548	4,919,598	1.03%
5,000,000	Essb IMTN 4.650% 10.10.2031	AA2	4,857,229	4,891,633	1.02%
15,000,000	Ewcb IMTN01 5.690% 29.10.2027	AA- IS (CG)	15,144,978	15,272,328	3.19%
5,000,000	Farm Fresh IMTN 3.720% 28.05.2026-S1/Tranche 1	AA- IS	5,016,816	4,870,516	1.02%
4,000,000	Gamuda IMTN 4.785% 16.03.2023	AA3	4,058,812	4,062,176	0.85%
5,000,000	Gli Murabahah 1/2019 4.130% 09.07.2029	NR(LT)	5,049,578	5,123,686	1.07%
1,000,000	GII Murabahah 1/2020 3.422% 30.09.2027	NR(LT)	1,037,578	989,993	0.21%
5,000,000	Hla Sub Notes 31.01.2030 (Tranche 1)	AA3	5,079,637	5,008,237	1.04%
10,000,000	Infracap Resources Sukuk 3.69% 15.04.2026 (T1 S3)	AAA (S)	10,100,169	9,915,233	2.07%
11,000,000	Infracap Resources Sukuk 4.40% 15.04.2031 (T1 S6)	AAA (S)	10,847,937	10,947,768	2.29%

NOMURA RINGGIT BOND FUND 1

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

5 FINANCIAL ASSETS AT FVTPL (CONTINUED)

Nominal value	Name of Counter	Rating	Adjusted Cost	Fair value as at 31.12.2022	Percentage of NAV 31.12.2022
RM			RM	RM	%
2,000,000	Jep IMTN 5.450% 04.12.2025 - Tranche 10	AA- IS	2,075,738	2,054,243	0.43%
3,500,000	Lesb IMTN 4.150% 16.07.2027 Series 7	AA- IS	3,565,728	3,410,462	0.71%
3,500,000	Lesb IMTN 4.500% 16.07.2030 Series 10	AA- IS	3,571,561	3,338,052	0.70%
5,000,000	Lesb IMTN 4.600% 16.07.2031 Series 11	AA- IS	4,737,753	4,741,133	0.99%
4,000,000	Manjung IMTN 4.430% 25.11.2025 - Series 1 (10)	AAA	4,088,392	4,048,163	0.85%
10,000,000	MGS 2/2020 2.632% 15.04.2031	NR(LT)	9,545,275	9,065,254	1.89%
5,000,000	MMC Corp IMTN 5.400% 30.11.2029	AA- IS	5,037,711	5,057,471	1.06%
4,000,000	MMC Corp IMTN 5.800% 12.11.2025	AA- IS	4,120,643	4,155,230	0.87%
5,000,000	MMC Corp IMTN 5.950% 12.11.2027	AA- IS	5,497,502	5,250,973	1.10%
20,000,000	MMC Port IMTN 4.660% 06.04.2029 (Tranche 2)	AA- IS	20,209,381	19,810,781	4.14%
10,000,000	Mumtaz IMTN 3.780% 25.06.2031	AA3 (S)	10,005,178	9,682,478	2.02%
5,000,000	Nbad 4.75% 09.12.2027	AA1	5,187,343	5,067,814	1.06%
10,000,000	OLM MTN 1826D 14.2.2023	AA2	10,200,498	10,187,690	2.13%
5,000,000	PLUS Berhad IMTN 4.960% 12.01.2029-Sukuk PLUS T7	AAA IS (S)	5,577,933	5,129,915	1.07%
5,000,000	PLUS Berhad IMTN 5.070% 10.01.2031 -Sukuk PLUS T9	AAA IS (S)	5,161,297	5,161,151	1.08%
7,000,000	Press Metal IMTN 4.810% 07.12.2028	AA3	6,891,953	6,949,912	1.45%
10,000,000	Psep IMTN 5.080% 11.11.2027 (Tr2 Sr1)	AAA	10,091,564	10,361,281	2.16%

NOMURA RINGGIT BOND FUND 1

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

5 FINANCIAL ASSETS AT FVTPL (CONTINUED)

Nominal value	Name of Counter	Rating	Adjusted Cost	Fair value as at 31.12.2022	Percentage of NAV 31.12.2022
RM			RM	RM	%
11,000,000	Psep IMTN 5.220% 09.11.2029 (Tr2 Sr2)	AAA	11,110,584	11,549,821	2.41%
15,000,000	Ptp IMTN 3.950% 18.06.2027	AA- IS	14,970,934	14,572,603	3.04%
5,000,000	Qsps Green Sri Sukuk 5.480% 06.10.2026 - T16	AA- IS	5,320,593	5,203,510	1.09%
5,000,000	Qsps Green Sri Sukuk 5.760% 05.04.2030 - T23	AA- IS	5,288,828	5,316,547	1.11%
10,000,000	Qsps Green Sri Sukuk 5.800% 04.10.2030 - T24	AA- IS	10,517,033	10,661,947	2.23%
5,000,000	Rhbbank MTN 3652D 28.4.2031	AA2	5,032,500	4,920,000	1.03%
5,000,000	Samalaju IMTN 5.45% 28.12.2027 - Issue No. 5	AA1 (S)	5,264,587	5,199,786	1.09%
2,500,000	Samalaju IMTN 5.65% 28.12.2029 - Issue No. 7	AA1 (S)	2,626,547	2,633,023	0.55%
5,000,000	Seb IMTN 5.650% 23.06.2026	AAA	5,495,130	5,249,266	1.10%
5,000,000	Sms IMTN 4.380% 19.10.2029	AA3	5,079,807	4,677,000	0.98%
5,000,000	Sms IMTN 4.530% 21.10.2030	AA3	5,102,442	4,651,379	0.97%
5,000,000	UEMS IMTN 3.900% 21.09.2023 - Issue No. 12	AA- IS	5,057,163	5,026,293	1.05%
5,000,000	UEMS IMTN 4.600% 20.05.2026 - Series No. 13	AA- IS	5,032,164	4,881,286	1.02%
5,000,000	UEMS IMTN 4.790% 11.04.2025	AA- IS	5,062,460	4,995,949	1.04%
5,000,000	UEMS IMTN 5.150% 31.10.2025	AA- IS	5,214,378	5,002,590	1.04%
5,700,000	WCT IMTN 5.170% 23.10.2023	AA- IS	5,758,464	5,761,399	1.20%

NOMURA RINGGIT BOND FUND 1

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

5 FINANCIAL ASSETS AT FVTPL (CONTINUED)

Nominal value	Name of Counter	Rating	Adjusted Cost	Fair value as at 31.12.2022	Percentage of NAV 31.12.2022
RM			RM	RM	%
10,000,000	YTL Power IMTN 5.050% 03.05.2027	AA1	10,549,357	10,125,330	2.11%
2,500,000	Zamarad Abs-IMTN 05.09.2025 Class A S3 Tranche 4	AAA	2,526,219	2,435,569	0.51%
5,000,000	Zamarad Abs-IMTN 07.03.2029 Class B Tranche 4	AAA	4,813,405	4,854,267	1.01%
3,500,000	Zamarad Abs-IMTN 07.07.2028 Class A S4 Tranche 6	AAA	3,572,982	3,387,832	0.71%
2,500,000	Zamarad Abs-IMTN 07.09.2027 Class A S4 Tranche 4	AAA	2,527,411	2,372,436	0.50%
2,000,000	Zamarad Abs-IMTN 08.01.2030 Class B Tranche 6	AA2	1,927,343	1,943,494	0.40%
5,000,000	Zamarad Abs-IMTN 26.01.2028 (Class B Tranche 2)	AAA	5,111,082	5,146,932	1.07%
TOTAL GOVERNMENT AND CORPORATE BOND			465,582,169	456,896,787	95.42%
UNREALISED LOSS ON CHANGES IN FAIR VALUE			(8,685,382)		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS			456,896,787		

NOMURA RINGGIT BOND FUND 1

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

6 CASH AT BANK

	<u>31.12.2023</u>	<u>31.12.2022</u>
	RM	RM
Cash balances in a licensed bank	<u>314,559</u>	<u>315,975</u>

7 DEPOSIT WITH LICENSED FINANCIAL INSTITUTION

	<u>31.12.2023</u>	<u>31.12.2022</u>
	RM	RM
Deposit with licensed financial institution ^	<u>90,130,329</u>	<u>21,688,268</u>

^ Includes interest receivables of RM 23,329 (2022: RM3,268)

Weighted average effective interest rates per annum and of deposits with licensed financial institutions are as follows:

	<u>31.12.2023</u>	<u>31.12.2022</u>
	%	%
Deposit with licensed financial institution	<u>2.92</u>	<u>2.08</u>

Deposits with licensed financial institution have an average maturity of 1.5 days (2022: 2 days).

8 TRADE RECEIVABLE

Trade receivable represent the amount due from financial institution.

NOMURA RINGGIT BOND FUND 1

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

9 EQUITY

	Note	31.12.2023	31.12.2022
		RM	RM
Unitholders' capital	(a)	639,922,532	481,500,289
Accumulated realised income	(b)	6,058,857	5,990,360
Accumulated unrealised gain/(loss)	(c)	2,642,069	(8,685,382)
		<u>648,623,458</u>	<u>478,805,267</u>

a) UNITHOLDERS' CAPITAL

	31.12.2023	31.12.2023
	Units	RM
As at beginning of the financial year	469,204,035	481,500,289
Creation of units during the financial year:		
- Sale	134,271,455	138,996,113
- Distribution reinvested	20,408,688	21,154,926
Cancellation of units	(1,669,471)	(1,728,796)
As at end of the financial year	<u>622,214,707</u>	<u>639,922,532</u>

	31.12.2022	31.12.2022
	Units	RM
As at beginning of the financial year	415,181,179	426,741,004
Creation of units during the financial year:		
- Sale	40,135,026	40,617,250
- Distribution reinvested	15,084,827	15,366,801
Cancellation of units	(1,196,997)	(1,224,766)
As at end of the financial year	<u>469,204,035</u>	<u>481,500,289</u>

b) Accumulated realised income

	01.01.2023	01.01.2022
	to	to
	31.12.2023	31.12.2022
	RM	RM
As at beginning of the financial year	5,990,360	7,445,607
Net realised income for the financial year	21,223,424	13,911,554
Distributions out of retained earnings	(21,154,927)	(15,366,801)
As at end of the financial year	<u>6,058,857</u>	<u>5,990,360</u>

NOMURA RINGGIT BOND FUND 1

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

9 FIXED INCOME (CONTINUED)

c) Accumulated unrealised gain/(loss)

	<u>01.01.2023</u> to <u>31.12.2023</u>	<u>01.01.2022</u> to <u>31.12.2022</u>
As at beginning of the financial year	(8,685,382)	(4,096,903)
Net unrealised gain/(loss) for the financial year	11,327,451	(4,588,479)
As at end of the financial year	<u>2,642,069</u>	<u>(8,685,382)</u>

10 DISTRIBUTIONS

Distributions to unitholders are from the following sources:

	<u>01.01.2023</u> to <u>31.12.2023</u> RM	<u>01.01.2022</u> to <u>31.12.2022</u> RM
Interest income	22,496,437	17,441,293
Other income	-	12
Net realised loss on sale of financial assets at FVTPL	(280,337)	(1,181,005)
	<u>22,216,100</u>	<u>16,260,300</u>
Less: Expenses	(1,061,173)	(893,499)
Distributions for the financial year	<u>21,154,927</u>	<u>15,366,801</u>

NOMURA RINGGIT BOND FUND 1

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

10 DISTRIBUTIONS (CONTINUED)

During the financial year ended 31 December 2023, distributions were made as follows:

	Gross/net distribution <u>per unit</u> sen
<u>2023</u>	
16.03.2023	0.0130
16.06.2023	0.0116
18.09.2023	0.0088
20.12.2023	0.0084

During the financial year ended 31 December 2022, distributions were made as follows:

	Gross/net distribution <u>per unit</u> sen
<u>2022</u>	
15.03.2022	0.0113
17.05.2022	0.0088
15.09.2022	0.0040
22.12.2022	0.0114

NOMURA RINGGIT BOND FUND 1

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

11 TRANSACTIONS WITH FINANCIAL INSTITUTIONS

Details of transactions with the financial institutions for the financial year ended 31 December 2023 are as follows:

	<u>Value of trade</u> RM	<u>Percentage of total trade</u> %
31.12.2023		
Public Bank Bhd	4,879,864,065	60.57
Hong Leong Investment Bank Bhd	2,885,254,749	35.81
RHB Investment Bank Bhd	117,432,132	1.46
Malayan Banking Bhd	77,170,099	0.96
Hong Leong Investment Bank Bhd	25,393,963	0.32
Affin Hwang Investment Bank Bhd	25,386,400	0.31
AmBank (M) Bhd	15,147,719	0.19
CIMB Bank Bhd	15,000,000	0.19
HSBC Ltd	10,000,000	0.12
Citibank Bhd	5,145,551	0.06
CIMB Islamic Bank Bhd	1,008,785	0.01
	<u>8,056,803,463</u>	<u>100.00</u>

All financial institutions above are not related to the Manager.
The above transactions were in respect of money market placements and fixed income transactions.
Transactions in these investments do not involve any commission or brokerage.

NOMURA RINGGIT BOND FUND 1

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

11 TRANSACTIONS WITH FINANCIAL INSTITUTIONS (CONTINUED)

Details of transactions with the financial institutions for the financial year ended 31 December 2022 are as follows:

	<u>Value of trade</u> RM	<u>Percentage of total trade</u> %
<u>31.12.2022</u>		
Public Bank Bhd	2,844,868,000	90.89
RHB Investment Bank Bhd	180,961,150	5.78
Citibank Bhd	49,574,000	1.58
CIMB Bank Bhd	20,518,000	0.66
Affin Hwang Investment Bank Bhd	17,073,190	0.55
Malayan Banking Bhd	7,911,200	0.25
Amlslamic Bank Bhd	5,086,500	0.16
AmBank (M) Bhd	3,940,000	0.13
	<u>3,129,932,040</u>	<u>100.00</u>

All financial institutions above are not related to the Manager.
The above transactions were in respect of money market placements and fixed income transactions.
Transactions in these investments do not involve any commission or brokerage.

NOMURA RINGGIT BOND FUND 1

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

12 TOTAL EXPENSE RATIO ("TER")

The TER of the Fund is the ratio of the sum of fees and expenses incurred by the Fund to the average NAV of the Fund calculated on a daily basis. The fees and expenses include Manager's fee, Trustee's fee, auditor's fee, tax agent's fee and other administrative expenses. For the financial year ended 31 December 2023, the TER of the Fund stood at 0.20% (2022: 0.20%).

13 PORTFOLIO TURNOVER RATIO ("PTR")

The PTR of the Fund is the ratio of average acquisitions and disposals of the Fund for the financial period to the average NAV of the Fund calculated on a daily basis. For the financial year ended 31 December 2023, the PTR of the Fund stood at 0.29 times (2022: 0.37 times).

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

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

15 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The following table analyses the financial assets and financial liabilities of the Fund in the statement of financial position as at the reporting date by the classes of financial instrument to which they are assigned, and therefore by the measurement basis:

	Note	Financial assets at FVTPL RM	Financial asset/liabilities at amortised cost RM	Total RM
31.12.2023				
Assets				
Financial assets at FVTPL	5	548,983,065	-	548,983,065
Cash at bank	6	-	314,559	314,559
Deposits with licensed financial institution	7	-	90,107,000	90,107,000
Interest receivable		-	23,329	23,329
Amount due from financial institution		-	9,320,677	9,320,677
Total financial assets		548,983,065	99,765,565	648,748,630
Liabilities				
Amount due to Manager		-	92,791	92,791
Amount due to Trustee		-	16,375	16,375
Other payables and accruals		-	16,006	16,006
Total financial liabilities		-	125,172	125,172

NOMURA RINGGIT BOND FUND 1

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

15 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

	<u>Note</u>	Financial assets at FVTPL RM	Financial asset/liabilities at amortised cost RM	<u>Total</u> RM
31.12.2022				
Assets				
Financial assets at FVTPL	5	456,896,787	-	456,896,787
Cash at bank	6	-	315,975	315,975
Deposits with licensed financial institution	7	-	21,685,000	21,685,000
Interest receivable		-	3,268	3,268
Total financial assets		456,896,787	22,004,243	478,901,030
Liabilities				
Amount due to Manager		-	68,785	68,785
Amount due to Trustee		-	12,138	12,138
Other payables and accruals		-	14,840	14,840
Total financial liabilities		-	95,763	95,763

NOMURA RINGGIT BOND FUND 1

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

15 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

a) Introduction

The Fund is exposed to a variety of risks which include market risk (inclusive of price risk and interest rate risk), liquidity risk, credit/default risk, capital risk, regulatory risk, management risk and non-compliance 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, SC's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework and Capital Markets & Services Act, 2007.

b) 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 interest rate risk).

The Fund's overall exposure to price risk are as follows:

	<u>31.12.2023</u>	<u>31.12.2022</u>
	RM	RM
Financial assets at FVTPL*	548,983,065	456,896,787

* Includes interest receivable of RM5,299,522 (2022: RM4,462,819)

NOMURA RINGGIT BOND FUND 1

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

15 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

b) Price risk (continued)

The table below summarises the sensitivity of the Fund's NAV and profit after tax to movements in prices of investments. 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 of investments</u> %	<u>Market value</u> RM	<u>Impact on profit after tax/ NAV</u> RM
<u>31.12.2023</u>			
Financial assets at FVTPL	+ 5	570,865,775	27,184,085
	- 5	516,497,606	(27,184,085)
		<hr/>	<hr/>

	<u>Change in price of investments</u> %	<u>Market value</u> RM	<u>Impact on profit after tax/ NAV</u> RM
<u>31.12.2022</u>			
Financial assets at FVTPL	+ 5	475,055,666	22,621,698
	- 5	429,812,270	(22,621,698)
		<hr/>	<hr/>

NOMURA RINGGIT BOND FUND 1

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

15 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

c) Interest rate risk

In general, when interest rates rise, valuation for government and corporate bond will tend to fall and vice versa. Therefore, the NAV of the Fund may also tend to fall when interest rates rise or are expected to rise when interest rates fall. However, investors should be aware that should the Fund hold and government and corporate bond till maturity, such fluctuations would dissipate as it approaches maturity, and thus the growth of the NAV shall not be affected at maturity. In order to mitigate interest rates exposure of the Fund, the Manager will manage the duration of the portfolio via shorter or longer tenured assets depending on the view of the future interest rate trend of the Manager, which is based on its continuous fundamental research and analysis.

This risk is crucial since government and corporate bond portfolio management depends on forecasting interest rate movements. Government and corporate bond with longer maturity and lower interest rates are more susceptible to interest rate movements.

Investors should note that government and corporate bond is subject to interest rate fluctuations. Such investments may be subject to unanticipated rise in interest rates which may impair the ability of the issuers to make payments of interest and principal, especially if the issuers are highly leveraged. An increase in interest rates may therefore increase the potential for default by an issuer.

The table below summarises the sensitivity of the Fund's NAV and profit after tax to movements in prices of government and corporate bond held by the Fund as a result of movement in interest rates. The analysis is based on the assumptions that the interest rates increased and decreased by 1% with all other variables held constant.

	<u>Change in interest rate</u> %	<u>Impact on profit after tax/NAV</u> RM
<u>31.12.2023</u>		
Financial assets at FVTPL	+1	(1,064,472)
	-1	<u>1,067,341</u>

	<u>Change in interest rate</u> %	<u>Impact on profit after tax/NAV</u> RM
<u>31.12.2022</u>		
Financial assets at FVTPL	+1	(932,449)
	-1	<u>934,988</u>

The Fund's deposit with licensed financial institution are short term in nature. Therefore, exposure to interest rate fluctuations is minimal.

NOMURA RINGGIT BOND FUND 1

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

15 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

d) Liquidity risk

The Fund maintains sufficient level of liquid assets, after consultation with the Trustee, to meet anticipated payments and cancellation of units by unitholders. Liquid assets comprise cash, deposits with licensed financial institutions, and government and corporate bond 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.

	<u>Less than 1 month</u> RM	<u>Between 1 month to 1 year</u> RM	<u>Total</u> RM
<u>31.12.2023</u>			
Amount due to Manager	92,791	-	92,791
Amount due to Trustee	16,375	-	16,375
Other payables and accruals	-	16,006	16,006
	<u>109,166</u>	<u>16,006</u>	<u>125,172</u>

	<u>Less than 1 month</u> RM	<u>Between 1 month to 1 year</u> RM	<u>Total</u> RM
<u>31.12.2022</u>			
Amount due to Manager	68,785	-	68,785
Amount due to Trustee	12,138	-	12,138
Other payables and accruals	-	14,840	14,840
	<u>80,923</u>	<u>14,840</u>	<u>95,763</u>

NOMURA RINGGIT BOND FUND 1

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

15 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

e) Credit/default risk

Credit risk refers to the ability of an issuer or a counterparty 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 issues with prescribed and acceptable credit ratings.

Credit risk arising from placements of deposits with licensed financial institutions is managed by ensuring that the Fund will only place deposits in reputable licensed financial institutions.

For government and corporate bond, the Manager regularly reviews the rating assigned by the issuer so that necessary steps can be taken if the rating falls below those described by the Deed and SC's Guidelines on Unlisted Capital Market Products Under the Lodge and Launch Framework.

The following table sets out the credit risk quality and concentration of the Fund:

<u>31.12.2023</u>	<u>Financial assets at FVTPL</u> RM	<u>Cash & cash equivalents*</u> RM	<u>Interest receivables</u> RM	<u>Total</u> RM
BASIC MATERIALS				
- AA2	20,513,966	-	-	20,513,966
COMMUNICATION SERVICES				
- AA IS	5,069,436	-	-	5,069,436
CONSUMER DISCRETIONARY				
- AA1	15,101,961	-	-	15,101,961
CONSUMER STAPLES				
- AA-IS	35,702,888	-	-	35,702,888
ENERGY AND UTILITIES				
- AAA	47,440,601	-	-	47,440,601
- AA1	31,788,825	-	-	31,788,825
- AA2	15,481,857	-	-	15,481,857
- AA3	26,292,105	-	-	26,292,105
- AA - IS	30,506,331	-	-	30,506,331
FINANCIAL				
- AAA	28,988,290	90,421,559	23,329	119,443,178
- AAA (S)	4,848,583	-	-	4,848,583
- AAA IS	18,154,314	-	-	18,154,314
- AA1	20,468,014	-	-	20,468,014
- AA2	32,264,837	-	-	32,264,837
- AA3	40,449,970	-	-	40,449,970
- AA3 (S)	9,889,514	-	-	9,889,514
- AA	4,946,512	-	-	4,946,512

NOMURA RINGGIT BOND FUND 1

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

15 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

e) Credit/default risk (continued)

The following table sets out the credit risk quality and concentration of the Fund (continued):

<u>31.12.2023 (continued)</u>	<u>Financial assets at FVTPL</u> RM	<u>Cash & cash equivalents*</u> RM	<u>Interest receivables</u> RM	<u>Total</u> RM
HEALTHCARE AND SOCIAL WORK - AA - IS (CG)	10,602,066	-	-	10,602,066
PUBLIC ADMINISTRATION - AAA(S)	25,665,805	-	-	25,665,805
REAL ESTATE - A A - IS	45,063,414	-	-	45,063,414
- B3	127,391	-	-	127,391
TRANSPORTATION AND STORAGE				
- AAA	4,940,166	-	-	4,940,166
- AAA IS (S)	10,814,147	-	-	10,814,147
- AA1 (S)	13,453,005	-	-	13,453,005
- AA IS	14,988,976	-	-	14,988,976
- AA - IS	35,420,092	-	-	35,420,092
	548,983,065	90,421,559	23,329	571,007,369

* Inclusive of cash at bank and deposit with licensed financial institution.

NOMURA RINGGIT BOND FUND 1

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

15 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

e) Credit/default risk (continued)

The following table sets out the credit risk quality and concentration of the Fund (continued):

<u>31.12.2022</u>	<u>Financial assets at FVTPL</u> RM	<u>Cash & cash equivalents*</u> RM	<u>Interest receivables</u> RM	<u>Total</u> RM
BASIC MATERIALS				
- AA3	6,949,912	-	-	6,949,912
COMMUNICATION SERVICES				
- AAA	4,806,845	-	-	4,806,845
- AA + IS	5,255,841	-	-	5,255,841
- AA IS	4,895,836	-	-	4,895,836
CONSUMER STAPLES				
- AA IS	19,260,645	-	-	19,260,645
ENERGY & UTILITIES				
- AAA	33,821,791	-	-	33,821,791
- AA1	10,125,330	-	-	10,125,330
- AA2	14,782,957	-	-	14,782,957
FINANCIAL				
- AAA	33,374,768	22,000,975	3,268	55,379,011
- AAA (S)	4,644,133	-	-	4,644,133
- AAA IS	17,394,174	-	-	17,394,174
- AA1	5,067,814	-	-	5,067,814
- AA2	17,051,184	-	-	17,051,184
- AA3	24,629,740	-	-	24,629,740
- AA3 (S)	9,682,478	-	-	9,682,478
- AA	15,097,380	-	-	15,097,380
INDUSTRIALS				
- AA3	4,062,176	-	-	4,062,176
- AA- IS	5,761,399	-	-	5,761,399
PUBLIC ADMINISTRATION				
- AAA(S)	20,863,001	-	-	20,863,001
- NR (LT)	15,178,933	-	-	15,178,933

* Inclusive of cash at bank and deposit with licensed financial institution.

NOMURA RINGGIT BOND FUND 1

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

15 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

e) Credit/default risk (continued)

The following table sets out the credit risk quality and concentration of the Fund (continued):

<u>31.12.2022 (continued)</u>	<u>Financial assets at FVTPL</u> RM	<u>Cash & cash equivalents*</u> RM	<u>Interest receivables</u> RM	<u>Total</u> RM
REAL ESTATE				
- AA3 (S)	4,947,791	-	-	4,947,791
- AA - IS	33,588,755	-	-	33,588,755
- AA - IS (CG)	15,272,328	-	-	15,272,328
TRANSPORTATION AND STORAGE				
- AAA IS (S)	10,291,066	-	-	10,291,066
- AA1 (S)	7,832,809	-	-	7,832,809
- AA - IS	48,847,058	-	-	48,847,058
	456,896,787	22,000,975	3,268	478,901,030

* Inclusive of cash at bank and deposit with licensed financial institution.

NOMURA RINGGIT BOND FUND 1

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

15 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

f) Capital risk

The capital of the Fund is represented by equity consisting of unitholders' capital and retained earnings. The amount of equity can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of 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 unitholders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

g) Regulatory risk

Any changes in national policies and regulations may have effects on the capital market and the NAV of the Fund.

h) Management risk

Poor management of the Fund may cause considerable losses to the Fund that in turn may affect the NAV of the Fund.

i) Non-compliance risk

This is the risk of the Manager, the Trustee or the Fund not complying with internal policies, the Deed of the Fund, securities law or guidelines issued by the regulators. Non-compliance risk may adversely affect the investments of the Fund when the Fund is forced to rectify the non-compliance.

NOMURA RINGGIT BOND FUND 1

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

15 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

j) 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 following table analyses within the fair value hierarchy the Fund's financial assets (by class) measured at fair value:

	<u>Level 1</u> RM	<u>Level 2</u> RM	<u>Level 3</u> RM	<u>Total</u> RM
<u>At 31 December 2023</u>				
Financial assets at FVTPL:				
- Government and corporate bond	-	548,983,065	-	548,983,065
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Level 1</u>	<u>Level 2</u> RM	<u>Level 3</u> RM	<u>Total</u> RM	RM
<u>At 31 December 2022</u>				
Financial assets at FVTPL:				
- Government and corporate bond	-	456,896,787	-	456,896,787
	<hr/>	<hr/>	<hr/>	<hr/>

The carrying value of the Fund's deposit with licensed financial institution approximates their fair value due to their short-term nature.

NOMURA RINGGIT BOND FUND 1

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

16 CAPITAL MANAGEMENT

The capital of the Fund can vary depending on the demand for redemptions and subscriptions to the Fund.

The Fund's objectives for managing capital are:

- (a) To invest in investments meeting the description, risk exposure and expected returns indicated in its Information Memorandum;
- (b) To achieve consistent returns while safeguarding capital by using various investment strategies;
- (c) To maintain sufficient liquidity to meet the expenses of the Fund, and to meet redemption requests as they arise; and
- (d) To maintain sufficient fund size to ensure that the operations of the Fund are cost-efficient.

17 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue by the Manager on 27 February 2024.