

Nomura Ringgit Bond Fund 2

Quarterly Report For The Period Ended 31 December 2024

MANAGER:

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

TRUSTEE:

DEUTSCHE TRUSTEES MALAYSIA BERHAD
Business Registration No. : 200701005591 (763590-H)

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MANAGER'S REPORT

Category, Objective and Distribution Policy

Nomura Ringgit Bond Fund 2 (the "**Fund**") is a wholesale fixed income fund which seeks to generate regular income by investing in fixed income securities whilst carefully considering capital preservation* on behalf of its investors.

Note:

* The Fund is not a capital guaranteed or capital protected fund and the returns are not guaranteed.

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

Fund Type

Income

Benchmark

12-month Malayan Banking Berhad Fixed Deposit Account Rate.

Performance as at 31 December 2024

For the period under review from 1 October 2024 to 31 December 2024, the Fund has registered a 0.68% return. Compared to the Benchmark return of 0.66%, the Fund outperformed its Benchmark by 0.02%. The last published Net Asset Value ("NAV") per unit of the Fund as at 30 September 2024 was RM 1.0035 as compared to the NAV per unit as at 31 December 2024 of RM 0.9993. On the total NAV basis, the Fund's NAV stood at RM 271.80 million as at 31 December 2024.

Performance as at 31 December 2024 (%)

	3 months (01/10/2024- 31/12/2024)	6 Months (01/07/2024- 31/12/2024)	1 Year (01/01/2024- 31/12/2024)	Since Commencement (29/07/2020- 31/12/2024)
Fund	0.68	1.94	4.35	12.34
Benchmark	0.66	1.32	2.70	11.04
Outperformance/ (Underperformance)	0.02	0.62	1.65	1.30

Source of Fund and Benchmark Returns: Refinitiv Lipper

Volatility as at 31 December 2024

	3-Year
Fund	1.89%

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 October 2024 to 31 December 2024)

The strong performance of the bond market and the fund in the previous quarter saw a slight giveback in 4Q24, where there was a spike in yields especially in the belly of the curve, where the fund was largely invested in. This though has had a negative impact on the fund, was largely supported by the strong performance of credits as credit spreads tightened over the quarter. As the belly of the curve saw a strong weakening, particularly as the 3-7 year portion steepened, we believe it has revealed value for a more attractive rolldown play.

Summary of Asset Allocation

	<u>31 December 2024</u>	<u>30 September 2024</u>
Government Investment Issues	5.42%	5.49%
Corporate Bonds / Sukuk	92.65%	91.59%
Cash and other net current assets / liabilities	1.94%	2.92%
Total	100.00%	100.00%

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

Review of Market (1 October 2024 to 31 December 2024)

In tandem with global yield movements, domestic bond market experienced a volatile quarter amid the highly-anticipated US presidential election that was held in November and market expectations that the US Federal Reserve could hold back from performing further jumbo rate cuts. Malaysian Government Securities (MGS) yields surged initially before rallying into year-end. All in all, MGS yield curve bear-flattened with the front-end to belly of the curve leading the underperformance while the long-end of the curve remained relatively supported.

Malaysia's gross domestic product (GDP) continued to expand, posting at +5.3% in 3Q24 (2Q24: +5.9%). Domestic growth was largely broad-based, save for the mining & quarrying sector which contracted by 3.9%. Notably, construction (+19.9%), manufacturing (+5.6%), and services (+5.2%) sector sustained its robust growth while agriculture sector growth eased (+3.9%). On the demand side, private consumption (+4.8%), though moderated, remained as the key driver of Malaysia's economic growth. Meanwhile, acceleration in government spending and total investments offset the marginal decline in net trade.

As widely expected, in its final Monetary Policy Committee meeting of the year, Bank Negara Malaysia (BNM) continued to maintain its Overnight Policy Rate (OPR) unchanged at 3%. BNM retained its neutral tone with a balanced outlook for both global and domestic economies. Global growth is expected to be sustained by resilient labour markets and less restrictive monetary policy amid lingering downside risks. On the domestic front, economic activity remained robust with modest domestic inflation. Domestic growth is expected to continue to be supported by the global tech upcycle, positive domestic demand, implementation of catalytic initiatives under the national master plans, as well as supportive Budget 2025 measures. Meanwhile, domestic inflation for the year ahead is forecasted to remain manageable, subject to the implementation of several announced domestic policies. All in all, BNM reiterated that the current monetary policy stance remains supportive of the economy and is consistent with the current assessment of the inflation and growth prospects.

TRANSACTIONS WITH FINANCIAL INSTITUTIONS AND BROKERS/DEALERS

Cross Trades (1 October 2024 to 31 December 2024)

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

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 0.0110 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)
20-Dec-24	1.0087	23-Dec-24	0.9981	0.0110

FUND PERFORMANCE DATA

	As at 31 December 2024	As at 30 September 2024
Total NAV (RM)	271,804,109	272,949,281
NAV per Unit (RM)	0.9993	1.0035
Unit in Circulation	272,007,887	272,007,887
Highest NAV (RM)	1.0090	1.0087
Lowest NAV (RM)	0.9981	0.9979

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 2

FINANCIAL STATEMENTS

**FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2024
TO 31 DECEMBER 2024**

NOMURA RINGGIT BOND FUND 2

FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2024 TO 31 DECEMBER 2024

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NOMURA RINGGIT BOND FUND 2

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD FROM 01 OCTOBER 2024 TO 31 DECEMBER 2024 (UNAUDITED)

	<u>01.10.2024</u> to <u>31.12.2024</u> RM	<u>01.10.2023</u> to <u>31.12.2023</u> RM
INVESTMENT INCOME		
Interest income from financial assets at fair value through profit or loss ("FVTPL")	2,558,237	2,240,329
Interest income from deposits with licensed financial institutions	46,889	129,597
Net (loss)/gain on financial assets at FVPTL	<u>(595,580)</u>	<u>2,204,429</u>
	<u>2,009,546</u>	<u>4,574,355</u>
EXPENSES		
Management fee	(137,777)	(134,272)
Trustee's fee	(20,667)	(20,141)
Audit fee	(2,525)	(2,518)
Tax agent's fee	(1,229)	(3,345)
Other expenses	<u>(433)</u>	<u>(629)</u>
	<u>(162,631)</u>	<u>(160,905)</u>
PROFIT BEFORE TAXATION	1,846,915	4,413,450
TAXATION	<u>-</u>	<u>-</u>
PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD	<u>1,846,915</u>	<u>4,413,450</u>
Profit after taxation is made up of the following:		
Realised amount	2,810,616	(301,315)
Unrealised amount	<u>(963,701)</u>	<u>4,714,765</u>
	<u>1,846,915</u>	<u>4,413,450</u>
Distributions for the financial period:		
Net distributions	<u>2,992,087</u>	<u>2,284,866</u>
Gross/net distributions per unit	<u>0.0110</u>	<u>0.0084</u>

NOMURA RINGGIT BOND FUND 2

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2024 (UNAUDITED)

	<u>31.12.2024</u>	<u>31.12.2023</u>
	RM	RM
ASSETS		
Financial assets at fair value through profit or loss ("FVTPL")	266,544,539	220,637,336
Cash and cash equivalents	5,329,627	18,185,282
Amount due from brokers	-	29,361,595
TOTAL ASSETS	<u>271,874,166</u>	<u>268,184,213</u>
LIABILITIES		
Accrued management fee	46,429	45,454
Amount due to Trustee	6,964	6,818
Other payables and accruals	16,664	11,204
TOTAL LIABILITIES	<u>70,057</u>	<u>63,476</u>
NET ASSET VALUE ("NAV") OF THE FUND	<u>271,804,109</u>	<u>268,120,737</u>
UNITHOLDER'S FUNDS		
Unitholders' capital	272,450,000	272,450,000
Accumulated losses	(645,891)	(4,329,263)
NET ASSET ATTRIBUTABLE TO UNITHOLDERS	<u>271,804,109</u>	<u>268,120,737</u>
UNITS IN CIRCULATION (UNITS)	<u>272,007,887</u>	<u>272,007,887</u>
NET ASSET VALUE PER UNIT (RM) (EX DISTRIBUTION)	<u>0.9993</u>	<u>0.9857</u>

NOMURA RINGGIT BOND FUND 2

STATEMENT OF CHANGES IN NET ASSET VALUE FOR THE FINANCIAL PERIOD FROM 01 OCTOBER 2024 TO 31 DECEMBER 2024 (UNAUDITED)

	Unitholders' capital RM	Accumulated losses RM	Total RM
Balance as at 1 October 2024	272,450,000	499,281	272,949,281
Total comprehensive income for the financial period	-	1,846,915	1,846,915
Distribution	-	(2,992,087)	(2,992,087)
Balance as at 31 December 2024	<u>272,450,000</u>	<u>(645,891)</u>	<u>271,804,109</u>
Balance as at 1 October 2023	272,450,000	(6,457,847)	265,992,153
Total comprehensive income for the financial period	-	4,413,450	4,413,450
Distribution	-	(2,284,866)	(2,284,866)
Balance as at 31 December 2023	<u>272,450,000</u>	<u>(4,329,263)</u>	<u>268,120,737</u>

NOMURA RINGGIT BOND FUND 2

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD FROM 01 OCTOBER 2024 TO 31 DECEMBER 2024
(UNAUDITED)

	<u>01.10.2024</u> to <u>31.12.2024</u> RM	<u>01.10.2023</u> to <u>31.12.2023</u> RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from sale of investments	20,584,120	19,577,000
Purchase of investments	(22,803,750)	(11,000,360)
Interest income from unquoted fixed income investments	2,607,591	3,289,113
Interest income from deposits with licensed financial institutions	46,889	129,597
Management fee paid	(136,315)	(132,587)
Trustee's fee paid	(20,448)	(19,888)
Tax agent's fee paid	-	(6,996)
Payment for other fees and expenses	(433)	(630)
Net cash generated from operating activities	<u>277,654</u>	<u>11,835,249</u>
CASH FLOW FROM FINANCING ACTIVITY		
Distribution paid	(2,992,087)	(2,284,866)
Net cash used in financing activities	<u>(2,992,087)</u>	<u>(2,284,866)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(2,714,433)	9,550,383
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	<u>8,044,060</u>	<u>8,634,899</u>
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	<u>5,329,627</u>	<u>18,185,282</u>
Cash and cash equivalents comprise:		
Deposits with licensed financial institutions	5,319,452	18,049,672
Cash at bank	10,175	135,610
	<u>5,329,627</u>	<u>18,185,282</u>