



NOMURA

Nomura Ringgit Bond Fund 2

Quarterly Report For The Period Ended 30 September 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.

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

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

Fund Type

Income

Benchmark

12-month Malayan Banking Berhad Fixed Deposit Account Rate.

Performance as at 30 September 2024

For the period under review from 1 July 2024 to 30 September 2024, the Fund has registered a 1.25% return. Compared to the Benchmark return of 0.66%, the Fund outperformed its Benchmark by 0.59%. The last published Net Asset Value ("NAV") per unit of the Fund as at 30 June 2024 was RM 0.9979 as compared to the NAV per unit as at 30 September 2024 of RM 1.0035. On the total NAV basis, the Fund's NAV stood at RM 272.95 million as at 30 September 2024.

Performance as at 30 September 2024 (%)

| | 3 months (01/07/2024- 30/09/2024) | 6 Months (01/04/2024- 30/09/2024) | 1 Year (01/10/2023- 30/09/2024) | 3 Years (01/10/2021- 30/09/2024) | Since Commencement (29/07/2020- 30/09/2024) |
|---|---|---|---------------------------------------|--|--|
| Fund | 1.25 | 2.27 | 5.35 | 12.42 | 11.58 |
| Benchmark | 0.66 | 1.32 | 2.82 | 7.96 | 10.31 |
| Outperformance/ (Underperformance) | 0.59 | 0.95 | 2.53 | 4.46 | 1.27 |

Source of Fund and Benchmark Returns: Refinitiv Lipper

Volatility as at 30 September 2024

| | 3-Year |
|-------------|--------|
| Fund | 1.97 |

Source: Refinitiv Lipper

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

Strategies Employed (1 July 2024 to 30 September 2024)

The rally in the corporate space, especially in the belly of the credit curve, has benefitted the portfolio. We continue to favour holding corporate bonds in the 5-10 year portion of the curve, owing to the steepness of the credit curve there. Aside from that, we view Bank Negara Malaysia (“BNM”) likely to delay hiking rates as domestic inflation remains comfortable within the government’s projected range.

Summary of Asset Allocation

| | <u>30 September 2024</u> | <u>30 June 2024</u> |
|---|--------------------------|---------------------|
| Malaysian Government Securities / Government Investment Issues / Government Guaranteed Securities | 5.49% | 5.41% |
| Corporate Bonds / Sukuk | 91.59% | 92.97% |
| Cash and other net current assets / liabilities | 2.92% | 1.62% |
| Total | 100.00% | 100.00% |

Review of Market (1 July 2024 to 30 September 2024)

Tracking global yield movements, though at a smaller quantum, Malaysian Government Securities (MGS) yield curve bull-steepened over the quarter as the US Federal Reserve began its highly-anticipated monetary easing cycle with an outsized 50 bps rate cut. In particular, yields across 3Y-20Y declined by 9-19 bps QoQ while 30Y MGS fell marginally by 3 bps QoQ. Despite this, corporate bonds maintained its outperformance as credit spreads continued to see a tightening over the quarter.

As widely expected, in its September Monetary Policy Committee meeting, Bank Negara Malaysia (BNM) maintained its Overnight Policy Rate (OPR) unchanged at 3.00%. BNM retained its neutral tone with a balanced outlook for both global and domestic economies. Global growth is expected to be sustained, supported by positive labour market conditions, continued recovery in global trade, moderating inflation, and less restrictive monetary policy, amid lingering downside risks. On the domestic front, economic activity continued to be driven by resilient domestic demand and higher export activity. Domestic inflation for the full year is expected to remain within the earlier projected ranges as the spillovers from the diesel price adjustment to broader prices have been contained. Separately, BNM indicated that the recent recovery in the ringgit is attributed by the expectations of lower interest rates in major economies as well as Malaysia’s domestic economic strength. 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.

Malaysia’s Gross Domestic Product (GDP) surprised on the upside, recording at +5.9% in 2Q24 (1Q24: +4.2%) on the back of favourable year-ago base effects as well as continuous supportive government initiatives. Robust growth in the services (+5.9%), manufacturing (+4.7%), agriculture (+7.2%), and construction (+17.3%) sectors offset the moderation in mining & quarrying sector (+2.7%). On the demand side, private consumption (+6.0%) remained as the key driver of Malaysia’s economic growth, driven by resilient domestic labour market condition, festive demand, and the introduction of flexible withdrawals from EPF account 3.

TRANSACTIONS WITH FINANCIAL INSTITUTIONS AND BROKERS/DEALERS

Cross Trades (1 July 2024 to 30 September 2024)

During the financial period under review, two (2) cross trades was conducted between the Fund and other fund managed by the Manager.

| | <u>Total Value of trades (RM)</u> |
|-----------------|-----------------------------------|
| Private Mandate | 10,207,000 |
| Total | 10,207,000 |

The transaction was in the best interest of the Fund and executed through Hong Leong 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 period under review, the Manager did not receive any soft commission.

INCOME DISTRIBUTION

The Fund distributed a gross total of RM 0.0067 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) |
|-----------------------|-----------------------|----------------------|----------------------|----------------------------|
| 17-Sep-24 | 1.0087 | 18-Sep-24 | 1.0020 | 0.0067 |

FUND PERFORMANCE DATA

| | <u>As at 30 September 2024</u> | <u>As at 30 June 2024</u> |
|---------------------|------------------------------------|-------------------------------|
| Total NAV (RM) | 272,949,281 | 271,444,903 |
| NAV per Unit (RM) | 1.0035 | 0.9979 |
| Unit in Circulation | 272,007,887 | 272,007,887 |
| Highest NAV (RM) | 1.0087 | 1.0019 |
| Lowest NAV (RM) | 0.9979 | 0.9933 |

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 JULY 2024 TO 30 SEPTEMBER 2024

NOMURA RINGGIT BOND FUND 2

FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 JULY 2024 TO 30 SEPTEMBER 2024

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NOMURA RINGGIT BOND FUND 2
STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD FROM 1 JULY 2024 TO 30 SEPTEMBER 2024

| | <u>01.07.2024</u> to <u>30.09.2024</u> RM | <u>01.07.2023</u> to <u>30.09.2023</u> RM |
|--|--|--|
| INVESTMENT INCOME | | |
| Interest income from financial assets at fair value through profit or loss ("FVTPL") | 2,504,864 | 2,258,211 |
| Interest income from deposits with licensed financial institutions | 74,106 | 76,859 |
| Net gain on financial assets at FVPTL | <u>911,542</u> | <u>557,639</u> |
| | <u>3,490,512</u> | <u>2,892,709</u> |
| EXPENSES | | |
| Management fee | (137,635) | (134,182) |
| Trustee's fee | (20,645) | (20,127) |
| Audit fee | (2,525) | (2,520) |
| Tax agent's fee | (1,229) | (1,227) |
| Other expenses | <u>(1,647)</u> | <u>(396)</u> |
| | <u>(163,681)</u> | <u>(158,452)</u> |
| PROFIT BEFORE TAXATION | 3,326,831 | 2,734,257 |
| TAXATION | <u>-</u> | <u>-</u> |
| PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD | <u>3,326,831</u> | <u>2,734,257</u> |
| Profit after taxation is made up of the following: | | |
| Realised amount | 2,715,432 | 2,176,618 |
| Unrealised amount | <u>611,399</u> | <u>557,639</u> |
| | <u>3,326,831</u> | <u>2,734,257</u> |
| Distributions for the financial period: | | |
| Net distributions | <u>1,822,453</u> | <u>1,985,658</u> |
| Gross/net distributions per unit | <u>0.0067</u> | <u>0.0073</u> |

**NOMURA RINGGIT BOND FUND 2
STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2024**

| | <u>30.09.2024</u> | <u>30.09.2023</u> |
|---|--------------------|--------------------|
| | RM | RM |
| ASSETS | | |
| Financial assets at fair value through profit or loss ("FVTPL") | 264,969,843 | 257,248,825 |
| Cash and cash equivalents | 8,044,060 | 8,634,899 |
| Other receivables | - | 171,100 |
| TOTAL ASSETS | <u>273,013,903</u> | <u>266,054,824</u> |
| LIABILITIES | | |
| Accrued management fee | 44,967 | 43,770 |
| Amount due to Trustee | 6,745 | 6,565 |
| Other payables and accruals | 12,910 | 12,336 |
| TOTAL LIABILITIES | <u>64,622</u> | <u>62,671</u> |
| NET ASSET VALUE ("NAV") OF THE FUND | <u>272,949,281</u> | <u>265,992,153</u> |
| UNITHOLDER'S FUNDS | | |
| Unitholders' capital | 272,450,000 | 272,450,000 |
| Retained earnings/(Accumulated losses) | <u>499,281</u> | <u>(6,457,847)</u> |
| NET ASSET ATTRIBUTABLE TO UNITHOLDERS | <u>272,949,281</u> | <u>265,992,153</u> |
| UNITS IN CIRCULATION (UNITS) | <u>272,007,887</u> | <u>272,007,887</u> |
| NET ASSET VALUE PER UNIT (RM) (EX DISTRIBUTION) | <u>1.0035</u> | <u>0.9779</u> |

NOMURA RINGGIT BOND FUND 2
STATEMENT OF CHANGES IN NET ASSETS VALUE
FOR THE FINANCIAL PERIOD FROM 1 JULY 2024 TO 30 SEPTEMBER 2024

| | <u>Unitholders' capital</u> RM | <u>Retained earnings/ (Accumulated losses)</u> RM | <u>Total</u> RM |
|---|-----------------------------------|--|--------------------|
| Balance as at 1 July 2024 | 272,450,000 | (1,005,097) | 271,444,903 |
| Total comprehensive income for the financial period | - | 3,326,831 | 3,326,831 |
| Distribution | - | (1,822,453) | (1,822,453) |
| Balance as at 30 September 2024 | <u>272,450,000</u> | <u>499,281</u> | <u>272,949,281</u> |
| Balance as at 1 July 2023 | 272,450,000 | (7,206,446) | 265,243,554 |
| Total comprehensive income for the financial period | - | 2,734,257 | 2,734,257 |
| Distribution | - | (1,985,658) | (1,985,658) |
| Balance as at 30 September 2023 | <u>272,450,000</u> | <u>(6,457,847)</u> | <u>265,992,153</u> |

**NOMURA RINGGIT BOND FUND 2
STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD FROM 1 JULY 2024 TO 30 SEPTEMBER 2024**

| | <u>01.07.2024</u> | <u>01.07.2023</u> |
|--|--------------------|--------------------|
| | to | to |
| | <u>30.09.2024</u> | <u>30.09.2023</u> |
| | RM | RM |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Proceeds from redemption of investments | 20,688,393 | 5,000,000 |
| Purchase of investments | (17,533,000) | (10,000,000) |
| Interest income from unquoted fixed income investments | 2,346,158 | 2,036,881 |
| Interest income from deposits with licensed financial institutions | 74,106 | 76,859 |
| Management fee paid | (137,361) | (134,208) |
| Trustee's fee paid | (20,604) | (20,131) |
| Payment for other fees and expenses | (11,097) | (397) |
| Net cash generated from/(used in) operating activities | <u>5,406,595</u> | <u>(3,040,996)</u> |
| CASH FLOW FROM FINANCING ACTIVITY | | |
| Distribution paid | (1,822,453) | (1,985,658) |
| Net cash used in financing activity | <u>(1,822,453)</u> | <u>(1,985,658)</u> |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | 3,584,142 | (5,026,654) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD | <u>4,459,918</u> | <u>13,661,553</u> |
| CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD | <u>8,044,060</u> | <u>8,634,899</u> |
| Cash and cash equivalents comprise: | | |
| Deposits with licensed financial institutions | 7,654,650 | 8,250,757 |
| Cash at bank | 389,410 | 384,142 |
| | <u>8,044,060</u> | <u>8,634,899</u> |