

Nomura Global High Conviction Fund - Class USD

November 2024

Fund Commentary and Strategy

During the month, the Fund was mainly invested in the Target Fund.

Commentary from the Target Fund Manager

The Class USD returned 0.86% in October, underperforming the benchmark by -291bps.

The underperformance in October was driven by stock selection, specifically in Information Technology.

The main positive contributors were Apollo Global Management (+22%), Amazon.com (+12%) and Johnson Controls (+10%):

As mentioned last month, we initiated a position in Apollo, at around US\$135, who also reported strong Q3 numbers that beat expectations earlier in November. On top of this, the results of the US elections were also taken in a positive way by the industry, which expects a tailwind from pro-business reforms, lower taxes, and less regulations under Trump.

Amazon reported a new historic high operating margin of 11% in the September quarter. The recent bear thesis has been that Amazon margins would decline due to cost increases in logistics, wages, etc. However, North America Retail operating margin ticked back up to 5.9% from 5.6% last quarter. International Retail operating margin of 3.6% was a positive surprise as it was the second highest after Q1 2021 during the pandemic online boom. The CEO said he expects International Retail margins to reach North America Retail margins in the long term which is the first time the company articulated this.

Johnson Controls reported their annual results in November, and provided initial guidance for the next fiscal year. Trends across commercial HVAC (heating, ventilation and air conditioning) remain strong, and Johnson Controls is positioned to deliver a positive revision cycle from here. The portfolio management actions are creating a higher quality business.

On the detractors' side, Nestlé (-10%), LVMH (-5%) and TSMC (-5%). Nestlé had already reported Q3 results in October, reducing guidance for 2024, but they had a significant event in November, their Capital Markets Day (CMD). They did not change 2024 guidance, while providing new medium term guidance where they reduced their organic sales growth target from 4-6% previously to above 4%, and their underlying operating profit margin from 17.5-18.5% to higher than 17%. The market was disappointed by the announcement, as they did not provide much detail and there was no news about the L'Oréal stake, portfolio management or future share buy-backs (they need to continue to reduce debt to achieve their 2.5x leverage ratio). LVMH shares continued to underperform in November, as the news flow from China was disappointing, with stimulus measures falling short of expectations, and China not able to offset the increasing positive momentum we see in the United States, especially after the Presidential election. TSMC declined slightly in November mainly from profit taking after a strong rally in the shares during October. However, there was some noise around how a Trump presidency may favour US companies over overseas companies. We do not worry too much about this since TSMC is the only leading edge semiconductor maker that is not having yield issues, with competitors Intel and Samsung having manufacturing difficulties.

Cumulative Fund Returns (%)

	YTD	1 Month	3 Months	6 Months
	31/12/2023	31/10/2024	31/8/2024	31/5/2024
	To	To	To	To
	30/11/2024	30/11/2024	30/11/2024	30/11/2024
Fund	12.19	0.86	-0.21	4.73
Benchmark	20.84	3.77	3.87	10.75

Cumulative Fund Returns (%)

	1 year	3 year	Since Commencement
	30/11/2023	30/11/2021	23/10/2020
	To	To	To
	30/11/2024	30/11/2024	30/11/2024
Fund	16.99	10.22	29.56
Benchmark	26.68	26.65	61.43

Calendar Year Returns (%)

	2023	2022*	2021	2020
Fund	19.51	-21.56	13.49	8.55
Benchmark	22.81	-17.96	19.04	11.40

Source: Refinitiv Lipper

Notes:

Performance data is calculated based on the changes in the Fund's NAV price per unit for the specified length of time and on the assumption that any dividends declared are reinvested into the Fund. Performance figures are presented in cumulative basis, unless indicated otherwise.

The Fund was launched on 13 December 2016. However, there were no units in circulation for the period between 19 May 2020 to 22 October 2020. As such, the Fund's performance figures are only available from 23 October 2020 onwards. Calendar year returns for 2020 are measured from 23 October 2020.

* The Fund was launched as a wholesale fund on 13 December 2016. Following the approval obtained from the unit holders at a unit holders' meeting, the Fund was subsequently converted to a unit trust fund on 1 October 2022. Hence, performance data prior to 1 October 2022 as shown in this material reflects the performance of the Fund as a wholesale fund.

Fund Objectives

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

Target Fund

Nomura Funds Ireland – Global High Conviction Fund

Benchmark

MSCI All Country World Index

Distribution Policy

Distribution of income, if any, is incidental.

Key Facts

Launch Date	13-Dec-2016*
Fund Category	Feeder Fund (Global Equity)
Year End	31 August
Fund Size	USD 0.82 million
Class Size	USD 0.083 million
Units in Circulation (Class USD)	0.064 million
NAV per Unit (Class USD)	USD 1.2987
Transaction cut-off time	Daily; 4:00 pm
Redemption Period	T + 9 business days

Sales charge

Up to 5.00% of the NAV per Unit.

Management fee

Up to 1.80% per annum of the NAV each Class.

Trustee fee

Up to 0.02% per annum of the NAV of the Fund, subject to a minimum fee of RM9,000 per annum.

Asset Allocation (%)

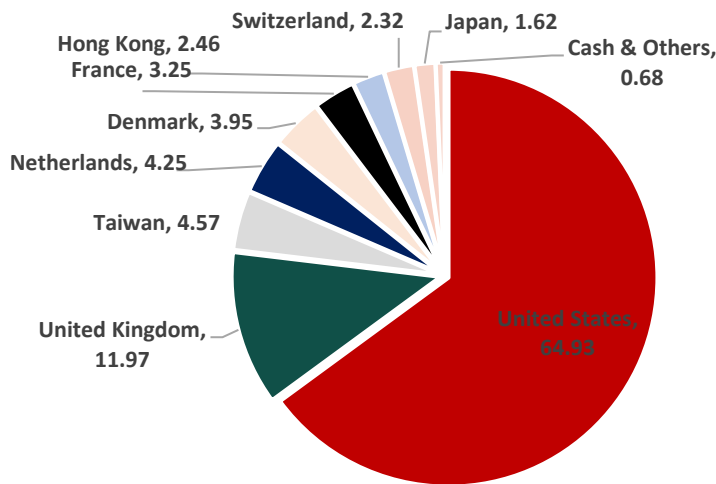
Target Fund	99.56
Cash and Others*	0.44

Included in 'Cash and Others' are cash on hand and net current assets / liabilities. Net current liabilities include amounts which are accrued (but not due and payable).

Top 5 Holdings of Target Fund (%)

Microsoft Corporation	8.31
Amazon.com, Inc.	7.38
Alphabet Inc. Class A	6.21
Apple Inc.	6.09
Mastercard Incorporated Class A	5.15

Country Breakdown of Target Fund (%)



Sector Breakdown of Target Fund (%)

Information Technology	27.08
Health Care	18.35
Consumer Discretionary	17.85
Financials	16.19
Industrials	11.33
Communication Services	6.21
Consumer Staples	2.32
Cash & Others	0.68

All data presented are as of 30 November 2024 unless otherwise specified.

Data in relation to the Target Fund is sourced from Nomura Asset Management U.K. Ltd.

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

Disclaimer:

Based on the Fund's portfolio returns as at 31 October 2024, the Volatility Factor (VF) for the Fund is 14.63 and is classified as "High" (Source: Refinitiv Lipper). "High" includes funds with VF that are between 12.195 and 16.36. The VF means there is a possibility for the Fund in generating an upside return or downside return around this VF. The Volatility Class (VC) is assigned by Refinitiv Lipper based on quintile ranks of VF for qualified funds. VF is subject to monthly revision and VC will be revised every six months. The Fund's portfolio may have changed since this date and there is no guarantee that the Fund will continue to have the same VF or VC in the future. Presently, only funds launched in the market for at least 36 months will display the VF and its VC.

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