



NOMURA

Nomura i-Cash Fund

Quarterly Report For The Period Ended 31 July 2018

MANAGER: NOMURA ISLAMIC ASSET MANAGEMENT SDN. BHD.
Business Registration No.: 838564-T

TRUSTEE: DEUTSCHE TRUSTEES MALAYSIA SDN. BHD.
Business Registration No.: 736590-H

Table of Contents

MANAGER'S REPORT	3
SOFT COMMISSIONS RECEIVED FROM BROKERS	5
BREAKDOWN OF UNITHOLDERS BY SIZE	5
INCOME DISTRIBUTION	5
FUND PERFORMANCE DATA	6
SHARIAH ADVISER'S REPORT TO THE UNITHOLDERS OF NOMURA i-CASH FUND	11

MANAGER'S REPORT

Fund Type, Category, Objective and Distribution Policy

The Nomura i-Cash Fund (the Fund) is a wholesale Islamic money market fund which provides investors with regular income distributions through investments in Shariah-based deposits, placement of money at call, General Investment Accounts and Islamic Negotiable Instruments.

The Fund will distribute income on a monthly basis, subject to availability of income. All income distributions will be made in the form of cash.

Benchmark

The benchmark used by the Manager in measuring the performance of the Fund is the Bank Negara Malaysia (BNM) Islamic Interbank Overnight Rate.

Performance as at May 2018 – July 2018

For the period under review from 1 May 2018 to 31 July 2018, the Fund has registered 0.93% return. Compared to the Benchmark return of 0.80%, the Fund has outperformed the Benchmark by 0.13%. The Net Asset Value (NAV) per unit of the Fund as at 31 July 2018 was RM 1.0254 compared to the NAV per unit as at 30 April 2018 of RM 1.0236. On the total NAV basis, the Fund's NAV stood at RM 378.67 million as at 31 July 2018. During the period under review, the Fund has declared a total income distribution of RM0.00770 per unit.

Performance as at 31 July 2018

	3 Months	6 Months	1 Year	3 Years	Since Commencement
Fund	0.93%	1.69%	3.53%	11.55%	21.49%
Benchmark	0.80%	1.57%	3.09%	9.55%	18.82%
Outperformance/ (Underperformance)	0.13%	0.12%	0.44%	2.00%	2.67%

Source of Performance Returns: Novagni Analytics and Advisory Sdn. Bhd.

Volatility as at 30 July 2018

	3-Year
Fund	0.088%

"This information is prepared by Nomura Islamic Asset Management Sdn Bhd (NIAM) for information purposes only. Past earnings or 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 May 2018 – July 2018

The Fund solely invested in Shariah-based deposits during the period. We lengthened the Fund's duration to capitalize on higher deposit rates as banks seek to boost deposits ahead of regulatory requirements that come into effect in 2019.

Summary of Asset Allocation

	<u>31 July 2018</u>	<u>30 April 2018</u>
Islamic deposits	99.95%	99.98%
Cash and others*	0.05%	0.02%
Total	100.00%	100.00%

* Includes cash on hand and other net current assets/liabilities

Review of Market May 2018 – July 2018

GDP growth for 2Q18 slowed to 4.5% YoY from 5.4% YoY the prior quarter on the back of supply disruptions in the agriculture and mining sectors. Loans growth resumed its uptrend over the quarter, rising by 5.3% YoY in Jul-18 while deposit growth rose by 5.8% YoY. BNM maintained the Overnight Policy Rate at 3.25% in Jul-18, noting that the domestic economy remains resilient amid a more challenging external environment.

Investment Outlook

We expect BNM to maintain the Overnight Policy Rate at 3.25% for the rest of the year. Deposit rates are likely to remain elevated towards the end of the year as banks raise deposits in order to comply with regulatory requirements that come into effect in 2019. As such, we will lengthen the Fund's duration to preserve the Fund's running yield while maintaining short term liquidity in order to meet any redemption needs.

SOFT COMMISSIONS RECEIVED FROM BROKERS

During the financial period 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)
Below 500,000	-	-
500,000 - to 1,000,000	3	802.70
1,000,001 to 5,000,000	4	12,522.40
5,000,001 to 10,000,000	5	34,123.05
10,000,001 to 15,000,000	1	10,703.73
15,000,001 to 20,000,000	1	15,205.49
20,000,001 and above	4	295,948.22
Total	18	369,305.59

* Note: Excluding Manager's Stock

INCOME DISTRIBUTION

Nomura Islamic Asset Management Sdn Bhd has distributed a total of gross distribution of RM0.00770 per unit for investors of the Nomura i-Cash 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-May-2018	1.0251	16-May-2018	1.0175	0.00770

FUND PERFORMANCE DATA

	As at <u>31 July 2018</u>	As at <u>30 April 2018</u>
Total NAV (RM' million)	378,670,998.61	316,402,856.53
NAV per Unit (RM)	1.0254	1.0236
Unit in Circulation (million)	369,305,579.55	309,114,510.04
Highest NAV (RM)	1.0254	1.0388
Lowest NAV (RM)	1.0175	1.0225

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

**STATEMENT OF FINANCIAL POSITION
AS AT 31 JULY 2018**

	31-7-2018	31-7-2017
	RM	RM
ASSETS		
Islamic deposits with licensed financial institutions	378,488,042	469,806,352
Bank balance	<u>271,547</u>	<u>150,948</u>
TOTAL ASSETS	<u><u>378,759,589</u></u>	<u><u>469,957,300</u></u>
LIABILITIES		
Accrued management fee	61,318	106,671
Amount due to Trustee	7,665	10,667
Amount due to Shariah Adviser	4,723	1,604
Other payables and accruals	<u>14,884</u>	<u>14,997</u>
TOTAL LIABILITIES	<u>88,590</u>	<u>133,939</u>
NET ASSET VALUE	<u><u>378,670,999</u></u>	<u><u>469,823,361</u></u>
UNITHOLDER'S FUNDS		
Unitholders' capital	375,196,361	463,361,783
Retained earnings	<u>3,474,638</u>	<u>6,461,578</u>
NET ASSET ATTRIBUTABLE TO UNITHOLDERS	<u><u>378,670,999</u></u>	<u><u>469,823,361</u></u>
UNITS IN CIRCULATION	<u><u>369,305,580</u></u>	<u><u>454,885,682</u></u>
NET ASSET VALUE PER UNIT (RM) (EX DISTRIBUTION)	<u><u>1.0254</u></u>	<u><u>1.0328</u></u>

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 JULY 2018**

	Financial period from 01-05-2018 to 31-7-2018 RM	Financial period from 01-05-2017 to 31-7-2017 RM
INVESTMENT INCOME		
Profit income from Islamic deposits with licensed financial institutions	<u>3,440,694</u>	<u>4,630,695</u>
Gross Income	<u>3,440,694</u>	<u>4,630,695</u>
EXPENSES		
Management fee	175,611	302,785
Trustee's fee	21,951	30,279
Shariah Adviser's fee	1,512	1,512
Audit fee	2,017	2,017
Tax agent's fee	832	832
GST charges	3,921	20,246
Other expenses	<u>188</u>	<u>265</u>
	<u>206,032</u>	<u>357,936</u>
PROFIT BEFORE TAXATION	3,234,662	4,272,759
TAXATION	<u>-</u>	<u>-</u>
PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u><u>3,234,662</u></u>	<u><u>4,272,759</u></u>
Profit after taxation is made up as follows:		
Realised amount	<u><u>3,234,662</u></u>	<u><u>4,272,759</u></u>

**STATEMENT OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL PERIOD ENDED 31 JULY
2018**

	Unitholders' capital	Retained earnings	Total
	RM	RM	RM
Balance as at 1 May 2018	313,707,488	2,695,368	316,402,856
Movement in unitholders' contribution:			
Creation of units from applications	75,808,000	-	75,808,000
Cancellation of units	(15,506,513)	-	(15,506,513)
Reinvestment of distributions	1,187,386	-	1,187,386
Distributions (Gross/ Net: 0.770 sen)	-	(2,455,392)	(2,455,392)
Total comprehensive income for the financial period	-	3,234,662	3,234,662
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Balance as at 31 July 2018	375,196,361	3,474,638	378,670,999
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Balance as at 1 May 2017	478,311,736	4,461,339	482,773,075
Movement in unitholders' contribution:			
Creation of units from applications	1,524,574	-	1,524,574
Creation of units from distributions	1,252,643	-	1,252,643
Cancellation of units	(17,727,170)	-	(17,727,170)
Distributions (Gross/ Net: 0.496 sen)	-	(2,272,520)	(2,272,520)
Total comprehensive income for the financial period	-	4,272,759	4,272,759
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Balance as at 31 July 2017	463,361,783	6,461,578	469,823,361
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**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 JULY 2018**

	Financial period from 01-05-2018 to 31-7-2018 RM	Financial period from 01-05-2017 to 31-7-2017 RM
CASH FLOWS FROM OPERATING		
Proceeds from maturity of Islamic deposits with licensed financial institutions	305,124,000	166,376,235
Placement of Islamic deposits with licensed financial institutions	(364,427,047)	(152,133,673)
Profit income received from Islamic deposits with licensed financial institutions	599,883	3,331,069
Manager's fee paid	(189,523)	(319,246)
Trustee's fee paid	(23,690)	(31,925)
Shariah Adviser's fee paid	-	(6,360)
Payment for other fees and expenses	(192)	(265)
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Net cash (used in)/generated from operating activities	(58,916,569)	17,215,835
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CASH FLOW FROM FINANCING ACTIVITIES		
Cash proceeds from creation of units	75,808,000	1,524,574
Payments for cancellation of units	(15,506,513)	(17,727,170)
Distribution paid	(1,268,006)	(1,019,877)
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Net cash generated from/(used in) financing activities	59,033,481	(17,222,473)
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NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	116,912	(6,638)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	154,635	157,586
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CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	271,547	150,948
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Cash and cash equivalents comprise:		
Cash at banks	271,547	150,948
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SHARIAH ADVISER'S REPORT TO THE UNITHOLDERS OF NOMURA i-CASH FUND

We have acted as the Shariah Adviser of Nomura i-Cash Fund ("the Fund"). Our responsibility is to ensure that the procedures and processes employed by Nomura Islamic Asset Management Sdn Bhd are in accordance with Shariah principles.

In our opinion, Nomura Islamic Asset Management Sdn Bhd, has managed and administered the Fund in accordance with Shariah principles and complied with applicable guidelines, rulings and decisions issued by the Securities Commission pertaining to Shariah matters for the quarter ended 31 July 2018.

In addition, we also confirm that the investment portfolio of the Fund comprises instruments which have been classified as Shariah-compliant by the Shariah Advisory Council of Bank Negara Malaysia ("SACBNM"). As for the instruments which are not classified as Shariah-compliant by the SACBNM, we have reviewed the said instruments and opine that these instruments are designated as Shariah-compliant.

For and on behalf of the Shariah Adviser
IBFIM

DR. AHMAD ZAKIRULLAH BIN MOHAMED SHAARANI
Managing Advisor (Shariah) / Designated Person Responsible for Shariah Advisory

Kuala Lumpur