

Fund Manager’s Commentary

Tracking global yield movements, Government Investment Issue (GII) yield curve flattened in June. This was amidst a hawkish surprise from the US Federal Reserve, the implementation of a nationwide Full Movement Control Order (FMCO), and the announcement of an additional MYR 150 billion economic stimulus package, known as PEMULIH, which involves a direct fiscal injection of MYR 10 billion. In particular, long-end of the curve outperformed with yields declining circa 7 bps MoM while front-end of the curve fell 2-5 bps MoM.

S&P Global Ratings reaffirmed Malaysia’s foreign currency and local currency long-term issuer ratings at A- and A, respectively, and reiterated negative watch on the ratings. It has also revised its GDP forecast for Malaysia to 4.1% from 6.2% previously to account for the impact of MCO 3.0 since June 1.

As global yield curves flattened following the Federal Reserve’s Federal Open Market Committee meeting, we continued investing our cash position into GII and corporate sukuk at the 5-10Y portion of the curve. As we maintain our view that the domestic yield curve is unjustifiably steep, coupled with a fairly wide credit spread, we continue to express our investment strategy through buying corporate sukuk at the belly of the curve. Over the medium term, we believe that the wide credit spreads and steep roll-down of corporate sukuk will provide sufficient buffers against volatility of the underlying yield curve as major central banks edge towards winding down their very easy monetary policy. On a more tactical basis, we have added holdings of 5y GII in anticipation of a potential Overnight Policy Rate cut by Bank Negara Malaysia due to the economic drag of the ongoing lockdown. We continue to be mindful of the credit quality of corporate bonds given the uncertain domestic environment in light of the ongoing lockdowns.

Investment Objective

The Fund seeks to provide Sophisticated Investors with regular income distributions through investments in Shariah-based deposits, Islamic money market instruments and Sukuk.

Investment Strategy

The Manager will constantly manage the allocation among the permitted investments and actively manage the duration and maturity structure of the investments in the Fund.

Distribution Policy

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

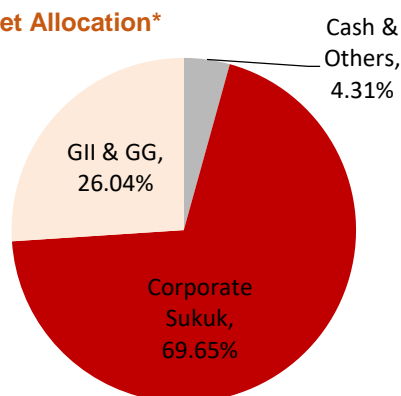
Benchmark

12-Month Malayan Banking Berhad General Investment Account Rate

Key facts as at 30 June 21

Launch Date	07-Nov-12
Fund Type	Wholesale – Islamic Fixed Income
Year End	31-Dec
Fund Size	MYR 617.05 million
Units in Circulation	560.75 million
NAV per Unit	MYR 1.1004
Transaction cut-off time	Daily; 4:00 pm
Redemption Period	T + 3 business day

Asset Allocation*



*Presented as a % of NAV as at 30 Jun 2021

Included in ‘Cash and Others’ are cash in hand and Islamic deposits and other net current assets/liabilities.

Top Holdings*

Government of Malaysia	23.43%
Infracap Resources Sdn Bhd	9.32%
UEM Sunrise Berhad	7.41%

Rating Profile*

NR (GII & GG)	26.04%
AAA	16.76%
AA2	7.45%
AA3	36.95%
A1	3.40%
A2	2.53%
A3	2.56%

Disclaimer

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Nomura i-Income Fund
30 June 2021
Cumulative Fund Performance against Benchmark (%) - as at 30 Jun 2021

	YTD 31/12/2020 To 30/6/2021	1 Month 31/5/2021 To 30/6/2021	3 Months 31/3/2021 To 30/6/2021	6 Months 31/12/2020 To 30/6/2021
Fund	-0.51	0.56	2.15	-0.51
Benchmark	0.97	0.16	0.49	0.97

	1 Year 30/6/2020 To 30/6/2021	3 Years 30/6/2018 To 30/6/2021	Since Inception 5/1/2017 To 30/6/2021
Fund	2.04	22.15	31.47
Benchmark	2.03	8.98	14.53

Annual Fund Performance against Benchmark (%) - as at 30 Jun 2021

	2020	2019	2018	2017
Fund	7.01	10.35	6.07	5.49
Benchmark	2.50	3.45	3.54	3.32

Source: Refinitiv Lipper

Notes:

Fund performances include reinvestment of income distributions into the Fund. Performance figures above 1 year are presented in cumulative basis, unless indicated otherwise.

Nomura i-Income Fund was launched on 7 November 2012. However, there were no units in circulation for the period between 21 March 2016 and 4 January 2017. As such, the Fund's performance figures are only available from 5 January 2017 onwards.

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