



**NOMURA**

# Nomura i-Income Fund

Quarterly Report For The Period Ended 30 September 2021

MANAGER: NOMURA ISLAMIC ASSET MANAGEMENT SDN. BHD.  
Business Registration No.: 200801037222 (838564-T)

TRUSTEE: DEUTSCHE TRUSTEES MALAYSIA BERHAD  
Business Registration No.: 2007010005591 (763590-H)

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## MANAGER'S REPORT

### Fund Type, Category, Objective and Distribution Policy

Nomura i-Income Fund (the "Fund") is a wholesale Islamic fixed income fund which seeks to provide investors with regular income distributions through investments in Shariah-based deposits, Islamic money market instruments and sukuk.

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 12-month Malayan Banking Berhad General Investment Account (GIA) rate.

### Performance as at 30 September 2021<sup>a</sup>

For the period under review from 1 July 2021 to 30 September 2021, the Fund has registered a 0.94% return. Compared to the Benchmark return of 0.49%, the Fund outperformed the Benchmark by 0.44%. The last published Net Asset Value (NAV) per unit of the Fund as at 30 September 2021 was RM1.1047 as compared to the NAV per unit as at 30 June 2021 of RM1.1004. On the total NAV basis, the Fund's NAV stood at RM 754.08 million as at 30 September 2021.

### Performance as at 30 September 2021<sup>a</sup>

	<b>3 Months</b> (30/06/2021 To 30/09/2021)	<b>6 Months</b> (31/03/2021 To 30/09/2021)	<b>1 Year</b> (30/09/2020 To 30/09/2021)	<b>3 Year</b> (30/09/2018 To 30/09/2021)	<b>Since 5/Jan/17<sup>a</sup></b> (05/01/2017 To 30/09/2021)
<b>Fund</b>	0.94%	3.11%	1.15%	20.66%	32.70%
<b>Benchmark</b>	0.49%	0.98%	1.95%	8.54%	15.09%
<b>Outperformance/ (Underperformance)</b>	0.44%	2.13%	-0.80%	12.12%	17.61%

Source of Fund and Benchmark Returns: Refinitiv Lipper

Note <sup>a</sup>: The Fund has nil units in circulation between 18 March 2016 to 4 January 2017. New units were created on 5 January 2017 at RM 1.000 NAV/unit price. Performance figures presented in the above table refer to the period from 5 January 2017 to 30 September 2021.

### Volatility as at 30 September 2021

	<b>3-Year</b>
<b>Fund</b>	4.93

Source: Refinitiv Lipper

Volatility is measured by calculating the annualised standard deviation on the Fund's month-end returns for the immediate preceding 36 months.

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 (1 July to 30 September 2021)

We maintain a preference for corporate sukuk in the 5-10Y portion of the curve given the steepness. However, we took profit on some of our corporate sukuk holdings and raised cash in light of rising market volatility. Looking forward into 2022, we see emerging opportunity in the cyclical sectors on the back of the ongoing economic reopening.

### Summary of Asset Allocation

	<u>30 September 2021</u>	<u>30 June 2021</u>
Government Investment Issue	24.15%	26.04%
Islamic commercial paper/Sukuk	72.77%	69.65%
Cash and other net current assets / liabilities	3.08%	4.31%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

### Review of Market (1 July to 30 September 2021)

Tracking global yield movements, domestic bond market experienced elevated volatility over the quarter. Market sentiment was generally cautious amid a change of Malaysia's government administration, a hawkish US Federal Reserve, fear of contagion owing to China Evergrande Group's debt problems, as well as inflation concerns due to surging energy prices. Government Investment Issues ("**GII**") yield curve flattened as front-end of the curve spiked by 27-31 bps QoQ while 10Y GII rose 9 bps QoQ. Meanwhile, long-end of the curve, particularly the 15Y and 20Y GII, was well supported by foreign inflows with yields lower by 4 bps QoQ and 7 bps QoQ respectively.

Year-to-date corporate bond issuance recorded a total of MYR 55.3 bil. Notable GG issuances in 3Q2021 include Lembaga Pembiayaan Perumahan Sektor Awam and Malaysia Rail Link Sdn Berhad which issued MYR 4 billion and MYR 3 billion respectively. Within the AA-rated space, UEM Sunrise Berhad, Sabah Development Bank Berhad, and Country Garden Real Estate Sdn Berhad issued MYR 440 million, MYR 580 million, and MYR 60 million respectively.

As widely expected, Bank Negara Malaysia ("**BNM**") kept its Overnight Policy Rate unchanged at 1.75% and maintained its neutral stance in its statement in September. BNM noted the continued, but unsynchronized, recovery of the global economy, while it remained cautious on the global growth outlook stemming from the emergence of Covid-19 variants of concern and potential risk of heightened market volatility amid policy normalization in major economies. Domestically, BNM sounded optimistic on the domestic growth momentum going into 2022, supported by the further easing of containment measures, positive vaccination progress, and continued global growth recovery. Though BNM considered the current monetary policy stance to be appropriate and accommodative, it kept the door open for any policies needed to ensure a sustainable economic recovery as it reiterated that future monetary policy would continue to be data dependent.

## 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.

## BREAKDOWN OF UNITHOLDERS BY SIZE

Size of holdings (units)	No. of unitholders	No. of units held* ('000)
Less than 500,000	5	1,416
500,000 - to 1,000,000	-	-
1,000,001 to 5,000,000	9	27,085
5,000,001 to 10,000,000	3	19,606
10,000,001 to 15,000,000	-	-
15,000,001 to 20,000,000	2	35,085
20,000,001 and above	5	599,427
<b>Total</b>	<b>24</b>	<b>682,619.349</b>

\* Note: Excluding Manager's Stock

## INCOME DISTRIBUTION

The Fund distributed a gross total of RM 0.006 per unit to investors of the Fund over the period under review.

The Net Asset Value per Unit prior and subsequent to the distribution were as follows:

Cum-Distribution Date	Cum-Distribution (RM)	Ex-Distribution Date	Ex-Distribution (RM)	Distribution per Unit (RM)
28-Sep-2021	1.1112	29-Sep-2021	1.1047	0.006

## FUND PERFORMANCE DATA

	As at <u>30 September 2021</u>	As at <u>30 June 2021</u>
Total NAV (RM)	754,084,306	618,992,898
NAV per Unit (RM)	1.1047	1.1004
Unit in Circulation	682,619,349	562,514,745
Highest NAV (RM)	1.1169	1.1085
Lowest NAV (RM)	1.1012	1.0888

*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 30 SEPTEMBER 2021**

	<b>30-9-2021</b>	<b>30-9-2020</b>
	<b>RM</b>	<b>RM</b>
<b>ASSETS</b>		
Financial assets at fair value through profit or loss ("FVTPL")	729,283,944	497,580,613
Amount due from Manager	1,596,402	191,626
Cash and cash equivalents	<u>25,053,201</u>	<u>24,716,437</u>
<b>TOTAL ASSETS</b>	<u><u>755,933,547</u></u>	<u><u>522,488,676</u></u>
<b>LIABILITIES</b>		
Accrued management fee	143,250	97,009
Amount due to Manager	83,891	299,664
Amount due to Trustee	18,685	12,653
Amount due to Shariah Adviser	3,431	3,439
Distribution payable	1,587,402	-
Other payables and accruals	<u>12,582</u>	<u>12,142</u>
<b>TOTAL LIABILITIES</b>	<u><u>1,849,241</u></u>	<u><u>424,907</u></u>
<b>NET ASSET VALUE</b>	<u><u>754,084,306</u></u>	<u><u>522,063,769</u></u>
<b>UNITHOLDER'S FUNDS</b>		
Unitholders' capital	749,142,479	501,672,428
Retained earnings	<u>4,941,827</u>	<u>20,391,341</u>
<b>NET ASSET ATTRIBUTABLE TO UNITHOLDERS</b>	<u><u>754,084,306</u></u>	<u><u>522,063,769</u></u>
<b>UNITS IN CIRCULATION</b>	<u><u>682,619,349</u></u>	<u><u>460,759,626</u></u>
<b>NET ASSET VALUE PER UNIT (RM) (EX DISTRIBUTION)</b>	<u><u>1.1047</u></u>	<u><u>1.1331</u></u>

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021**

	<b>Financial period from 01-07-2021 to 30-9-2021 RM</b>	<b>Financial period from 01-07-2020 to 30-9-2020 RM</b>
<b>INVESTMENT INCOME</b>		
Profit income from unquoted sukuk at fair value through profit or loss ("FVTPL")	7,154,314	4,513,609
Profit income from Islamic deposits with licensed financial institutions at amortised cost	232,148	176,111
Net (loss)/gain on financial assets at fair value through profit or loss ("FVTPL")	<u>(531,419)</u>	<u>2,996,283</u>
Gross Income	<u>6,855,043</u>	<u>7,686,003</u>
<b>EXPENSES</b>		
Management fee	(424,880)	(281,001)
Trustee's fee	(55,419)	(36,652)
Shariah Adviser's fee	(1,737)	(1,729)
Audit fee	(3,198)	(3,038)
Tax agent's fee	(1,042)	(1,039)
Other expenses	<u>(954)</u>	<u>(750)</u>
	<u>(487,230)</u>	<u>(324,209)</u>
PROFIT BEFORE TAXATION	6,367,813	7,361,794
TAXATION	<u>-</u>	<u>-</u>
PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u><u>6,367,813</u></u>	<u><u>7,361,794</u></u>
Profit after taxation is made up as follows:		
Realised gain amount	7,414,506	4,865,682
Unrealised (loss)/gain amount	<u>(1,046,693)</u>	<u>2,496,112</u>
	<u><u>6,367,813</u></u>	<u><u>7,361,794</u></u>

**STATEMENT OF CHANGES IN NET ASSET VALUE  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021**

	<b>Unitholders' capital RM</b>	<b>Retained Earnings RM</b>	<b>Total RM</b>
Balance as at 1 July 2021	616,331,676	2,661,222	618,992,898
Movement in unitholders' contribution:			
Creation of units from applications	137,765,024	-	137,765,024
Creation of units from distributions	1,587,401	-	1,587,401
Cancellation of units	(6,541,622)	-	(6,541,622)
Distributions	-	(4,087,208)	(4,087,208)
Total comprehensive income for the financial period	-	6,367,813	6,367,813
Balance as at 30 September 2021	<u>749,142,479</u>	<u>4,941,827</u>	<u>754,084,306</u>
Balance as at 1 July 2020	411,099,148	14,516,342	425,615,490
Movement in unitholders' contribution:			
Creation of units from applications	98,460,347	-	98,460,347
Creation of units from distributions	395,202	-	395,202
Cancellation of units	(8,282,269)	-	(8,282,269)
Distributions	-	(1,486,795)	(1,486,795)
Total comprehensive income for the financial period	-	7,361,794	7,361,794
Balance as at 30 September 2020	<u>501,672,428</u>	<u>20,391,341</u>	<u>522,063,769</u>



**STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021**

	<b>Financial Period from 01-07-2021 to 30-9-2021 RM</b>	<b>Financial Period from 01-07-2020 to 30-9-2020 RM</b>
<b>CASH FLOWS FROM OPERATING</b>		
Proceeds from sale of Shariah-compliant investments	16,738,000	22,155,000
Proceeds from redemption of Shariah-compliant investments	-	15,000,000
Purchase of Shariah-compliant instruments	(153,601,925)	(155,490,500)
Profit income from unquoted sukuk	4,677,889	3,819,733
Profit income from Islamic deposits with licensed financial institutions	232,148	176,111
Management fee paid	(398,527)	(262,065)
Trustee's fee paid	(51,981)	(34,182)
Shariah Adviser's fee paid	(1,723)	-
Payment for other fees and expenses	(954)	(4,884)
	<u>(132,407,073)</u>	<u>(114,640,787)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Cash proceeds from creation of units	137,806,024	101,762,271
Payments for cancellation of units	(6,650,765)	(8,678,846)
Distribution paid	(2,499,807)	(1,091,593)
	<u>128,655,452</u>	<u>91,991,832</u>
Net cash generated from financing activities		
NET DECREASE IN CASH AND CASH EQUIVALENTS	(3,751,621)	(22,648,955)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	<u>28,804,822</u>	<u>47,365,392</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	<u><u>25,053,201</u></u>	<u><u>24,716,437</u></u>

## **SHARIAH ADVISER'S REPORT TO THE UNITHOLDERS OF NOMURA i-INCOME FUND**

We have acted as the Shariah Adviser of Nomura i-Income 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 30 September 2021.

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 the Securities Commission (“SACSC”) and the Shariah Advisory Council of Bank Negara Malaysia (“SACBNM”).

For and on behalf of the Shariah Adviser  
**IBFIM**

**MOHAMAD SALIHIN DERIS**

Designated Person Responsible for Shariah Advisory

Kuala Lumpur