

# **Nomura i-Income Fund**

Annual Report and Audited Financial Statements  
For The Financial Period from 1 January 2021 to 31  
December 2021

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

TRUSTEE: DEUTSCHE TRUSTEES MALAYSIA SDN. BHD.  
Business Registration No.: 200701005591 (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 31 December 2021<sup>a</sup>

For the period under review from 1 January 2021 to 31 December 2021, the Fund registered a 0.83% return. Compared to the Benchmark return of 1.95%, the Fund has underperformed the Benchmark by 1.12%. The last published Net Asset Value (NAV) per unit of the Fund as at 31 December 2021 was RM1.0942 compared to the NAV per unit as at 4 January 2021 of RM 1.1312. On the total NAV basis, the Fund's NAV stood at RM 742.88 million as at 31 December 2021.

### Performance as at 31 December 2021

	<b>1 Month</b> (30/11/2021 – 31/12/2021)	<b>3 Months</b> (30/09/2021 – 31/12/2021)	<b>6 Months</b> (30/06/2021 – 31/12/2021)	<b>1 Year</b> (31/12/2020 – 31/12/2021)	<b>3 Year</b> (31/12/2018 – 31/12/2021)	<b>Since 5/Jan/17<sup>a</sup></b> (05/01/2017 – 31/12/2021)
Fund	0.45%	0.41%	1.35%	0.83%	19.08%	33.24%
Benchmark	0.17%	0.49%	0.98%	1.95%	8.10%	15.65%
Outperformance / (Underperformance)	0.28%	(0.08%)	0.37%	(1.12%)	10.98%	17.59%

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 31 December 2021.

### Volatility as at 31 December 2021

	<b>3-Year</b>
<b>Fund</b>	<b>4.99%</b>

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 (January to December 2021)

The Fund was invested in Islamic deposits and Sukuk during the period. We maintained short-term liquidity for redemption purposes.

## Summary of Asset Allocation

	<u>31 December 2021</u>	<u>31 December 2020</u>
Government Investment Issue	24.43%	36.84%
Islamic commercial paper/ Sukuk	72.87%	61.38%
Cash and other net current assets / liabilities	2.03%	1.78%
Collective Investment Scheme	0.68%	-
Total	100.00%	100.00%

## Review of Market (January – December 2021)

2021 was yet another volatile year for the local bond market. Overall, Government Investment Issue (“**GII**”) yields spiked in tandem with global yield movements. In particular, GII yield curve bear-flattened over the year as front-end of the curve underperformed amid hawkish global Central Banks.

In light of the widespread Covid-19 pandemic and emergence of variants of concern globally, major Central Banks maintained their easy monetary policies, though several major Central Banks began their policy normalization cycle and quantitative easing (“**QE**”) tapering towards the end of the year amid global inflationary pressures and bumpy global economic recovery. Notably, US Federal Reserve commenced its long-awaited QE tapering in Nov-21 by scaling back purchases by USD 15 billion a month and thereafter doubled its tapering pace in Dec-21, while Bank of England began its monetary policy tightening cycle and decided to hike rates by 0.15% in Dec-21. On the other hand, in Malaysia, Bank Negara Malaysia (“**BNM**”) maintained its Overnight Policy Rate unchanged at a record-low of 1.75% throughout the period under review to ensure a sustainable economic recovery. Alongside positive progress of the domestic vaccination programme and continued strength in external demand, BNM indicated that the fiscal and financial measures unveiled will continue to cushion the economic impact of the series of lockdown measures implemented domestically. As core inflation is expected to remain modest going into 2022, BNM is cautious of a premature withdrawal of policy support amid uncertainties surrounding the pandemic.

Issuances in the corporate bond space slowed in 1H21 amid cautious market sentiment and heightened volatility, before picking up again in 2H21. Primary issuances were largely skewed towards the Government Guaranteed space in 1H21. Corporate bond issuances improved significantly in 2H21, especially in 4Q21, despite rising rates.

In 2021, the fund recorded a positive return despite rising global yields as we have shortened the fund’s duration and we favoured corporate sukuks which offered attractive yields given rising local bond yields.

## TRANSACTIONS WITH FINANCIAL INSTITUTIONS AND BROKERS/DEALERS

### Cross Trades (1 January 2021 to 31 December 2021)

During the financial period under review, three (3) cross trades were conducted between the Fund and other private mandates managed by the Manager and its related company.

**Value of trades**  
**(RM)**

Private mandate(s)

**17,277,750**

All transactions were executed through RHB Investment Bank & Affin Hwang Investment Bank on an arm's length and fair value basis.

## **SOFT COMMISSIONS RECEIVED**

Soft commissions in the form of research and advisory services received from brokers/dealers are retained by the Manager only if the services assist in the decision-making process relating to the Fund's investments as per the requirements of the Guidelines on Compliance Function for Fund Management Companies.

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	1,346.27
500,000 - to 1,000,000	-	-
1,000,001 to 5,000,000	9	29,753.59
5,000,001 to 10,000,000	2	14,228.36
10,000,001 to 15,000,000	1	12,863.02
15,000,001 to 20,000,000	1	18,415.37
20,000,001 and above	5	602,321.41
<b>Total</b>	<b>23</b>	<b>678,928.01</b>

*\* Note: Excluding Manager's Stock*

## **INCOME DISTRIBUTION**

Nomura i-Income Fund distributed a gross total of RM 0.0427 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)
30-Mar-2021	1.0991	31-Mar-2021	1.0862	0.0125
28-Jun-2021	1.1083	29-Jun-2021	1.1003	0.0092
28-Sep-2021	1.1112	29-Sep-2021	1.1049	0.0060
27-Dec-2021	1.1079	28-Dec-2021	1.0926	0.0150

## FUND PERFORMANCE DATA

	<b><u>As at 31 December 2021</u></b>	<b><u>As at 31 December 2020</u></b>
Total NAV (RM)	742,877,716	517,974,910
NAV per Unit (RM)	1.0942	1.1281
Unit in Circulation	678,928,010	459,139,639
Highest NAV (RM)	1.1312	1.1622
Lowest NAV (RM)	1.0862	1.0649

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

NOMURA i-INCOME FUND

FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## NOMURA i-INCOME FUND

### FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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# NOMURA i-INCOME FUND

## STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	<u>Note</u>	<u>2021</u> RM	<u>2020</u> RM
<b>INVESTMENT INCOME</b>			
Gross dividend income		42,581	-
Profit income from unquoted sukuk at fair value through profit or loss ("FVTPL")		25,299,088	17,254,577
Profit income from Islamic deposits with licensed financial institutions at amortised cost		1,312,775	537,751
Net (loss)/gain on financial assets at fair value through profit or loss ("FVTPL")	6	(18,909,890)	9,762,494
		<u>7,744,554</u>	<u>27,554,822</u>
<b>EXPENSES</b>			
Management fee	3	1,548,996	1,017,405
Trustee's fee	4	202,043	132,705
Shariah Adviser's fee		6,890	9,143
Audit fee		11,970	11,400
Tax agent's fee		4,134	4,134
Other expenses		5,233	3,850
		<u>1,779,266</u>	<u>1,178,637</u>
<b>PROFIT BEFORE TAXATION</b>		5,965,288	26,376,185
<b>TAXATION</b>	5	<u>-</u>	<u>-</u>
<b>PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR</b>		<u>5,965,288</u>	<u>26,376,185</u>
Profit after taxation is made up of the following:			
Realised amount		25,043,030	22,484,449
Unrealised amount		(19,077,742)	3,891,736
		<u>5,965,288</u>	<u>26,376,185</u>

The accompanying summary of significant accounting policies and notes to the financial statements form an integral part of these financial statements.

# NOMURA i-INCOME FUND

## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	<u>Note</u>	<u>31.12.2021</u> RM	<u>31.12.2020</u> RM
<b>ASSETS</b>			
Financial assets at fair value through profit or loss ("FVTPL")	6	727,780,110	508,842,159
Amount due from Manager		3,882,082	114,610
Cash and cash equivalents	7	15,309,884	9,542,149
<b>TOTAL ASSETS</b>		<u>746,972,076</u>	<u>518,498,918</u>
<b>LIABILITIES</b>			
Accrued management fee	3	145,904	100,481
Amount due to Trustee	4	19,031	13,107
Amount due to Shariah Adviser		1,723	1,723
Amount due to Manager		28,798	392,479
Distribution payable		3,882,082	-
Other payables and accruals		16,822	16,218
<b>TOTAL LIABILITIES</b>		<u>4,094,360</u>	<u>524,008</u>
<b>NET ASSET VALUE OF THE FUND</b>		<u>742,877,716</u>	<u>517,974,910</u>
<b>UNITHOLDERS' FUNDS</b>			
Unitholders' capital		745,050,462	499,783,327
(Accumulated loss)/Retained earnings		(2,172,746)	18,191,583
<b>NET ASSET ATTRIBUTABLE TO UNITHOLDERS</b>		<u>742,877,716</u>	<u>517,974,910</u>
<b>UNITS IN CIRCULATION</b>	9	<u>678,928,010</u>	<u>459,139,639</u>
<b>NET ASSET VALUE PER UNIT (RM)</b>		<u>1.0942</u>	<u>1.1281</u>

The accompanying summary of significant accounting policies and notes to the financial statements form an integral part of these financial statements.

## NOMURA i-INCOME FUND

### STATEMENT OF CHANGES IN NET ASSET VALUE FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	<u>Note</u>	<u>Unitholders'</u> <u>capital</u> RM	<u>Retained</u> <u>earnings</u> RM	<u>Total</u> RM
Balance as at 1 January 2021		499,783,327	18,191,583	517,974,910
Movement in unitholders' contribution:				
Creation of units		314,622,690	-	314,622,690
Reinvestment of distributions		10,210,516	-	10,210,516
Cancellation of units		(79,566,071)	-	(79,566,071)
Distributions	10	-	(26,329,617)	(26,329,617)
Total comprehensive income for the financial year		-	5,965,288	5,965,288
Balance as at 31 December 2021		<u>745,050,462</u>	<u>(2,172,746)</u>	<u>742,877,716</u>
Balance as at 1 January 2020		336,279,122	10,467,053	346,746,175
Movement in unitholders' contribution:				
Creation of units		221,282,792	-	221,282,792
Reinvestment of distributions		3,570,814	-	3,570,814
Cancellation of units		(61,349,401)	-	(61,349,401)
Distributions	10	-	(18,651,655)	(18,651,655)
Total comprehensive income for the financial year		-	26,376,185	26,376,185
Balance as at 31 December 2020		<u>499,783,327</u>	<u>18,191,583</u>	<u>517,974,910</u>

The accompanying summary of significant accounting policies and notes to the financial statements form an integral part of these financial statements.

# NOMURA i-INCOME FUND

## STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	<u>Note</u>	<u>2021</u> RM	<u>2020</u> RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Proceeds from sale of Shariah-compliant investments		145,859,500	102,714,500
Proceeds from redemption of Shariah-compliant investments		5,000,000	15,000,000
Purchase of Shariah-compliant instruments		(388,140,956)	(282,830,850)
Dividend received		42,581	-
Profit income from unquoted sukuk		24,730,480	18,204,625
Profit income from Islamic deposits with licensed financial institutions		1,312,775	537,751
Management fee paid		(1,502,203)	(985,554)
Trustee's fee paid		(196,118)	(128,550)
Tax agent's fee paid		(4,134)	(4,134)
Shariah Adviser's fee paid		(6,890)	(8,480)
Payment for other fees and expenses		(16,599)	(15,250)
Net cash used in operating activities		<u>(212,921,564)</u>	<u>(147,515,942)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Cash proceeds from units created		314,737,300	221,168,182
Payments for cancellation of units		(79,928,900)	(61,040,520)
Distributions paid		(16,119,101)	(15,080,841)
Net cash generated from financing activities		<u>218,689,299</u>	<u>145,046,821</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		5,767,735	(2,469,121)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		<u>9,542,149</u>	<u>12,011,270</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	7	<u><u>15,309,884</u></u>	<u><u>9,542,149</u></u>

The accompanying summary of significant accounting policies and notes to the financial statements form an integral part of these financial statements.

## NOMURA i-INCOME FUND

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

The following accounting policies have been used in dealing with items which are considered material in relation to the financial statements.

#### A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of Nomura i-Income Fund ("the Fund") have been prepared under the historical cost convention, as modified by financial assets and financial liabilities (including Islamic derivative instruments) at fair value through profit or loss, in accordance with Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS").

The preparation of financial statements in conformity with the MFRS and IFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported financial year. It also requires the Manager to exercise their judgement in the process of applying the Fund's accounting policies. Although these estimates and judgement are based on the Manager's best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note I.

##### (i) Standards and amendments to existing standards effective 1 January 2021

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 January 2021 that have a material effect on the financial statements of the Fund.

##### (ii) New standards, amendments and interpretations effective after 1 January 2021 and have not been early adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2021, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Fund.

#### B PRESENTATION AND FUNCTIONAL CURRENCY

Items included in the financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia, which is the Fund's presentation and functional currency.

#### C INCOME RECOGNITION

Profit income from unquoted sukuk and Islamic deposits with licensed financial institutions are recognised on an accrual basis using the effective profit method.

Profit income is calculated by applying the effective profit rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective profit rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Realised gain and loss on sale of unquoted sukuk is measured by the difference between the net disposal proceeds and the carrying amounts of the Shariah-compliant investments (adjusted for accretion of discount or amortisation of premium).

## NOMURA i-INCOME FUND

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

#### C INCOME RECOGNITION (CONTINUED)

Dividend income from Islamic collective investment scheme is recognised when the Fund's right to receive payment is established. Dividend income is received from financial assets measured at FVTPL.

#### D TAXATION

Current tax expense is determined according to the Malaysian tax laws at the current rate based upon the taxable income earned during the financial year.

#### E FINANCIAL ASSETS AND FINANCIAL LIABILITIES

##### (i) Classification

The Fund classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and
- those to be measured at amortised cost.

The Fund classifies its Shariah-compliant investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The contractual cash flows of the Fund's sukuk are solely principal and profit. However, these Shariah-compliant securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments are measured at fair value through profit or loss.

Investments in collective investment scheme have contractual cash flows that do not represent SPPI, and therefore are classified as fair value through profit or loss.

The Fund classifies amount due from Manager and cash and cash equivalents as financial assets at amortised cost as these financial assets are held to collect contractual cash flows consisting of the amount outstanding.

The Fund classifies amount due to Manager, amount due to Trustee, amount due to Shariah Adviser, and other payables and accruals as financial liabilities measured at amortised cost.



## NOMURA i-INCOME FUND

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

#### E FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

##### (ii) Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date, the date on which the Fund commits to purchase or sell the asset. Investments are initially recognised at fair value. Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value.

Financial liabilities are recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the Shariah-compliant financial instrument.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

Financial liabilities are derecognised when it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expired.

Unrealised gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income in the financial year in which they arise.

Investments in Islamic collective investment schemes are valued at the last published net asset value ("NAV") per unit at the date of the statement of financial position.

Unquoted sukuk denominated in Ringgit Malaysia are revalued on a daily basis based on fair value prices quoted by a bond pricing agency ("BPA") registered with the Securities Commission of Malaysia ("SC") as per the SC Guidelines on Unlisted Capital Market Products Under the Lodge and Launch Framework. Where such quotations are not available or where the Manager is of the view that the price quoted by the BPA for a specific unquoted sukuk differs from the market price by more than 20 basis points, the Manager may use the market price, provided that the Manager:

- (a) Records its basis for using a non-BPA price;
- (b) Obtains necessary internal approvals to use the non-BPA price; and
- (c) Keeps an audit trail of all decisions and basis for adopting the market price.

Financial assets at amortised cost and other financial liabilities are subsequently carried at amortised cost using the effective profit method.

## NOMURA i-INCOME FUND

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

#### E FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

##### (iii) Impairment

The Fund measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward looking information in determining any expected credit loss. Management considers the probability of default to be close to zero as these Shariah-compliant instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12 month expected credit losses as any such impairment would be wholly insignificant to the Fund.

##### Significant increase in credit risk

A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due.

##### Definition of default and credit-impaired financial assets

Any contractual payment which is more than 90 days past due is considered credit impaired.

##### Write-off

The Fund writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Fund may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains. There are no write-offs/recoveries during the financial year.

#### F CASH AND CASH EQUIVALENTS

For the purpose of statement of cash flows, cash and cash equivalents comprise cash and bank balance and Islamic deposits with licensed financial institutions that is readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### G UNITHOLDERS' CAPITAL

The unitholders' contributions to the Fund meet the criteria of the definition of puttable instruments to be classified as equity instruments under MFRS 132 'Financial Instruments: Presentation'. These criteria include:

- The units entitle the holders to a pro-rata share of the Fund's net asset value;
- The units are the most subordinated class and class features are identical;
- There is no contractual obligation to deliver cash or another financial asset other than the obligation on the Fund to repurchase the units; and
- The total expected cash flows from the units over its life are based substantially on the change in the net asset of the Fund.



## NOMURA i-INCOME FUND

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

#### G UNITHOLDERS' CAPITAL (CONTINUED)

The outstanding units are carried at the redemption amount that is payable at each financial year if the unitholder exercises the right to put the unit back to the Fund.

Units are created and cancelled at prices based on the Fund's net asset value per unit at the time of creation or cancellation. The Fund's net asset value per unit is calculated by dividing the net asset attributable to unitholders with the total number of outstanding units.

#### H DISTRIBUTIONS

Distributions are at the discretion of the Fund. A distribution to the Fund's unitholders is accounted for as a deduction from realised reserves. A proposed distribution is recognised as a liability in the year in which it is approved by the Trustee.

#### I CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The Fund makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the Funds' results and financial position are tested for sensitivity to changes in the underlying parameters.

Estimates and judgements are continually evaluated by the Manager and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

However, the Manager is of the opinion that there are no accounting policies which require significant judgement to be exercised.

##### Estimate of fair value of unquoted sukuk

In undertaking any of the Fund's investment, the Manager will ensure that all assets of the Fund under management will be valued appropriately, that is at fair value and in compliance with the SC Guidelines on Unlisted Capital Market Products Under the Lodge and Launch Framework.

Ringgit-denominated unquoted sukuk are valued using fair value prices quoted by a bond pricing agency ("BPA"). Where the Manager is of the view that the price quoted by BPA for a specific unquoted sukuk differs from the market price by more than 20 basis points, the Manager may use market price, provided that the Manager records its basis for using a non-BPA price, obtains necessary internal approvals to use the non-BPA price. Refer to Note E for further explanation.

## NOMURA i-INCOME FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

#### 1 INFORMATION ON THE FUND

Nomura i-Income Fund (the "Fund") was constituted pursuant to the execution of a Master Deed dated 11 June 2012. The Fund has changed its name from Nomura i-Money Market Fund to Nomura i-Income Fund as amended by the First Supplemental Deed dated 23 August 2013 (the "Deed") between Nomura Islamic Asset Management Sdn Bhd (the "Manager") and Deutsche Trustees Malaysia Berhad (the "Trustee").

The Fund was launched on 7 November 2012 and will continue its operations until being terminated by the Manager or the Trustee as provided under Clause 25 of the Deed.

The Fund shall invest mainly in Islamic money market instruments and sukuk to generate consistent income stream to meet investors' cash flow requirements. 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 to obtain optimal return while achieving the Fund's objective.

The Fund seeks to provide investors with regular income distributions through investments in Islamic deposits, Islamic money market instruments and sukuk.

#### 2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments are as follows:

	Note	Financial assets at fair value through profit or loss RM	Financial assets at amortised cost RM	Total RM
<u>31.12.2021</u>				
Unquoted sukuk	6	722,762,005	-	722,762,005
Unquoted collective investment scheme	6	5,018,105	-	5,018,105
Amount due from Manager		-	3,882,082	3,882,082
Cash and cash equivalents	7	-	15,309,884	15,309,884
Total		<u>727,780,110</u>	<u>19,191,966</u>	<u>746,972,076</u>
<u>31.12.2020</u>				
Unquoted sukuk	6	508,842,159	-	508,842,159
Amount due from Manager		-	114,610	114,610
Cash and cash equivalents	7	-	9,542,149	9,542,149
Total		<u>508,842,159</u>	<u>9,656,759</u>	<u>518,498,918</u>

## NOMURA i-INCOME FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

#### 2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

The Fund is exposed to a variety of risks which include market risk (inclusive of price risk and interest rate risk), liquidity risk, credit/default risk, capital risk and fund management risk.

Financial risk management is carried out through internal control processes adopted by the Manager and adherence to the investment restrictions as stipulated in the Deed and SC Guidelines on Unlisted Capital Market Products Under the Lodge and Launch Framework.

##### Price risk

Price risk is the risk that the fair value of an investment of the Fund will fluctuate because of changes in market prices (other than those arising from interest rate risk).

The Fund's overall exposure to price risk are as follows:

	<u>31.12.2021</u> RM	<u>31.12.2020</u> RM
Financial assets at fair value through profit or loss*	<u>727,780,110</u>	<u>508,842,159</u>

\* Includes profit receivable of RM6,371,157 (31.12.2020: RM4,746,744).

The table below summarises the sensitivity of the Fund's net asset value and profit after tax to movements in prices of Shariah-compliant investments. The analysis is based on the assumptions that the price of the investments fluctuates by 5% with all other variables held constant.

	Change in price of Shariah-compliant <u>investments</u> %	<u>Market value</u> RM	Impact on profit after tax/ <u>net asset value</u> RM
<u>31.12.2021</u>			
	+5	757,479,401	36,070,448
	-5	685,338,505	(36,070,448)
		<u>                    </u>	<u>                    </u>
<u>31.12.2020</u>			
	+5	529,300,186	25,204,771
	-5	478,890,644	(25,204,771)
		<u>                    </u>	<u>                    </u>

## NOMURA i-INCOME FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

#### 2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

##### Interest rate risk

In general, when interest rates rise, valuation for unquoted sukuk will tend to fall and vice versa. Therefore, the net asset value of the Fund may also tend to fall when interest rates rise or are expected to rise when interest rates fall. However, investors should be aware that should the Fund hold an unquoted sukuk till maturity, such fluctuations would dissipate as it approaches maturity, and thus the growth of the net asset value shall not be affected at maturity. In order to mitigate interest rates exposure of the Fund, the Manager will manage the duration of the portfolio via shorter or longer tenured assets depending on the view of the future interest rate trend of the Manager, which is based on its continuous fundamental research and analysis.

This risk is crucial since sukuk portfolio management depends on forecasting interest rate movements. Sukuk with longer maturity and lower profit rates are more susceptible to interest rate movements.

Investors should note that sukuk is subject to interest rate fluctuations. Such investments may be subject to unanticipated rise in interest rates which may impair the ability of the issuers to make payments of interest and principal, especially if the issuers are highly leveraged. An increase in interest rates may therefore increase the potential for default by an issuer.

The above interest rate is a general economic indicator that will have an impact on the management of the Fund regardless whether it is an Islamic fund or otherwise. It does not in any way suggest that the Fund will invest in conventional financial instruments. All the investments carried out for the Fund are in accordance with Shariah requirements.

The table below summarises the sensitivity of the Fund's net asset value and profit after tax to movements in prices of sukuk held by the Fund as a result of movement in interest rates. The analysis is based on the assumptions that the interest rates increased and decreased by 1% with all other variables held constant.

Impact on profit after tax/net asset value:

	<u>31.12.2021</u> RM	<u>31.12.2020</u> RM
<u>% Change in interest rate</u>		
+ 1%	(2,094,196)	(1,644,277)
- 1%	<u>2,105,242</u>	<u>1,655,093</u>

The Fund's Islamic deposits with licensed financial institutions are short term in nature. Therefore, exposure to interest rate fluctuations is minimal.

## NOMURA i-INCOME FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

#### 2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

##### Liquidity risk

The Fund maintains sufficient level of Islamic liquid assets, after consultation with the Trustee, to meet anticipated payments and cancellation of units by unitholders. Islamic liquid assets comprise cash, Islamic deposits with licensed financial institutions, and unquoted sukuk which are capable of being converted into cash within 7 days. The Fund aims to reduce its liquidity risk by maintaining a prudent level of Islamic liquid assets.

The table below summarises the Fund's financial liabilities into relevant maturity groupings based on the remaining year as at the statement of financial position date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	Less than 1 month RM	Between 1 month to 1 year RM	Total RM
<u>31.12.2021</u>			
Accrued management fee	145,904	-	145,904
Amount due to Manager	28,798	-	28,798
Amount due to Trustee	19,031	-	19,031
Amount due to Shariah Adviser	-	1,723	1,723
Distribution payable	3,882,082	-	3,882,082
Other payables and accruals	-	16,822	16,822
	<u>4,075,815</u>	<u>18,545</u>	<u>4,094,360</u>
<u>31.12.2020</u>			
Accrued management fee	100,481	-	100,481
Amount due to Manager	392,479	-	392,479
Amount due to Trustee	13,107	-	13,107
Amount due to Shariah Adviser	-	1,723	1,723
Other payables and accruals	-	16,218	16,218
	<u>506,067</u>	<u>17,941</u>	<u>524,008</u>

##### Credit/default risk

Credit risk refers to the ability of an issuer or a counterparty to make timely payments of profit or principals payment on the maturity date. This may lead to a default in the payment of principal and profit and ultimately a reduction in the value of the Fund. In the case of the Fund, the Manager will endeavor to minimise the risk by selecting only issues with prescribed and acceptable credit ratings.

Credit risk arising from placements of Islamic deposits with licensed financial institutions is managed by ensuring that the Fund will only place Islamic deposits in reputable licensed financial institutions.

The settlement terms of the proceeds from the creation of units' receivable from the Manager are governed by the SC's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework.

## NOMURA i-INCOME FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

#### 2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

##### Credit/default risk (continued)

For unquoted sukuk, the Manager regularly reviews the rating assigned by the issuer so that necessary steps can be taken if the rating falls below those described by the Deed and SC's Guidelines on Unlisted Capital Market Products Under the Lodge and Launch Framework.

The following table sets out the credit risk concentration of the Fund:

	Financial assets at fair value through profit or loss RM	Cash and cash equivalents RM	Total RM
<u>31.12.2021</u>			
Construction and engineering			
- AA- IS	30,592,282	-	30,592,282
Diversified holdings			
- AAA (S)	14,344,447	-	14,344,447
- AA3	32,342,144	-	32,342,144
- AA- IS	5,575,300	-	5,575,300
- A2 (S)	15,456,120	-	15,456,120
- A+ IS	25,203,894	-	25,203,894
Financial services			
- AAA IS	14,990,745	-	14,990,745
- AAA	15,890,624	15,025,099	30,915,723
- AA1	5,168,368	284,785	5,453,153
- AA2	11,783,228	-	11,783,228
- AA3	15,303,742	-	15,303,742
- A1	15,218,828	-	15,218,828
- A3	15,699,368	-	15,699,368
Industrial Products			
- AA- IS	14,785,018	-	14,785,018
- AA- IS (CG)	5,037,419	-	5,037,419
- A+ IS	10,128,714	-	10,128,714
Infrastructures and utilities			
- AA2	41,441,966	-	41,441,966
- AA3	19,878,081	-	19,878,081
- AA IS	25,208,636	-	25,208,636
- AA-IS	65,330,303	-	65,330,303
- A1	20,229,653	-	20,229,653
Property and real estate			
- AA3 (S)	39,630,382	-	39,630,382
- AA- IS	25,272,023	-	25,272,023
Public finance			
- AAA (S)	56,784,063	-	56,784,063
- Not Rated	165,140,703	-	165,140,703
Transportation			
- Not Rated	16,325,954	-	16,325,954
	<u>722,762,005</u>	<u>15,309,884</u>	<u>738,071,889</u>



# NOMURA i-INCOME FUND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

### 2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### Credit/default risk (continued)

The following table sets out the credit risk concentration of the Fund: (continued)

	Financial assets at fair value through profit or loss RM	Cash and cash equivalents RM	Total RM
<u>31.12.2020</u>			
Construction and engineering			
- AA- IS	31,713,327	-	31,713,327
Diversified holdings			
- AAA (S)	15,184,001	-	15,184,001
- AA3	35,567,266	-	35,567,266
- A1	5,744,100	-	5,744,100
- A2 (S)	15,694,107	-	15,694,107
Financial services			
- AAA	10,920,380	9,346,871	20,267,251
- AA1	-	195,278	195,278
- AA2	32,924,857	-	32,924,857
- AA3	15,867,471	-	15,867,471
- A1	10,178,159	-	10,178,159
- A3	15,922,589	-	15,922,589
Industrial Products			
- AA- IS	10,240,179	-	10,240,179
Infrastructures and utilities			
- AA-IS	34,204,709	-	34,204,709
- AA2	5,383,396	-	5,383,396
- AA3	20,379,894	-	20,379,894
- A+IS	16,164,406	-	16,164,406
- A1	5,432,579	-	5,432,579
Property and real estate			
- AA- IS	25,656,094	-	25,656,094
- AA3 (S)	10,812,744	-	10,812,744
Public finance			
- Not Rated	173,538,597	-	173,538,597
Transportation			
- Not Rated	17,313,304	-	17,313,304
	<u>508,842,159</u>	<u>9,542,149</u>	<u>518,384,308</u>

## NOMURA i-INCOME FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

#### 2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

##### Capital risk

The capital of the Fund is represented by equity consisting of unitholders' capital and retained earnings. The amount of equity can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unitholders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unitholders and benefits for other stakeholders and to maintain a strong capital base to support the development of the Shariah-compliant investment activities of the Fund.

##### Fund management risk

There is the risk that the management company may not adhere to the investment mandate of the respective Fund. With close monitoring by the investment committee, back office system being incorporated with limits and controls, and regular reporting to the senior management team, the management company is able to manage such risk. The Trustee has an oversight function over management of the Fund by the management company to safeguard the interests of unitholders.

##### Fair value estimation

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price).

The fair value of financial assets and liabilities traded in an active market (such as publicly traded Islamic derivatives and Shariah-compliant securities) are based on quoted market prices at the close of trading on the year end date.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The fair value of financial assets and liabilities that are not traded in an active market is determined by using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each year end date. Valuation techniques used for non-standardised Shariah-compliant financial instruments such as Islamic options, Islamic currency swaps and other over-the-counter Islamic derivatives, include the use of comparable recent arm's length transactions, reference to other Shariah-compliant instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

For instruments for which there is no active market, the Fund may use internally developed models, which are usually based on valuation methods and techniques generally recognised as standard within the industry. Valuation models are used primarily to value unlisted sukuk, for which market were or have been inactive during the financial year. Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Fund holds.



## NOMURA i-INCOME FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

#### 2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

##### Fair value estimation (continued)

The fair values are based on the following methodology and assumptions:

- (i) The carrying value is a reasonable estimate of fair value for cash and cash equivalent.
- (ii) Ringgit-denominated unquoted sukuk are valued using fair value prices quoted by a bond pricing agency ("BPA"). Where the Manager is of the view that the price quoted by BPA for a specific unquoted sukuk differs from the market price by more than 20 basis points, the Manager may use market price, provided that the Manager records its basis for using a non-BPA price, and obtains necessary internal approvals to use the non-BPA price.

Valuations are therefore adjusted, where appropriate, to allow for additional factors including model risk, liquidity risk and counterparty risk.

##### Fair value hierarchy

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs for the asset and liability that are not based on observable market data (that is, unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement.

Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Fund. The Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

## NOMURA i-INCOME FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

#### 2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

##### Fair value hierarchy (continued)

The following table analyses within the fair value hierarchy the Fund's financial assets (by class) measured at fair value:

	<u>Level 1</u> RM	<u>Level 2</u> RM	<u>Level 3</u> RM	<u>Total</u> RM
<u>As at 31 December 2021</u>				
Financial assets at fair value through profit or loss:				
- Unquoted sukuk	-	722,762,005	-	722,762,005
- collective investment scheme	5,018,105	-	-	5,018,105
	<u>5,018,105</u>	<u>722,762,005</u>	<u>-</u>	<u>727,780,110</u>

##### As at 31 December 2020

Financial assets at fair value through profit or loss:				
- Unquoted sukuk	-	508,842,159	-	508,842,159
	<u>-</u>	<u>508,842,159</u>	<u>-</u>	<u>508,842,159</u>

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, including collective investment schemes. The Fund does not adjust the quoted prices for these instruments.

Financial instruments that trade in markets that are considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. Level 2 instruments include unquoted sukuk.

As Level 2 instruments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information. The Fund's policies on valuation of these financial assets are stated in Note E.

The carrying value of amount due from Manager, cash and cash equivalent and all current liabilities are reasonable approximation of the fair value due to their short-term nature.

#### 3 MANAGEMENT FEE

In accordance with the Deed, the Manager is entitled to a management fee at a rate not exceeding 4.00 % per annum (31.12.2020: 4.00%) of the net asset value of the Fund calculated and accrued on a daily basis.

The management fee provided in the financial statements is 0.23 % per annum (31.12.2020: 0.23%) based on the net asset value of the Fund, calculated on a daily basis for the financial year.

There will be no further liability to the Manager in respect of the management fee other than the amounts recognised above.

## NOMURA i-INCOME FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

#### 4 TRUSTEE FEE

In accordance with the Deed, the Trustee is entitled to an annual fee at a rate not exceeding 0.10% per annum of the net asset value of the Fund, subject to a minimum fee of RM12,000 per annum.

The trustee fee provided in the financial statements is 0.03% per annum (31.12.2020: 0.03%) based on the net asset value of the Fund, calculated on a daily basis for the financial year.

There will be no further liability to the Trustee in respect of the trustee fee other than the amounts recognised above.

#### 5 TAXATION

	<u>2021</u> RM	<u>2020</u> RM
Current taxation - local	-	-

The numerical reconciliation between profit before taxation multiplied by the Malaysian statutory tax rate and tax expense of the Fund is as follows:

	<u>2021</u> RM	<u>2020</u> RM
Profit before taxation	5,965,288	26,376,185
Tax at applicable rate of 24% (2020: 24%)	1,431,669	6,330,284
Tax effect of:		
Investment income not subject to tax	(6,436,817)	(6,613,157)
Investment loss not deductible for tax purposes	4,578,658	-
Expenses not deductible for tax purposes	52,220	35,796
Restriction on tax deductible expenses for unit trust Funds	374,270	247,077
Taxation	-	-

# NOMURA i-INCOME FUND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

### 6 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2021 RM	2020 RM
Financial assets at FVTPL:		
- Unquoted sukuk	722,762,005	508,842,159
- Collective investment scheme	5,018,105	-
	<u>727,780,110</u>	<u>508,842,159</u>
Net (loss)/gain on financial assets at FVTPL comprised:		
- Net realised gain on sale of financial assets at FVTPL	165,629	5,870,758
- Net unrealised (loss)/gain on changes in fair values	(19,077,742)	3,891,736
- Management fee rebate on collective investment scheme #	2,223	-
	<u>(18,909,890)</u>	<u>9,762,494</u>

# In arriving at the fair value of collective investment scheme, the management fee initially paid to the Manager of collective investment scheme has been considered as part of its net asset value. In order to prevent the double charging of management fee, management fee charged on the Fund's Investment in a collective investment scheme has been refunded to the Fund. Accordingly, any rebate of management fee received from the Manager of collective investment scheme is reflected as an increase in the net asset value of the collective investment scheme.

#### Unquoted Sukuk

Nominal value RM	Name of Counter	Rating	Cost RM	Fair value as at 31.12.2021 RM	Percentage of net assets value 31.12.2021 %
10,000,000	Aeon Credit Service (M) Berhad	A1	10,138,146	10,066,441	1.36
5,000,000	Affin Islamic Bank Berhad	A3	5,058,207	5,212,507	0.70
5,000,000	AmBank Islamic Berhad	AA3	5,053,918	5,111,818	0.69
5,000,000	AmBank Islamic Berhad	A1	5,050,137	5,152,387	0.69
5,000,000	AZRB Capital Sdn. Bhd.	AA-IS	5,003,459	5,031,809	0.68
5,000,000	AZRB Capital Sdn. Bhd.	AA-IS	5,003,493	5,000,793	0.67
5,000,000	AZRB Capital Sdn. Bhd.	AA-IS	5,003,527	4,980,227	0.67
10,000,000	AZRB Capital Sdn. Bhd.	AA-IS	10,243,962	10,140,844	1.37
15,000,000	Bank Pembangunan Malaysia Berhad	AAA IS	15,039,945	14,990,745	2.02

# NOMURA i-INCOME FUND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

### 6 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

#### Unquoted Sukuk (continued)

<u>Nominal value</u> RM	<u>Name of Counter</u>	<u>Rating</u>	<u>Cost</u> RM	Fair value as at <u>31.12.2021</u> RM	Percentage of net assets value <u>31.12.2021</u> %
10,000,000	CELLCO Capital Berhad	AA IS	10,105,230	10,054,730	1.35
10,000,000	CELLCO Capital Berhad	AA IS	10,120,773	10,090,373	1.36
5,000,000	CELLCO Capital Berhad	AA IS	5,061,533	5,063,533	0.68
10,000,000	Cenergi Sea Berhad	A1	10,056,757	10,100,568	1.36
10,000,000	Cenergi Sea Berhad	A1	10,071,380	10,129,085	1.36
30,000,000	Country Garden Real Estate Sdn Bhd	AA3 (S)	29,383,630	29,406,000	3.96
10,000,000	Country Garden Real Estate Sdn Bhd	AA3 (S)	10,153,913	10,224,382	1.38
15,000,000	Danum Capital Berhad	AAA (S)	15,063,547	14,344,447	1.93
25,000,000	DRB- Hicom Berhad	A+ IS	25,565,655	25,203,894	3.39
250,000	EDRA Energy Sdn Berhad	AA3	283,541	295,011	0.04
5,000,000	EDRA Energy Sdn Berhad	AA3	6,274,240	6,058,298	0.82
250,000	EDRA Energy Sdn Berhad	AA3	293,685	310,680	0.04
5,000,000	EDRA Solar Sdn Berhad	AA2	5,052,233	5,119,733	0.69
10,000,000	Evyap Sabun Malaysia Sdn Bhd	AA-IS	10,002,463	9,755,419	1.31
5,000,000	Evyap Sabun Malaysia Sdn Bhd	AA-IS	5,037,395	5,029,599	0.68

# NOMURA i-INCOME FUND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

### 6 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

#### Unquoted Sukuk (continued)

<u>Nominal value RM</u>	<u>Name of Counter</u>	<u>Rating</u>	<u>Cost RM</u>	<u>Fair value as at 31.12.2021 RM</u>	<u>Percentage of net assets value 31.12.2021 %</u>
25,000,000	Government of Malaysia	Not Rated	26,287,807	25,749,493	3.47
20,000,000	Government of Malaysia	Not Rated	21,615,447	21,282,656	2.86
30,000,000	Government of Malaysia	Not Rated	30,076,843	29,867,850	4.02
30,000,000	Government of Malaysia	Not Rated	33,843,610	31,449,809	4.23
55,000,000	Government of Malaysia	Not Rated	62,562,627	56,790,894	7.64
5,000,000	IJM Land Bhd	A2 (S)	5,079,719	5,229,419	0.70
5,000,000	IJM Land Bhd	A2 (S)	5,080,848	5,249,048	0.71
5,000,000	IJM Land Bhd	A2 (S)	5,069,888	4,977,653	0.67
30,000,000	Infracap Resources Sdn Bhd	AAA (S)	30,345,361	30,604,282	4.12
25,000,000	Infracap Resources Sdn Bhd	AAA (S)	25,261,781	26,179,781	3.52
5,000,000	Jimah East Power Sdn Berhad	AA-IS	5,808,274	5,656,675	0.76
5,000,000	Leader Energy Sdn Bhd	AA-IS	5,107,957	4,912,243	0.66
5,000,000	Lebuhraya Duke Fasa 3 Sdn Bhd	AA-IS	5,565,020	5,545,038	0.75
10,000,000	Malayan Banking Berhad	AA3	10,108,625	10,191,925	1.37
35,000,000	Malaysia Airports Holdings Berhad	AA2	36,358,308	36,322,233	4.89
10,000,000	MBSB Bank Berhad (fka Asian Finance Bank Berhad)	A3	10,017,260	10,486,860	1.41



# NOMURA i-INCOME FUND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

### 6 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

#### Unquoted Sukuk (continued)

<u>Nominal value RM</u>	<u>Name of Counter</u>	<u>Rating</u>	<u>Cost RM</u>	<u>Fair value as at 31.12.2021 RM</u>	<u>Percentage of net assets value 31.12.2021 %</u>
5,000,000	MMC Corporation Berhad	AA-IS	5,161,293	5,438,609	0.73
5,000,000	Pelabuhan Tanjung Pelepas Sdn Bhd	AA-IS	5,006,493	4,981,443	0.67
10,000,000	Prasarana Malaysia Bhd	Not Rated	11,510,810	11,352,484	1.53
5,000,000	Prasarana Malaysia Bhd	Not Rated	5,082,920	4,973,470	0.67
7,000,000	Press Metal Aluminium Holdings Bhd	AA3	7,047,142	7,037,552	0.95
25,000,000	Press Metal Aluminium Holdings Bhd	AA3	25,375,342	25,304,592	3.41
5,000,000	Quantum Solar Park (Semenanjung) Sdn Berhad	AA- IS	5,031,012	5,360,583	0.72
5,000,000	Quantum Solar Park (Semenanjung) Sdn Berhad	AA- IS	5,571,661	5,514,397	0.74
10,000,000	Quantum Solar Park (Semenanjung) Sdn Berhad	AA- IS	10,938,715	11,078,347	1.49
10,000,000	Quantum Solar Park (Semenanjung) Sdn Berhad	AA- IS	11,335,284	11,315,814	1.52
6,000,000	Solar Management (Seremban) Sdn Bhd	AA3	6,179,023	5,787,040	0.78
2,000,000	Solar Management (Seremban) Sdn Berhad	AA3	2,057,760	1,920,739	0.26
10,000,000	Southern Power Generation Sdn Berhad	AA-IS	11,119,293	10,965,764	1.48

# NOMURA i-INCOME FUND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

### 6 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

#### Unquoted Sukuk (continued)

<u>Nominal value RM</u>	<u>Name of Counter</u>	<u>Rating</u>	<u>Cost RM</u>	<u>Fair value as at 31.12.2021 RM</u>	<u>Percentage of net assets value 31.12.2021 %</u>
5,000,000	SPR Energy (M) Sdn Berhad	AA3	5,350,020	5,506,313	0.74
5,000,000	TG Excellence Berhad	AA-IS(CG)	5,105,859	5,037,419	0.68
5,000,000	UEM Sunrise Berhad	AA-IS	5,054,138	5,165,001	0.69
20,000,000	UEM Sunrise Berhad	AA-IS	20,139,104	20,107,022	2.71
5,000,000	UMW Holdings Berhad	AA- IS	5,118,106	5,575,300	0.75
10,000,000	Yinson Holdings Berhad	A+ IS	10,081,465	10,128,714	1.36
5,000,000	Zamarad Assets Berhad	AAA	5,327,237	5,293,003	0.71
5,000,000	Zamarad Assets Berhad	AAA	5,312,221	5,393,829	0.73
5,000,000	Zamarad Assets Berhad	AAA	5,134,945	5,203,792	0.70
5,000,000	Zamarad Assets Berhad	AA1	5,028,568	5,168,368	0.70
10,000,000	Zamarad Assets Berhad	AA2	10,125,534	9,787,834	1.32
2,000,000	Zamarad Assets Berhad	AA2	2,044,614	1,995,394	0.27
TOTAL UNQUOTED SUKUK			731,548,703	722,762,005	97.29
UNREALISED LOSS ON CHANGES IN FAIR VALUE			(8,786,698)		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS			722,762,005		



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

6 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

Collective Investment Scheme

(i) Collective investment scheme as at 31 December 2021 are as follows:

	<u>Quantity</u> Units	<u>Aggregate</u> <u>cost</u> MYR	<u>Fair</u> <u>value</u> MYR	<u>Percentage</u> <u>of NAV</u> %
Nomura Islamic Asset Management Sdn. Bhd. – Nomura I-Cash Fund	4,929,376	5,042,581	5,018,105	0.68
Total collective investment scheme	<u>4,929,376</u>	<u>5,042,581</u>	<u>5,018,105</u>	<u>0.68</u>
UNREALISED LOSS ON CHANGES IN FAIR VALUE		<u>(24,476)</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>5,018,105</u>		

## NOMURA i-INCOME FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

#### 6 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

<u>Nominal value</u> RM	<u>Name of Counter</u>	<u>Rating</u>	<u>Cost</u> RM	Fair value as at <u>31.12.2020</u> RM	Percentage of net assets value <u>31.12.2020</u> %
10,000,000	Aeon Credit Service (M) Berhad	A1	10,139,058	10,178,159	1.96
5,000,000	Affin Islamic Bank Berhad	A3	5,057,117	5,243,768	1.01
5,000,000	AmBank Islamic Berhad	AA3	5,049,333	5,325,083	1.03
6,500,000	AmBank Islamic Berhad	AA2	6,560,058	6,640,723	1.28
5,000,000	AmBank Islamic Berhad	AA2	5,053,356	5,281,206	1.02
5,000,000	AZRB Capital Sdn. Bhd.	AA-IS	5,002,767	5,238,717	1.01
5,000,000	AZRB Capital Sdn. Bhd.	AA-IS	5,002,822	5,254,122	1.01
5,000,000	AZRB Capital Sdn. Bhd.	AA-IS	5,002,795	5,247,995	1.01
10,000,000	AZRB Capital Sdn. Bhd.	AA-IS	10,316,002	10,355,615	2.00
10,000,000	Country Garden Real Estate Sdn Bhd	AA3 (S)	10,157,103	10,812,744	2.09

NOMURA i-INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

6 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

<u>Nominal value RM</u>	<u>Name of Counter</u>	<u>Rating</u>	<u>Cost RM</u>	<u>Fair value as at 31.12.2020 RM</u>	<u>Percentage of net assets value 31.12.2020 %</u>
15,000,000	Danum Capital Berhad	AAA (S)	15,066,251	15,184,001	2.93
5,000,000	EDRA Energy Sdn Berhad	AA3	5,878,572	6,263,906	1.21
5,000,000	EDRA Solar Sdn Berhad	AA2	5,051,596	5,383,396	1.04
5,000,000	Evyap Sabun Malaysia Sdn Bhd	AA-IS	5,001,110	5,001,060	0.97
55,000,000	Government of Malaysia	Not Rated	62,705,159	62,041,194	11.98
50,000,000	Government of Malaysia	Not Rated	56,634,862	56,916,348	10.99
50,000,000	Government of Malaysia	Not Rated	54,363,905	54,581,055	10.54
5,000,000	IJM Land Bhd	A2 (S)	5,080,063	5,343,413	1.03
5,000,000	IJM Land Bhd	A2 (S)	5,078,945	5,307,195	1.02
5,000,000	IJM Land Bhd	A2 (S)	5,072,363	5,043,499	0.97
5,000,000	Jimah East Power Sdn Berhad	AA-IS	5,868,396	6,157,684	1.19
5,000,000	Leader Energy Sdn Bhd	AA-IS	5,108,085	5,170,593	1.00
5,000,000	Lebuhraya Duke Fasa 3 Sdn Bhd	AA-IS	5,578,765	5,850,157	1.13
10,000,000	Malayan Banking Berhad	AA3	10,110,888	10,542,388	2.04

# NOMURA i-INCOME FUND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

### 6 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

<u>Nominal value RM</u>	<u>Name of Counter</u>	<u>Rating</u>	<u>Cost RM</u>	<u>Fair value as at 31.12.2020 RM</u>	<u>Percentage of net assets value 31.12.2020 %</u>
10,000,000	MBSB Bank Berhad (fka Asian Finance Bank Berhad)	A3	10,015,822	10,678,822	2.06
5,000,000	MMC Corporation Berhad	AA-IS	5,171,967	5,616,878	1.09
5,000,000	Pelabuhan Tanjung Pelepas Sdn Bhd	AA-IS	5,007,575	5,201,225	1.01
10,000,000	Prasarana Malaysia Bhd	Not Rated	11,539,016	11,985,984	2.31
5,000,000	Prasarana Malaysia Bhd	Not Rated	5,082,921	5,327,321	1.03
10,000,000	Press Metal Aluminium Holdings Bhd	AA3	10,083,123	10,160,423	1.96
25,000,000	Press Metal Aluminium Holdings Bhd	AA3	25,375,342	25,406,842	4.91
5,000,000	Quantum Solar Park (Semenanjung) Sdn Berhad	A+IS	5,024,272	5,322,283	1.03
5,000,000	Quantum Solar Park (Semenanjung) Sdn Berhad	A+IS	5,166,067	5,425,550	1.05
5,000,000	Quantum Solar Park (Semenanjung) Sdn Berhad	A+IS	5,370,881	5,416,573	1.05
6,000,000	Solar Management (Seremban) Sdn Bhd	AA3	6,183,791	6,126,400	1.18
2,000,000	Solar Management (Seremban) Sdn Berhad	AA3	2,059,451	2,034,539	0.39
10,000,000	Southern Power Generation Sdn Berhad	AA-IS	11,175,683	11,825,049	2.28

NOMURA i-INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

6 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

Nominal value RM	Name of Counter	Rating	Cost RM	Fair value as at 31.12.2020 RM	Percentage of net assets value 31.12.2020 %
5,000,000	Special Power Vehicle Berhad	A1	5,406,435	5,432,579	1.05
5,000,000	SPR Energy (M) Sdn Berhad	AA3	5,365,050	5,955,049	1.15
5,000,000	TG Excellence Berhad	AA-IS	5,116,798	5,239,119	1.01
5,000,000	UEM Sunrise Berhad	AA-IS	5,055,607	5,287,495	1.02
5,000,000	UEM Sunrise Berhad	AA-IS	5,070,178	5,191,319	1.00
15,000,000	UEM Sunrise Berhad	AA-IS	15,201,120	15,177,279	2.93
5,000,000	UMW Holdings Berhad	A1	5,125,083	5,744,100	1.11
5,000,000	Zamarad Assets Berhad	AAA	5,382,676	5,516,369	1.06
5,000,000	Zamarad Assets Berhad	AA2	5,362,185	5,579,625	1.08
5,000,000	Zamarad Assets Berhad	AA2	5,028,569	5,264,969	1.02
5,000,000	Zamarad Assets Berhad	AAA	5,141,074	5,404,012	1.04
10,000,000	Zamarad Assets Berhad	AA2	10,125,534	10,158,334	1.96
	TOTAL UNQUOTED SUKUK		498,575,591	508,842,159	98.24
	UNREALISED GAIN ON CHANGES IN FAIR VALUE		10,266,568		
	TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		508,842,159		

## NOMURA i-INCOME FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

#### 7 CASH AND CASH EQUIVALENTS

	<u>31.12.2021</u> RM	<u>31.12.2020</u> RM
Islamic deposits with licensed financial institutions	15,025,099	9,346,871
Bank balances in a licensed bank	284,785	195,278
	<u>15,309,884</u>	<u>9,542,149</u>

Weighted average effective profit rates per annum is as follows:

	<u>31.12.2021</u> %	<u>31.12.2020</u> %
Islamic deposits with licensed financial institutions	<u>1.70</u>	<u>1.70</u>

Islamic deposits with licensed financial institutions have an average maturity of 3 days. (2020: 4 days)

#### 8 SHARIAH INFORMATION OF THE FUND

The Shariah Adviser confirmed that the investment portfolio of the Fund is Shariah-compliant, which comprises:

- (a) The investments in sukuk are as per the list of sukuk available at Bond Info Hub and Fully Automated System for Issuing/Tendering of Bank Negara Malaysia; and
- (b) The liquid assets that are placed in the Shariah-compliant investments and/or instruments.

#### 9 NUMBER OF UNITS IN CIRCULATION

	<u>2021</u> No. of units	<u>2020</u> No. of units
At beginning of the financial year	459,139,639	315,020,441
Creation of units during the financial year:		
Arising from creations	282,131,213	195,541,921
Arising from distributions	9,322,738	3,203,897
Cancellation of units	(71,665,580)	(54,626,620)
At end of the financial year	<u>678,928,010</u>	<u>459,139,639</u>

# NOMURA i-INCOME FUND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

### 10 DISTRIBUTIONS

	<u>2021</u> RM	<u>2020</u> RM
Distributions to unitholders are from the following sources:		
Undistributed net income brought forward	1,286,588	-
Gross dividend	42,581	-
Profit income from unquoted sukuk at FVTPL	26,611,863	14,851,402
Net realised gain on sale of Shariah-compliant investments	165,629	4,978,890
	<hr/>	<hr/>
	28,106,661	19,830,292
Less: Expenses	(1,777,044)	(1,178,637)
	<hr/>	<hr/>
	26,329,617	18,651,655
	<hr/>	<hr/>

During the financial year, distributions per unit were made as follows:

	<u>Gross/net distribution</u>	
	<u>2021</u> RM/unit	<u>2020</u> RM/unit
March 2021	0.0125	-
June 2021	0.0092	-
September 2021	0.0060	-
December 2021	0.0150	-
March 2020	-	0.0173
June 2020	-	0.0149
September 2020	-	0.0033
December 2020	-	0.0131

Gross distribution is derived using total income less total expenses.

Gross distribution per unit is derived from gross realised income less expenses divided by the number of units in circulation, while net distribution for unit is derived from gross realised income less expenses and taxation divided by the number of units in circulation.

# NOMURA i-INCOME FUND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

### 11 TRANSACTIONS WITH FINANCIAL INSTITUTIONS

Details of transactions with the top 10 financial institutions are as follows:

	<u>Value of trade</u> RM	<u>Percentage of total trade</u> %
<u>31.12.2021</u>		
CIMB Islamic Bank Berhad	5,315,302,000	83.78
RHB Islamic Bank Berhad	309,395,863	4.88
Hong Leong Islamic Bank Berhad	207,077,000	3.26
Standard Chartered Bank Malaysia Berhad	162,011,050	2.55
RHB Investment Bank Berhad	106,636,575	1.68
Hong Leong Investment Bank Berhad	57,069,000	0.90
Citibank (M) Bhd	47,713,500	0.75
Affin Hwang Investment Bank Berhad	45,121,750	0.71
CIMB Bank Berhad	42,387,500	0.67
Malayan Banking Berhad	42,068,500	0.66
Others	10,042,581	0.16
	<u>6,344,825,319</u>	<u>100.00</u>
	<u>Value of trade</u> RM	<u>Percentage of total trade</u> %
<u>31.12.2020</u>		
CIMB Islamic Bank Berhad	2,812,159,500	83.99
Public Islamic Bank Berhad	161,204,000	4.81
Citibank (M) Bhd	107,716,000	3.22
Standard Chartered Bank Malaysia Berhad	92,006,800	2.75
RHB Investment Bank Berhad	50,088,800	1.50
CIMB Bank Berhad	30,121,000	0.90
Malayan Banking Berhad	25,000,000	0.75
Affin Hwang Investment Bank Berhad	20,974,000	0.63
AmBank Islamic Berhad	16,600,000	0.49
AmBank (M) Berhad	11,500,000	0.34
Others	20,696,250	0.62
	<u>3,348,066,350</u>	<u>100.00</u>

All financial institutions above are not related to the Manager.



# NOMURA i-INCOME FUND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

### 12 MANAGEMENT EXPENSE RATIO ("MER")

	<u>2021</u> %	<u>2020</u> %
MER	<u>0.26</u>	<u>0.27</u>

MER is derived from the following calculation:

$$\text{MER} = \frac{(A + B + C + D + E + F)}{G} \times 100$$

A	=	Management fee
B	=	Trustee's fee
C	=	Shariah Adviser's fee
D	=	Audit fee
E	=	Tax agent's fee
F	=	Other expenses
G	=	Average net asset value of Fund calculated on daily basis

The average net asset value of the Fund for the financial year calculated on daily basis is RM673,467,334 (31.12.2020: RM442,343,781).

### 13 PORTFOLIO TURNOVER RATIO ("PTR")

	<u>2021</u>	<u>2020</u>
PTR (times)	<u>0.40</u>	<u>0.46</u>

PTR is derived from the following calculation:

$$(\text{Total acquisition for the financial year} + \text{total disposal for the financial year}) \div 2$$

Average net asset value of the Fund for the financial year calculated on daily basis

Where: total acquisition for the financial year = RM390,174,546 (31.12.2020: RM284,577,295)  
total disposal for the financial year = RM152,310,259 (31.12.2020: RM118,344,648)

## NOMURA i-INCOME FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

#### 14 UNITS HELD BY THE MANAGER AND PARTIES RELATED TO THE MANAGER

The related party of and its relationship with the Fund are as follows:

<u>Related party</u>	<u>Relationship</u>			
Nomura Islamic Asset Management Sdn Bhd	The Manager			
Senior management of the Manager	Director(s) of the Manager			
Deutsche Trustees Malaysia Berhad for Nomura Global Shariah Strategic Growth Fund	Fund Managed by Associated Company			
	<u>31.12.2021</u>		<u>31.12.2020</u>	
	No. of units	RM	No. of units	RM
Senior management of the Manager	-	-	295,514	333,370
Deutsche Trustees Malaysia Berhad for Nomura Global Shariah Strategic Growth Fund	6,324,178	6,919,916	3,091,397	3,487,405

In the opinion of the Manager, the above units were transacted at the prevailing market price.

In addition to the related party disclosure mentioned elsewhere in the financial statements, there were no other significant related party transactions and balances.

Other than the above, there were no units held by parties related to the Manager.

#### 15 SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The macro-economic outlook as a result of Covid-19, both domestically and globally, may result in the deterioration of the Fund's net asset value/unit in future periods.

The Manager is monitoring the situation closely and will be actively managing the portfolio to achieve the Fund's objective.

#### 16 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue by the Manager on 21 February 2022.

**NOMURA i-INCOME FUND****STATEMENT BY THE MANAGER**

We, Leslie Yap Kim Loong and Atsushi Ichii, being two of the Directors of Nomura Islamic Asset Management Sdn Bhd (the "Manager"), do hereby state that, in the opinion of the Manager, the accompanying financial statements set out on pages 1 to 34 are drawn up in accordance with the provisions of the Deed and give a true and fair view of the financial position of the Fund as at 31 December 2021 and of its financial performance, changes in net asset value and cash flows for the financial year ended 31 December 2021 in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards.

For and on behalf of the Manager,  
NOMURA ISLAMIC ASSET MANAGEMENT SDN BHD



ATSUSHI ICHII  
Managing Director



LESLIE YAP KIM LOONG  
Director

Kuala Lumpur

21 FEB 2022



Deutsche Trustees Malaysia Berhad  
Registration No: 200701005591 (763590-H)  
Level 20, Menara IMC  
8 Jalan Sultan Ismail  
50250 Kuala Lumpur  
Tel +603 2053 7522  
Fax +603 2053 7526

## TRUSTEE'S REPORT

### TO THE UNIT HOLDERS OF NOMURA i-INCOME FUND

We have acted as Trustee for Nomura i-Income Fund (the "Fund") for the financial year ended 31 December 2021. To the best of our knowledge, for the financial year under review, Nomura Islamic Asset Management Sdn Bhd (the "Manager") has operated and managed the Fund in accordance with the following:-

- (a) limitations imposed on the investment powers of the Manager under the Deed(s), the Securities Commission's Guidelines on Unlisted Capital Market Products under The Lodge and Launch Framework, the Capital Markets and Services Act and other applicable laws;
- (b) valuation and pricing for the Fund is carried out in accordance with the Deed(s) of the Fund and any regulatory requirements; and
- (c) creation and cancellation of units for the Fund are carried out in accordance with the Deed(s) of the Fund and any regulatory requirements.

We are of the view that the distributions made during the financial year ended 31 December 2021 by the Manager are not inconsistent with the objectives of the Fund.

For Deutsche Trustees Malaysia Berhad

**Soon Lai Ching**  
Senior Manager, Trustee Operations

**Jiva Munusamy**  
Head, Client Management

Kuala Lumpur

21 FEB 2022



## **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, based on our review of the documents and information made available to us, 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 financial year ended 31 December 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**

A handwritten signature in black ink, appearing to read 'Mohamad Salihin Deris'.

**MOHAMAD SALIHIN DERIS**  
Designated Person Responsible for Shariah Advisory

Kuala Lumpur

**21 FEB 2022**





## INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF NOMURA i-INCOME FUND

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### Our opinion

In our opinion, the financial statements of Nomura i-Income Fund (the "Fund") give a true and fair view of the financial position of the Fund as at 31 December 2021, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

#### What we have audited

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 31 December 2021, and the statement of comprehensive income, statement of changes in net asset value and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 1 to 34.

#### Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Independence and other ethical responsibilities*

We are independent of the Fund in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.



## INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF NOMURA i-INCOME FUND (CONTINUED)

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

#### Information other than the financial statements and auditors' report thereon

The Manager of the Fund is responsible for the other information. The other information comprises Manager's Report but does not include the financial statements of the Fund and our auditors' report thereon.

Our opinion on the financial statements of the Fund does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Fund, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Fund or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of the Manager for the financial statements

The Manager of the Fund is responsible for the preparation of the financial statements of the Fund that give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Manager is also responsible for such internal control as the Manager determines is necessary to enable the preparation of financial statements of the Fund that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Fund, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.





## INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF NOMURA i-INCOME FUND (CONTINUED)

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

#### Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Fund as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- (d) Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Fund, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.





INDEPENDENT AUDITORS' REPORT  
TO THE UNIT HOLDERS OF NOMURA i-INCOME FUND (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

OTHER MATTERS

This report is made solely to the unit holders of the Fund and for no other purpose. We do not assume responsibility to any other person for the content of this report.

A handwritten signature in black ink, appearing to read "PricewaterhouseCoopers" followed by a stylized mark.

PRICEWATERHOUSECOOPERS PLT  
LLP0014401 –LCA & AF 1146  
Chartered Accountants

Kuala Lumpur  
21 February 2022