



NOMURA

Nomura i-Income Fund

Quarterly Report For The Period Ended 31 March 2022

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 31 March 2022 ^a

For the period under review from 1 January 2022 to 31 March 2022, the Fund has registered a -0.14% return. Compared to the Benchmark return of 0.48%, the Fund underperformed the Benchmark by -0.62%. The last published Net Asset Value (NAV) per unit of the Fund as at 31 March 2022 was RM1.0866 as compared to the NAV per unit as at 31 December 2021 of RM1.0942. On the total NAV basis, the Fund's NAV stood at RM 707.18 million as at 31 March 2022.

Performance as at 31 March 2022 ^a

	3 Months (31/12/2021 To 31/03/2022)	6 Months (30/09/2021 To 31/03/2022)	1 Year (31/03/2021 To 31/03/2022)	3 Year (31/03/2019 To 31/03/2022)	Since Commencement ^a (05/01/2017 To 31/03/2022)
Fund	-0.14%	0.27%	3.39%	15.73%	33.06%
Benchmark	0.48%	0.97%	1.95%	7.67%	16.20%
Outperformance/ (Underperformance)	-0.62%	-0.70%	1.44%	8.06%	16.86%

Source of Fund and Benchmark Returns: Refinitiv Lipper

Note ^a: 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 March 2022.

Volatility as at 31 March 2022

	3-Year
Fund	5.01

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 January to 31 March, 2022)

Uncertainty on the growth outlook stemming from Omicron strain of Covid-19 which spread globally was supportive of the longer end of the yield curve. Strategy-wise, we saw value in the present steepness of the belly of the credit curve, particularly as the 3-7 year portion remains very steep, making for an attractive rolldown play. As such, we added corporate sukuk in that portion of the curve. We took advantage of primary issuances over the month to add corporate sukuk that were attractively priced while disposing of lower yielding sukuk.

Summary of Asset Allocation

	<u>30 March 2022</u>	<u>31 December 2021</u>
Government Investment Issue	23.73%	24.43%
Islamic commercial paper/Sukuk	74.70%	72.87%
Cash and other net current assets / liabilities	1.57%	2.03%
Collective Investment Scheme	-	0.68%
Total	100.0%	100.0%

Review of Market (1 January to 31 March 2022)

Domestic bond market experienced heightened volatility over the quarter. Market sentiment was generally cautious amid an increasingly hawkish US Federal Reserve, the escalation of the Russia-Ukraine conflict, ongoing concerns on global inflationary pressure owing to elevated global commodity prices, and the US Treasury yield curve inversion. Domestically, market sentiment was weak following the news of the launch of the Employees Provident Fund Special Withdrawal facility. Overall, in line with rising global yields, Government Investment Issues yield curve shifted upwards. In particular, front-end and long-end of the curve rose marginally by 5 bps QoQ and 8 bps QoQ respectively while the rest of the curve surged 29-38 bps QoQ.

Year-to-date corporate bond issuance recorded a total of MYR 14.14 billion. Issuances were skewed towards the AA-rated space, notably, Kuala Lumpur Kepong Berhad, Point Zone (M) Sdn Berhad, and Dialog Group Berhad issued MYR 2.0 billion, MYR 650 million, and MYR 500 million respectively. Within the A-rated space, YNH Property Berhad issued MYR 323 million while MEX I Capital Berhad completed its restructuring exercise with a total issuance of MYR 1.125 billion in multiple tranches.

Bank Negara Malaysia (“**BNM**”) kept its Overnight Policy Rate unchanged at 1.75% in its March Monetary Policy Committee meeting. While acknowledging the continued recovery in the global economy and expecting the domestic growth recovery to strengthen in 2022, BNM maintained its neutral stance as it reiterated that risks to the domestic growth outlook remain tilted to the downside and highlighted that the ongoing Russia-Ukraine conflict has emerged as a key risk to global growth. In addition, despite the increase in the Jan-22 core inflation, BNM expects core inflation to remain modest amid continued slack in the economy and labour market. Overall, we view that BNM is not in a rush to embark on its policy normalization cycle and is in a wait-and-see mode to assess the impact from the ongoing geopolitical developments and the monetary policy tightening trajectory of major central banks.

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	1,364.49
500,000 - to 1,000,000	-	-
1,000,001 to 5,000,000	8	24,996.01
5,000,001 to 10,000,000	1	7,948.66
10,000,001 to 15,000,000	-	-
15,000,001 to 20,000,000	1	18,519.01
20,000,001 and above	5	597,974.56
Total	20	650,802.72

* Note: Excluding Manager's Stock

INCOME DISTRIBUTION

The Fund distributed a gross total of RM 0.0061 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-Mar-2022	1.0893	29-Mar-2022	1.0844	0.0061

FUND PERFORMANCE DATA

	As at 31 March 2022	As at 31 December 2021
Total NAV (RM)	707,179,822	742,877,716
NAV per Unit (RM)	1.0866	1.0942
Unit in Circulation	650,802,717	678,928,010
Highest NAV (RM)	1.1014	1.1085
Lowest NAV (RM)	1.0839	1.0924

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 PERIOD ENDED 31 MARCH 2022

NOMURA i-INCOME FUND

FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

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**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022**

	Financial period from 01-01-2022 to 31-3-2022 RM	Financial period from 01-01-2021 to 31-3-2021 RM
INVESTMENT LOSS		
Profit income from unquoted sukuk at fair value through profit or loss ("FVTPL")	7,594,224	4,706,215
Profit income from Islamic deposits with licensed financial institutions at amortised cost	54,123	628,150
Other income	28	-
Net loss on financial assets at fair value through profit or loss ("FVTPL")	<u>(8,080,801)</u>	<u>(21,464,731)</u>
Gross Loss	<u>(432,426)</u>	<u>(16,130,366)</u>
EXPENSES		
Management fee	(412,432)	(337,387)
Trustee's fee	(53,795)	(44,007)
Shariah Adviser's fee	(1,699)	(1,699)
Audit fee	(3,129)	(3,128)
Tax agent's fee	(1,020)	(1,020)
Other expenses	<u>(1,098)</u>	<u>(784)</u>
	<u>(473,173)</u>	<u>(388,025)</u>
LOSS BEFORE TAXATION	(905,599)	(16,518,391)
TAXATION	<u>-</u>	<u>-</u>
LOSS AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>(905,599)</u>	<u>(16,518,391)</u>
Loss after taxation is made up as follows:		
Realised gain amount	6,992,840	4,278,093
Unrealised loss amount	<u>(7,898,439)</u>	<u>(20,796,484)</u>
	<u>(905,599)</u>	<u>(16,518,391)</u>

**STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022**

	31-3-2022	31-3-2021
	RM	RM
ASSETS		
Financial assets at fair value through profit or loss ("FVTPL")	696,281,315	476,721,192
Amount due from Manager	1,423,645	80,000
Cash and cash equivalents	<u>11,654,219</u>	<u>134,544,950</u>
TOTAL ASSETS	<u>709,359,179</u>	<u>611,346,142</u>
LIABILITIES		
Accrued management fee	140,024	120,155
Amount due to Manager	574,754	132,407
Amount due to Trustee	18,264	15,672
Amount due to Shariah Adviser	1,699	3,422
Distribution payable	1,423,645	6,951,904
Other payables and accruals	<u>20,971</u>	<u>20,366</u>
TOTAL LIABILITIES	<u>2,179,357</u>	<u>7,243,926</u>
NET ASSET VALUE	<u>707,179,822</u>	<u>604,102,216</u>
UNITHOLDER'S FUNDS		
Unitholders' capital	714,223,282	609,380,928
Accumulated losses	<u>(7,043,460)</u>	<u>(5,278,712)</u>
NET ASSET ATTRIBUTABLE TO UNITHOLDERS	<u>707,179,822</u>	<u>604,102,216</u>
UNITS IN CIRCULATION	<u>650,802,717</u>	<u>556,146,760</u>
NET ASSET VALUE PER UNIT (RM) (EX DISTRIBUTION)	<u>1.0866</u>	<u>1.0862</u>

**STATEMENT OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022**

	Unitholders' capital	(Accumulated losses)/ Retained earnings	Total
	RM	RM	RM
Balance as at 1 January 2022	745,050,462	(2,172,746)	742,877,716
Movement in unitholders' contribution:			
Creation of units from applications	7,291,734	-	7,291,734
Cancellation of units	(38,118,914)	-	(38,118,914)
Distributions	-	(3,965,115)	(3,965,115)
Total comprehensive loss for the financial period	-	(905,599)	(905,599)
Balance as at 31 March 2022	<u>714,223,282</u>	<u>(7,043,460)</u>	<u>707,179,822</u>
Balance as at 1 January 2021	499,783,327	18,191,583	517,974,910
Movement in unitholders' contribution:			
Creation of units from applications	140,647,262	-	140,647,262
Cancellation of units	(31,049,661)	-	(31,049,661)
Distributions	-	(6,951,904)	(6,951,904)
Total comprehensive loss for the financial period	-	(16,518,391)	(16,518,391)
Balance as at 31 March 2021	<u>609,380,928</u>	<u>(5,278,712)</u>	<u>604,102,216</u>

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022**

	Financial period from 01-01-2022 to 31-3-2022 RM	Financial period from 01-01-2021 to 31-3-2021 RM
CASH FLOWS FROM OPERATING		
Proceeds from sale of Shariah-compliant investments	25,265,471	81,604,850
Purchase of Shariah-compliant instruments	-	(71,021,850)
Profit income from unquoted sukuk	5,745,592	4,779,450
Profit income from Islamic deposits with licensed financial institutions	54,123	628,150
Other income received	28	-
Management fee paid	(416,305)	(317,714)
Trustee's fee paid	(54,562)	(41,441)
Shariah Adviser's fee paid	(1,723)	-
Payment for other fees and expenses	(1,098)	(783)
Net cash generated from operating activities	<u>30,591,526</u>	<u>15,630,662</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Cash proceeds from creation of units	5,868,089	140,681,872
Payments for cancellation of units	(37,573,810)	(31,309,733)
Distribution paid	(2,541,470)	-
Net cash (used in)/generated from financing activities	<u>(34,247,191)</u>	<u>109,372,139</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(3,655,665)	125,002,801
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	<u>15,309,884</u>	<u>9,542,149</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	<u><u>11,654,219</u></u>	<u><u>134,544,950</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, 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 quarter ended 31 March 2022.

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', is written over a light blue horizontal line.

MOHAMAD SALIHIN DERIS
Designated Person Responsible for Shariah Advisory

Kuala Lumpur