

Nomura i-Income Fund 2

Semi-Annual Report and Unaudited Financial Statements For
The Period From 30 June 2021 (Launch Date) to 30 April 2022

MANAGER:

NOMURA ASSET MANAGEMENT MALAYSIA SDN. BHD.
Business Registration No.: 200601028939 (748695-A)

TRUSTEE:

DEUTSCHE TRUSTEES MALAYSIA BERHAD
Business Registration No.: 200701005591 (763590-H)

AUDITOR:

Pricewaterhouse Coopers PLT
Business Registration No.: LLP0014401-LCA & AF1146

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This Semi-Annual Report is available, upon request, to unit holders without charge

1. FUND PROFILE

1.1 Fund Name

Nomura i-Income Fund 2 (“Fund”)

1.2 Type and Category of Fund

Income – Fixed Income

1.3 Duration of the Fund

The Fund is an open-ended fund.

1.4 Investment Objectives

The Fund seeks to provide investors with recurring income on its investments.

1.5 Distribution Policy

Depending on the level of income that the Fund generates, the Fund may provide distribution on a quarterly basis.

1.6 Performance Benchmark

Maybank 3-month Islamic Fixed Deposit Rate (“Benchmark”).

2. FUND PERFORMANCE

2.1 Key Fund Performance Data

Asset Allocation / Portfolio Composition	30 April 2022
Unquoted sukuk – Government of Malaysia	54.68%
Cash and Others	45.33%
Total (%)	100

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

Fund – Class S

Category	Since Commencement, 21 July 2021 to 30 April 2022
Highest NAV per Unit (RM) ¹	1.0034
Lowest NAV per Unit (RM) ¹	0.9165
Total Return (%) ²	
- Capital growth (%)	(1.79)
- Income (%)	0.27
Gross/Net Distribution per unit (sen)	0.27
Total NAV (RM) ¹	39,485,934
NAV per Unit (RM)	0.9824
Unit in Circulation	40,193,929

Fund – Class I

Category	Since Commencement, 21 July 2021 to 30 April 2022
Highest NAV per Unit (RM) ¹	1.0030
Lowest NAV per Unit (RM) ¹	0.9165
Total Return (%) ²	
- Capital growth (%)	(1.92)
- Income (%)	0.27
Gross/Net Distribution per unit (sen)	0.27
Total NAV (RM) ¹	29,495,512
NAV per Unit (RM)	0.9811
Unit in Circulation	30,064,435

Fund – Class R

Category	Since Commencement, 21 July 2021 to 30 April 2022
Highest NAV per Unit (RM) ¹	1.0030
Lowest NAV per Unit (RM) ¹	0.9164
Total Return (%) ²	
- Capital growth (%)	(2.01)
- Income (%)	0.27
Gross/Net Distribution per unit (sen)	0.27
Total NAV (RM) ¹	1,982,402
NAV per Unit (RM)	0.9801
Unit in Circulation	2,022,558

Fund – Class H (Hedged)

Category	Since Commencement, 21 July 2021 to 30 April 2022
Highest NAV per Unit (USD) ¹	1.0258
Lowest NAV per Unit (USD) ¹	0.9191
Total Return (%) ²	
- Capital growth (%)	(1.08)
- Income (%)	0.06
Gross/Net Distribution per unit (sen)	0.064
Total NAV (RM) ¹	4,295,313
NAV per Unit (USD)	0.9894
Unit in Circulation	997,513

Category	Since Commencement, 21 July 2021 to 30 April 2022
Total Expense Ratio (%) ³	0.23
Portfolio Turnover Ratio (time) ⁴	0.60

Notes:

(1) Figures shown as ex-distribution.

(2) Total Return of the Fund and its Benchmark for a period are calculated based on the absolute return of the Fund for that period. The calculation of the Total Return of the Fund is based on NAV-to-NAV basis, and is sourced from Refinitiv Lipper. Fund performances include reinvestment of income distributions into the Fund. The performance figures are a comparison of the growth/decline in NAV for the stipulated period taking into account all the distributions payable (if any) during the stipulated period:

- **Capital Return**= {NAV per Unit End / NAV per Unit Beginning – 1} x 100
- **Income Return**= {Income Distribution per Unit / NAV per Unit Ex-Distribution} x 100

(3) Total Expense Ratio ("TER") is calculated based on the total fees and expenses incurred by the Fund divided by the average net asset value of the Fund for the financial period calculated on daily basis.

(4) Portfolio Turnover Ratio ("PTR") is calculated based on the total acquisitions and total disposals of investment securities of the Fund for the financial period divided by the average net asset value of the Fund for the financial period calculated on daily basis.

2.2 Average Total Return of the Fund

Fund – Class S

	Since Commencement, 21 July 2021 to 30 April 2022
Average Total Return (%)	(1.95)

Source: Refinitiv Lipper

Fund – Class I

	Since Commencement, 21 July 2021 to 30 April 2022
Average Total Return (%)	(2.12)

Source: Refinitiv Lipper

Fund – Class R

	Since Commencement, 21 July 2021 to 30 April 2022
Average Total Return (%)	(2.24)

Source: Refinitiv Lipper

Fund – Class H (Hedged)

	Since Commencement, 21 July 2021 to 30 April 2022
Average Total Return (%)	(1.31)

Source: Refinitiv Lipper

2.3 Annual Total Return of the Fund
Fund – Class S

	Since Commencement, 21 July 2021 to 30 April 2022
Total Return (%) ¹	(1.52)
Benchmark (%)	1.33

Source: Refinitiv Lipper

Fund – Class I

	Since Commencement, 21 July 2021 to 30 April 2022
Total Return (%) ¹	(1.65)
Benchmark (%)	1.33

Source: Refinitiv Lipper

Fund – Class R

	Since Commencement, 21 July 2021 to 30 April 2022
Total Return (%) ¹	(1.74)
Benchmark (%)	1.33

Source: Refinitiv Lipper

Fund – Class H (Hedged)

	Since Commencement, 21 July 2021 to 30 April 2022
Total Return (%) ¹	(1.02)
Benchmark (%)	(1.67)

Source: Refinitiv Lipper

Notes:

- (1) Annual Total Return of the Fund and its Benchmark for a period are calculated based on the absolute return of the Fund for that period. The calculation of the Annual Total Return of the Fund is based on NAV-to-NAV basis, and is sourced from Refinitiv Lipper. Fund performances include reinvestment of income distributions into the Fund. Further details on basis of calculation and assumption made in calculating returns is as follows:

The performance figures are a comparison of the growth/decline in NAV for the stipulated period taking into account all the distributions payable (if any) during the stipulated period:

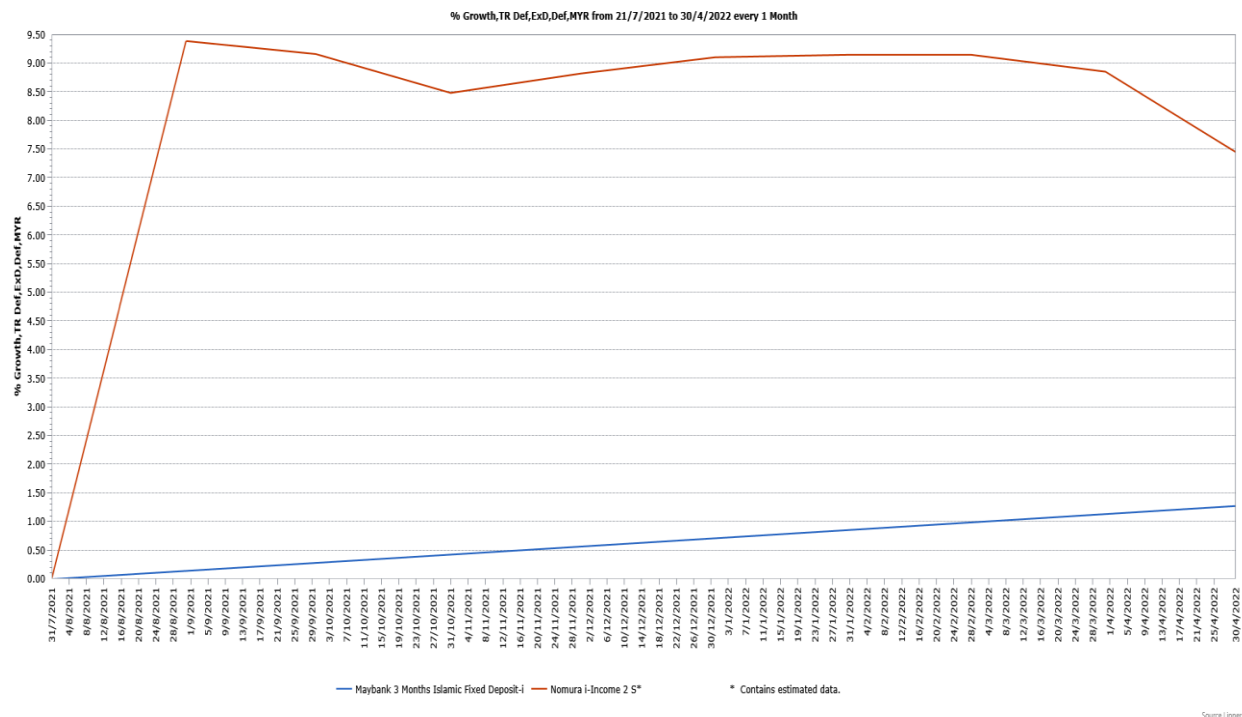
- **Capital Return** = {NAV per Unit End / NAV per Unit Beginning – 1} x 100
- **Income Return** = {Income Distribution per Unit / NAV per Unit Ex-Distribution} x 100
- **Total Return** = $(1 + \text{Percentage Growth})^{1/n} - 1$

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

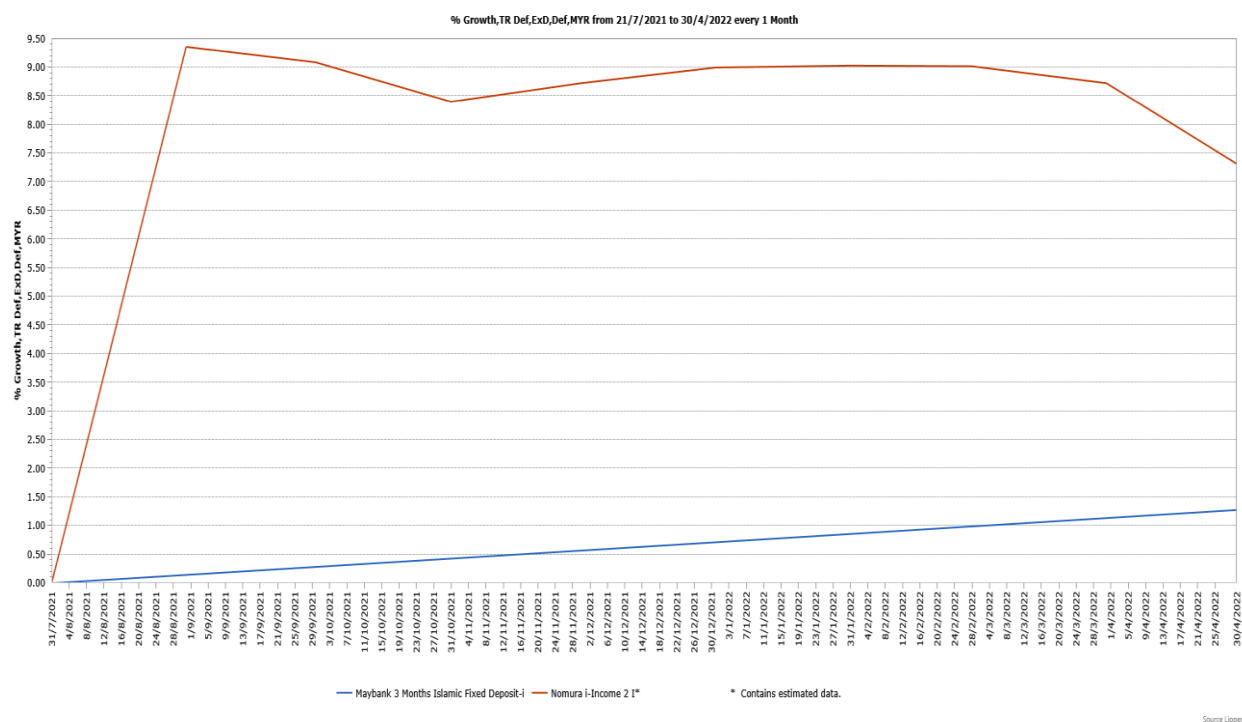
3. MANAGER'S REPORT

Performance of Nomura i-Income Fund 2 from 21 July 2021 to 30 April 2022

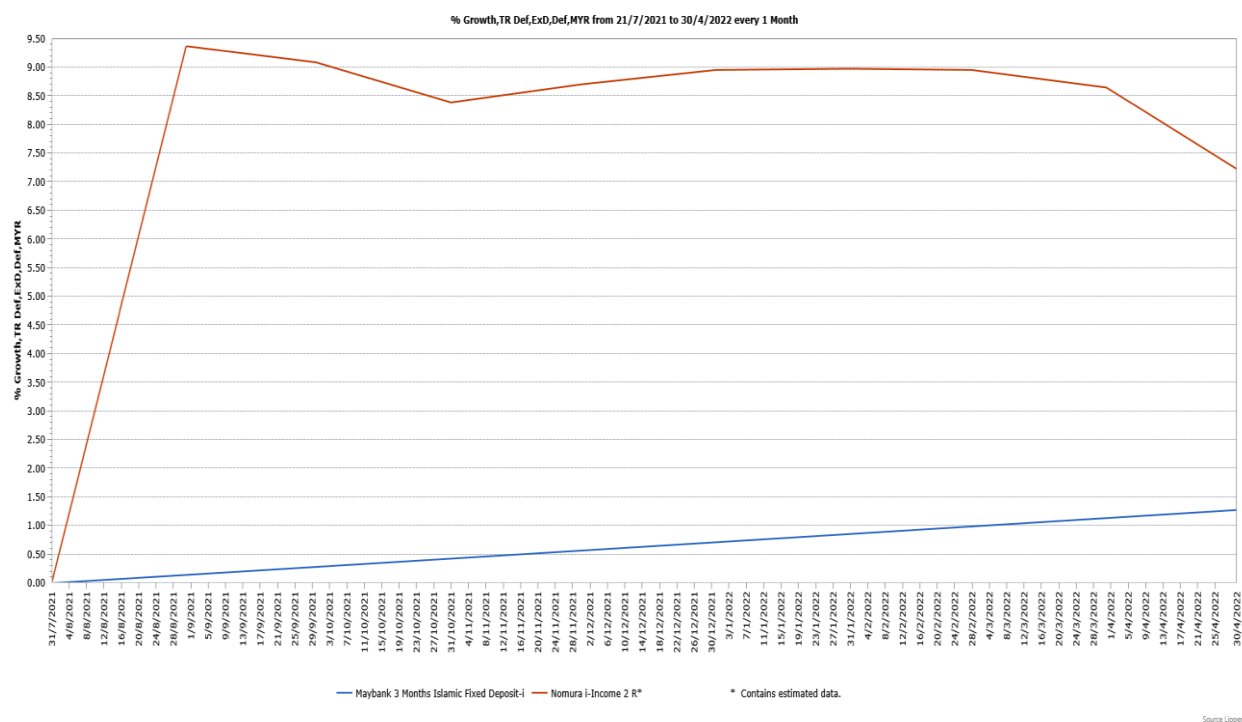
Fund – Class S



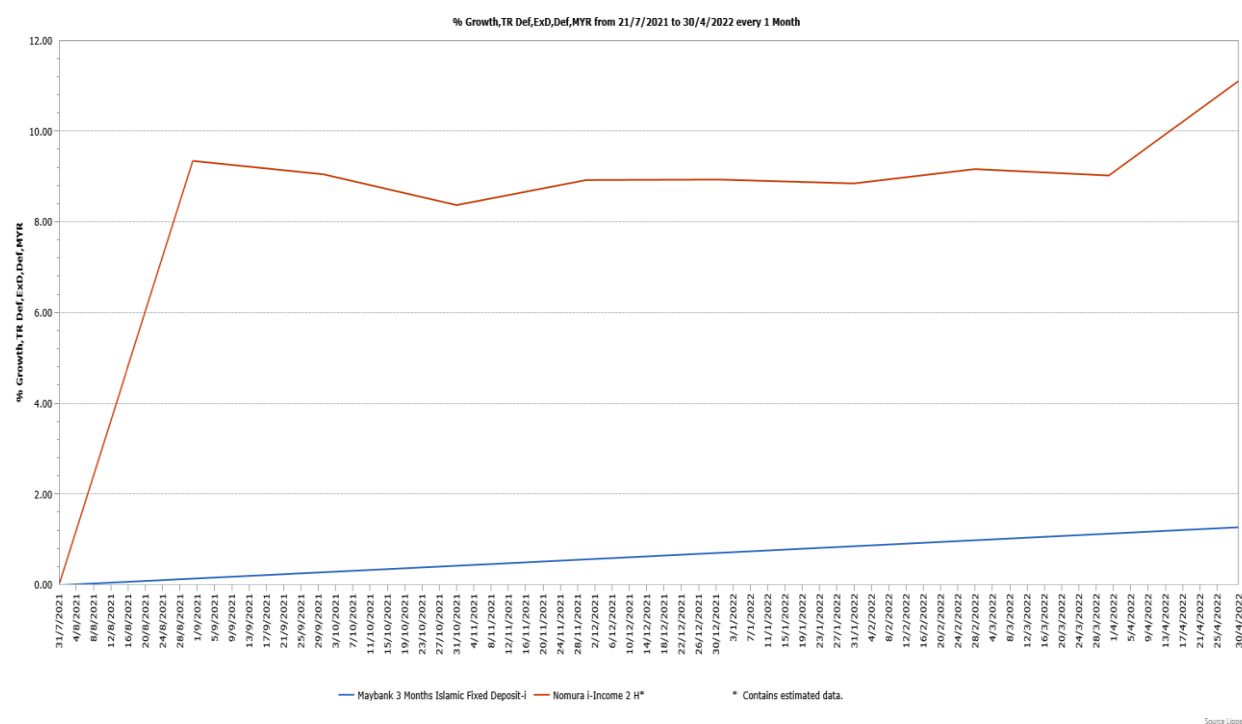
Fund – Class I



Fund – Class R



Fund – Class H (Hedged)



Benchmark: MSCI All Country World Index

Source: The calculation of the Annual Total Return of the Fund is based on NAV-to-NAV basis, and is sourced from Refinitiv Lipper. Fund performances include reinvestment of income distributions into the Fund.

3.1 Performance for the period from 21 July 2021 to 30 April 2022

Fund – Class S

For the period under review from 21 July 2021 to 30 April 2022, Class S has registered -1.52% return. Compared to the Benchmark return of 1.33%, Class S has underperformed the Benchmark by -2.85%. The Net Asset Value (NAV) per unit of Class S as at 30 June 2021 (launch date) was RM 1.0000 compared to the NAV per unit as at 30 April 2022 of RM 0.9824. On the total NAV basis, Class S's NAV stood at RM 39.48 million as at 30 April 2022. During the period under review, Class S has declared a total income distribution of RM 0.0027 per unit.

Fund – Class I

For the period under review from 21 July 2021 to 30 April 2022, Class I has registered -1.65% return. Compared to the Benchmark return of 1.33%, Class I has underperformed the Benchmark by -2.98%. The Net Asset Value (NAV) per unit of Class I as at 30 June 2021 (launch date) was RM 1.0000 compared to the NAV per unit as at 30 April 2022 of RM 0.9811. On the total NAV basis, Class I's NAV stood at RM 29.49 million as at 30 April 2022. During the period under review, Class I has declared a total income distribution of RM 0.0027 per unit.

Fund – Class R

For the period under review from 21 July 2021 to 30 April 2022, Class R has registered -1.74% return. Compared to the Benchmark return of 1.33%, Class R has underperformed the Benchmark by -3.07%. The Net Asset Value (NAV) per unit of Class R as at 30 June 2021 (launch date) was RM 1.0000 compared to the NAV per unit as at 30 April 2022 of RM 0.9801. On the total NAV basis, Class R's NAV stood at RM 1.98 million as at 30 April 2022. During the period under review, Class R has declared a total income distribution of RM 0.0027 per unit.

Fund – Class H (Hedged)

For the period under review from 21 July 2021 to 30 April 2022, Class H (Hedged) has registered -1.02% return. Compared to the Benchmark return of -1.67%, Class H (Hedged) has outperformed the Benchmark by 0.65%. The Net Asset Value (NAV) per unit of Class H (Hedged) as at 30 June 2021 (launch date) was USD 1.0000 compared to the NAV per unit as at 30 April 2022 of USD 0.9894. On the total NAV basis, Class H (Hedged)'s NAV stood at USD 0.99 million as at 30 April 2022. During the period under review, Class H (Hedged) has declared a total income distribution of USD 0.00064 per unit.

3.2 Review of Market for the period from 21 July 2021 to 30 April 2022

2021 was yet another volatile year for the local bond market. Overall, Government Investment Issues (“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 through early 2021. However, towards the end of 2021, several major Central Banks signalled intentions of embarking on policy normalisation amid global inflationary pressures. Notably, the US Federal Reserve (“US Fed”) commenced its long-awaited quantitative easing 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 (“OPR”) 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. Having that said, deposit rates remained low and stable throughout the period under review.

Going into 2022, volatility remained elevated. GII yield curve shifted upwards in 4M2022. This was on the back of a global bond rout which resulted from an increasingly hawkish US Fed, the escalation of the Russia-Ukraine conflict, and ongoing concerns on global inflationary pressure owing to elevated global commodity prices. The US Fed embarked its monetary policy tightening cycle with a 25 bps rate hike and made a hawkish pivot in its Mar-22 meeting, indicating that the central bank could hike rates by 1.75% in 2022. Meanwhile, in its Mar-21 Monetary Policy Committee (“MPC”) meeting, BNM maintained its neutral stance and is not in a rush to embark on its policy normalisation 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. Coupled, with external pressure, domestic market sentiment was weak in part due to the news of the launch of the Employee Provident Fund Special Withdrawal facility.

3.3 Investment Outlook

We see a lower volatility going forward as the domestic sukuk market appears to have found its footing in May-22 following the relentless sell-off in the prior months. Tentative signs of peaking inflation pressure in the US, coupled with rising recessionary fears gave the US Treasury bond market some reprieve which led to yields declining. This rally in the domestic bond market occurred in spite of a 50 bps rate hike by the US Fed and 25 bps OPR hike by BNM, indicating that those hikes have been to a large extent, been priced in. Following the May-22 MPC meeting, we note that BNM had formally pivoted from its neutral approach to a hawkish stance by stating that the OPR hike was just the beginning of monetary policy normalisation. We note that the domestic yield curve has to a certain degree priced in multiple OPR hikes.

3.4 Strategies Employed for the period from 21 July 2021 to 30 April 2022

We saw value in the steepness of the belly of the GII yield curve, particularly as the 3-7 year portion remains very steep, making for an attractive rolldown play. Should yields continue to rise to levels that we deem to offer value, we will deploy our cash into short-dated GII to better position the portfolio for the year ahead.

3.5 Asset Allocation

Asset Allocation / Portfolio Composition	30 April 2022
Unquoted sukuk - Government of Malaysia	54.68%
Cash and Others	45.33%
Total (%)	100

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

There were no significant changes on the Fund’s asset allocation during the financial period under review.

3.6 Securities Lending or Repurchase Transactions

The Fund has not undertaken any securities lending or repurchase transactions during the financial period under review.

3.7 Income Distribution

The Manager has distributed a total of gross/net distribution of RM0.0027 per unit for unit holders of each Class S, Class I and Class R, and USD0.00064 per unit for unit holders of Class H (Hedged) over the financial period ended 30 April 2022.

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

Fund – Class S

Cum-Distribution Date	Cum-Distribution (RM)	Ex-Distribution Date	Ex-Distribution (RM)	Distribution per Unit (RM)
27-Dec-2021	0.9988	28-Dec-2021	0.9982	0.0010
05-Apr-2022	0.9966	06-Apr-2022	0.9936	0.0017

Fund – Class I

Cum-Distribution Date	Cum-Distribution (RM)	Ex-Distribution Date	Ex-Distribution (RM)	Distribution per Unit (RM)
27-Dec-2021	0.9978	28-Dec-2021	0.9972	0.0010
05-Apr-2022	0.9953	06-Apr-2022	0.9923	0.0017

Fund – Class R

Cum-Distribution Date	Cum-Distribution (RM)	Ex-Distribution Date	Ex-Distribution (RM)	Distribution per Unit (RM)
27-Dec-2021	0.9974	28-Dec-2021	0.9967	0.0010
05-Apr-2022	0.9945	06-Apr-2022	0.9915	0.0017

Fund – Class H (Hedged)

Cum-Distribution Date	Cum-Distribution (USD)	Ex-Distribution Date	Ex-Distribution (USD)	Distribution per Unit (USD)
27-Dec-2021	1.0090	28-Dec-2021	1.0097	0.00024
05-Apr-2022	1.0053	06-Apr-2022	1.0035	0.00040

3.8 Details of Any Unit Split Exercise

There was no unit split exercise during the financial period under review.

3.9 Significant Changes in the State of Affairs of the Fund

There were no significant changes in the state of affairs of the Fund during the financial period under review.

However in the First Supplementary Prospectus of the Fund dated 1 February 2022, the information in relation to the computation of NAV and NAV per Unit has been amended.

In addition, please find the latest changes to the Manager's board of directors as follows:

Ms. Nor Rejina Abdul Rahim (resigned on 1 November 2021)
 Mr. Leslie Yap Kim Loong (appointed on 1 November 2021) ^
 Mr. Atsushi Ichii
 Mr. Johari Bin Abdul Muid*
 Ms. Julia Binti Hashim*

^Also serves as Investment Committee member (non-independent) and non-executive director of the Manager's sister company, Nomura Islamic Asset Management Sdn. Bhd.

** Independent director*

Please refer to Appendix I for changes made to the Fund, highlighting the current and revised positions.

3.10 Circumstances that Materially Affect Any Interest of Unit Holders

There were no circumstances that had materially affected the interest of the unit holders during the financial period under review.

3.11 Cross Trades Transactions

There were no cross trades conducted during the financial period under review.

3.12 Soft Commissions Received From Brokers

The Manager did not receive any soft commission during the financial period under review.

This Semi-Annual Report is prepared by the Manager of the Fund, Nomura Asset Management Malaysia Sdn. Bhd., for information purposes only. Past earnings of the Fund's distribution record is not a guarantee or reflection of the Fund's future earnings or future distributions. Investors are advised that unit prices, distributions payable and investment returns may go down, as well as up.

Appendix I

With effect from 1 February 2022

Section	Prospectus dated 31 June 2021	First Supplementary Prospectus dated 1 February 2022																																			
Fees, Charges and Expenses – Computation of NAV and NAV per Unit	<p>In this section, you will be introduced to certain terms used to explain how the Fund arrives at its NAV and consequently, NAV per Unit for each Class of the Fund. Under this section, please note the following definitions:-</p>	<p>In this section, you will be introduced to certain terms used to explain how the Fund arrives at its NAV and consequently, NAV per Unit for each Class of the Fund. Under this section, please note the following definitions:-</p>																																			
	<table><tr><td>“Value of the Fund before Income and Expenses”</td><td>Refers to the current value of the Fund inclusive of purchases and/or repurchases before the next valuation point.</td></tr><tr><td>“Value of a Class before Income and Expenses”</td><td>Refers to the current value of a Class inclusive of purchases and/or repurchases before the next valuation point.</td></tr></table>	“Value of the Fund before Income and Expenses”	Refers to the current value of the Fund inclusive of purchases and/or repurchases before the next valuation point.	“Value of a Class before Income and Expenses”	Refers to the current value of a Class inclusive of purchases and/or repurchases before the next valuation point.	<table><tr><td>“Value of the Fund before Income and Expenses”</td><td>Refers to the current value of the Fund inclusive of purchases and/or repurchases before the next valuation point.</td></tr><tr><td>“Value of a Class before Income and Expenses”</td><td>Refers to the current value of a Class inclusive of purchases and/or repurchases before the next valuation point.</td></tr></table>	“Value of the Fund before Income and Expenses”	Refers to the current value of the Fund inclusive of purchases and/or repurchases before the next valuation point.	“Value of a Class before Income and Expenses”	Refers to the current value of a Class inclusive of purchases and/or repurchases before the next valuation point.																											
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<p>You should also note that the NAV of the Fund is determined by deducting the value of all the Fund’s liabilities from the value of all the Fund’s assets, at a particular valuation point. The NAV per Unit of a Class is the NAV of the Fund attributable to a Class divided by the number of Units in Circulation for that particular Class, at the same valuation point.</p>	<p>You should also note that the NAV of the Fund is determined by deducting the value of all the Fund’s liabilities from the value of all the Fund’s assets, at a particular valuation point. The NAV per Unit of a Class is the NAV of the Fund attributable to a Class divided by the number of Units in Circulation for that particular Class, at the same valuation point.</p>																																				
<p>Please refer to Section “<i>Valuation Point of The Fund</i>” of this Prospectus for an explanation of the valuation point.</p> <p>For illustration purposes, the following is the computation of NAV per Unit for a particular day for the Class S, Class I, Class R and Class H (Hedged). The multi-class ratio will vary and be apportioned accordingly when further Class(es) are introduced by us:-</p> <table><tr><td></td><td>Fund</td><td>Class H</td><td>Class S</td><td>Class I</td><td>Class R</td></tr><tr><td></td><td>(RM)</td><td>(Denomina ted in USD)</td><td>(Denomina ted in RM)</td><td>(Denomina ted in RM)</td><td>(Denomina ted in RM)</td></tr><tr><td>Value of the Fund/Class</td><td>154,200,00 0.00</td><td>53,970,000 .00</td><td>30,840,000 .00</td><td>46,260,000 .00</td><td>23,130,000 .00</td></tr></table>		Fund	Class H	Class S	Class I	Class R		(RM)	(Denomina ted in USD)	(Denomina ted in RM)	(Denomina ted in RM)	(Denomina ted in RM)	Value of the Fund/Class	154,200,00 0.00	53,970,000 .00	30,840,000 .00	46,260,000 .00	23,130,000 .00	<p>Please refer to Section “<i>Valuation Point of The Fund</i>” of this Prospectus for an explanation of the valuation point.</p> <p>For illustration purposes, the following is the computation of NAV per Unit for a particular day for the Class S, Class I, Class R and Class H (Hedged). The multi-class ratio will vary and be apportioned accordingly when further Class(es) are introduced by us:-</p> <table><tr><td></td><td>Fund</td><td>Class H</td><td>Class S</td><td>Class I</td><td>Class R</td></tr><tr><td></td><td>(RM)</td><td>(Denomina ted in USD)</td><td>(Denomina ted in RM)</td><td>(Denomina ted in RM)</td><td>(Denomina ted in RM)</td></tr><tr><td>Value of the Fund/Class</td><td>154,200,00 0.00</td><td>53,970,000 .00</td><td>30,840,000 .00</td><td>46,260,000 .00</td><td>23,130,000 .00</td></tr></table>		Fund	Class H	Class S	Class I	Class R		(RM)	(Denomina ted in USD)	(Denomina ted in RM)	(Denomina ted in RM)	(Denomina ted in RM)	Value of the Fund/Class	154,200,00 0.00	53,970,000 .00	30,840,000 .00	46,260,000 .00	23,130,000 .00
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	(RM)	(Denomina ted in USD)	(Denomina ted in RM)	(Denomina ted in RM)	(Denomina ted in RM)																																
Value of the Fund/Class	154,200,00 0.00	53,970,000 .00	30,840,000 .00	46,260,000 .00	23,130,000 .00																																

Appendix I

With effect from 1 February 2022

Section	Prospectus dated 31 June 2021						First Supplementary Prospectus dated 1 February 2022					
	before Income and Expenses						before Income and Expenses					
	Multi-class ratio*	100.00%	35%	20%	30%	15%	Multi-class ratio*	100.00%	35%	20%	30%	15%
	Add: Income	2,500,000.00	875,000.00	500,000.00	750,000.00	375,000.00	Add: Fund Income (other than realised/unrealised FX gain/loss)	1,000,000.00	350,000.00	200,000.00	300,000.00	150,000.00
	Gross asset Value	156,700,000.00	54,845,000.00	31,340,000.00	47,010,000.00	23,505,000.00	Gross asset value	155,200,000.00	54,320,000.00	31,040,000.00	46,560,000.00	23,280,000.00
	Less: Fund expenses	(80,000.00)	(28,000.00)	(16,000.00)	(24,000.00)	(12,000.00)	Less: Fund expenses	(80,000.00)	(28,000.00)	(16,000.00)	(24,000.00)	(12,000.00)
							Add: Class Income (realised/unrealised FX gain/loss)**	2,500,000.00	2,500,000.00	0.00	0.00	0.00
							Currency forward gain/loss	30,000.00	30,000.00	0.00	0.00	0.00
	NAV of the Fund (before deduction of management and trustee fees)	156,620,000.00	54,817,000.00	31,324,000.00	46,986,000.00	23,493,000.00	NAV of the Fund (before deduction of management and trustee fees)	157,650,000.00	56,822,000.00	31,024,000.00	46,536,000.00	23,268,000.00
	Less: Management fee		0.40% p.a.	0.15% p.a.	0.25% p.a.	0.40% p.a.	Less: Management fee		0.40% p.a.	0.15% p.a.	0.25% p.a.	0.40% p.a.

Appendix I

With effect from 1 February 2022

Section	Prospectus dated 31 June 2021						First Supplementary Prospectus dated 1 February 2022					
	Management fee for the day	(1,308.74)	(600.73)	(128.73)	(321.82)	(257.46)	Management fee for the day	(1,323.93)	(622.71)	(127.50)	(318.74)	(254.99)
	Less: Trustee fee (0.03% p.a.) Trustee fee for the day	(128.74)	(45.06)	(25.75)	(38.62)	(19.31)	Less: Trustee fee (0.03% p.a.) Trustee fee for the day	(129.58)	(46.70)	(25.50)	(38.25)	(19.12)
	NAV of the Fund (after deduction of management and trustee Fees)	156,618,562.52	54,816,354.21	31,323,845.52	46,985,639.56	23,492,723.23	NAV of the Fund (after deduction of management and trustee fees)	157,648,546.49	56,821,330.59	31,023,847.00	46,535,643.01	23,267,725.88
	Total Units in Circulation for that day	435,000,000	152,250,000	87,000,000	130,500,000	65,250,000	Total Units in circulation for that day	435,000,000	152,250,000	87,000,000	130,500,000	65,250,000
	NAV per Unit in Base Currency**		0.3600	0.3600	0.3600	0.3600	NAV per Unit in base currency***		0.3732	0.3566	0.3566	0.3566
	Currency exchange rate		RM/USD 4.1390	N/A	N/A	N/A	Currency exchange rate		RM/USD 4.1390	N/A	N/A	N/A
	NAV per Unit		USD 0.0870	RM 0.3600	RM 0.3600	RM 0.3600	NAV per Unit		USD 0.0902	RM 0.3566	RM 0.3566	RM 0.3566
	Notes: * Multi-class ratio is apportioned based on the size of the Class relative to the whole Fund. This means the multi-class ratio is calculated by taking the <i>Value of a Class before Income and Expenses</i> for a particular day and dividing it with the <i>Value of the Fund before Income and Expenses</i> for that same day. This apportionment is expressed as a ratio and calculated as a percentage.						Notes: * Multi-class ratio is apportioned based on the size of the Class relative to the whole Fund. This means the multi-class ratio is calculated by taking the <i>Value of a Class before Income and Expenses</i> for a particular day and dividing it with the <i>Value of the Fund before Income and Expenses</i> for that same day. This apportionment is expressed as a ratio and calculated as a percentage.					

Appendix I

With effect from 1 February 2022

Section	Prospectus dated 31 June 2021	First Supplementary Prospectus dated 1 February 2022
	<p>** NAV per Unit of a Class is derived by dividing Units in Circulation for the particular Class with NAV of the particular Class</p> <p>The rounding policy is four (4) decimal points for the purposes of publication of the NAV per Unit per Class. However, the rounding policy will not apply when calculating the Sales Charge and Repurchase Charge (where applicable).</p>	<p>** Any realised or unrealised cost, loss and/or benefit accrued in the valuation and conversion of the liquid assets held in USD to the base currency of the Fund shall be solely and fully borne by the Class H (Hedged) Unit Holders.</p> <p>*** NAV per Unit of a Class is derived by dividing Units in Circulation for the particular Class with NAV of the particular Class.</p> <p>The rounding policy is four (4) decimal points for the purposes of publication of the NAV per Unit per Class. However, the rounding policy will not apply when calculating the Sales Charge and Repurchase Charge (where applicable).</p>
The Manager – Board of Directors	<p>Our board of directors is responsible for the overall management of the company and the Fund. Our board of directors not only ensures corporate governance is practised but policies and guidelines are adhered to. Our board of directors will sit at least four (4) times every year, or more should the need arise.</p> <p>Ms. Nor Rejina Abdul Rahim Mr. Atsushi Ichii Mr. Johari Abdul Muid* Ms. Julia Hashim* <i>* independent director</i></p>	<p>Our board of directors is responsible for the overall management of the company and the Fund. Our board of directors not only ensures corporate governance is practised but policies and guidelines are adhered to. Our board of directors will sit at least four (4) times every year, or more should the need arise.</p> <p>Board of Directors Mr. Leslie Yap Kim Loong (Managing Director) Mr. Atsushi Ichii (Non-Independent Director) En. Johari Abdul Muid (Independent Director) Pn. Julia Hashim (Independent Director)</p>
The Manager – Key Personnel	<p><u>Ms. Nor Rejina Abdul Rahim – Managing Director</u></p> <p>Ms. Rejina is the Managing Director of NAMM and the Country Head for Malaysia. She joined NAMM in October 2006 and was instrumental in driving the development of Nomura Asset Management's business in Malaysia. Ms. Rejina started off her career as a legal officer with a local stock broking house before joining a local fund management outfit in 1998 where she was exposed to various roles from compliance, legal, risk</p>	<p>(deleted)</p>

Appendix I

With effect from 1 February 2022

Section	Prospectus dated 31 June 2021	First Supplementary Prospectus dated 1 February 2022
	<p>management, product development to marketing and client services. She has actively contributed towards the development of compliance for both the unit trust and asset management industry through close works with the industry's associations and the Securities Commission.</p> <p>Ms. Rejina holds a LLB (Hons) from University of Kent at Canterbury, United Kingdom. She also holds a Capital Markets Services Representative's Licence and is the Secretary for the Malaysian Association of Asset Managers.</p>	

NOMURA i-INCOME FUND 2

SEMI-ANNUAL REPORT

FOR THE FINANCIAL PERIOD FROM 30 JUNE 2021
(DATE OF LAUNCH) TO 30 APRIL 2022
(UNAUDITED)

NOMURA i-INCOME FUND 2

SEMI-ANNUAL REPORT

FOR THE FINANCIAL PERIOD FROM 30 JUNE 2021
(DATE OF LAUNCH) TO 30 APRIL 2022
(UNAUDITED)

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NOMURA i-INCOME FUND 2

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD FROM 30 JUNE 2021 (DATE OF LAUNCH) TO 31 JANUARY 2022

	<u>Note</u>	Financial period from 30.6.2021 (date of launch) to <u>30.4.2022</u> RM
INVESTMENT LOSS		
Profit income from unquoted sukuk at fair value through profit or loss ("FVTPL")		710,317
Profit income from Islamic deposits with licensed financial institutions at amortised cost		405,582
Net gain on forward foreign currency contracts at fair value through profit or loss	6	121,728
Net loss on financial assets at fair value through profit or loss ("FVTPL")	6	(1,990,390)
		<u>(752,763)</u>
OTHER INCOME		
Net gain on foreign currency exchange		4,988
		<u>4,988</u>
EXPENSES		
Management fee	3	(90,925)
Trustee's fee	4	(13,341)
Shariah Adviser's fee		(4,539)
Audit fee		(7,377)
Tax agent's fee		(2,894)
Other expenses		(697)
		<u>(119,773)</u>
LOSS BEFORE TAXATION		(867,548)
TAXATION	5	-
LOSS AFTER TAXATION AND TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL PERIOD		<u>(867,548)</u>
Loss after taxation is made up of the following:		
Realised amount		953,640
Unrealised amount		(1,821,188)
		<u>(867,548)</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 2

STATEMENT OF FINANCIAL POSITION AS AT 30 APRIL 2022

	<u>Note</u>	As at <u>30.04.2022</u> RM
ASSETS		
Financial assets at fair value through profit or loss ("FVTPL")	6	41,152,218
Forward foreign currency contract	6	121,728
Amount due from Manager		
Cash and cash equivalents	7	34,008,502
TOTAL ASSETS		<u>75,282,448</u>
LIABILITIES		
Accrued management fee	3	12,778
Amount due to Trustee	4	1,846
Amount due to Shariah Adviser		299
Other payables and accruals		8,364
TOTAL LIABILITIES		<u>23,287</u>
NET ASSET VALUE OF THE FUND		<u>75,259,161</u>
UNITHOLDERS' FUNDS		
Unitholders' capital		76,321,490
Accumulated loss		(1,062,329)
NET ASSET ATTRIBUTABLE TO UNITHOLDERS		<u>75,259,161</u>
UNITS IN CIRCULATION		<u>73,278,435</u>
NET ASSET VALUE PER UNIT (RM)		<u>1.0270</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 2

STATEMENT OF FINANCIAL POSITION AS AT 30 APRIL 2022 (CONTINUED)

	<u>Note</u>	<u>As at</u> <u>30.4.2022</u> RM
REPRESENTED BY		
FAIR VALUE OF OUTSTANDING UNITS (RM)		
CLASS S		39,485,934
CLASS I		29,495,512
CLASS R		1,982,402
CLASS H (Hedged)		<u>4,295,313</u>
NUMBER OF UNIT IN CIRCULATION (UNITS)		
CLASS S	9	40,193,929
CLASS I	9	30,064,435
CLASS R	9	2,022,558
CLASS H (Hedged)	9	<u>997,513</u>
NET ASSET VALUE PER UNIT (RM)		
CLASS S		0.9824
CLASS I		0.9811
CLASS R		0.9801
CLASS H (Hedged)		<u>4.3060</u>
NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES		
CLASS S		0.9824
CLASS I		0.9811
CLASS R		0.9801
CLASS H (Hedged)		<u>0.9894</u>

NOMURA i-INCOME FUND 2

STATEMENT OF CHANGES IN NET ASSET VALUE FOR THE FINANCIAL PERIOD FROM 30 JUNE 2021 (DATE OF LAUNCH) TO 30 APRIL 2022

	<u>Note</u>	Financial period from 30.6.2021 (date of launch) to 30.4.2022 RM
Net assets attributable to unitholders at the date of launch		-
Movement due to units created and cancelled during the financial period:		
Creation of units from applications		
CLASS S		40,001,000
CLASS I		30,001,000
CLASS R		2,016,000
CLASS H (Hedged)		4,217,230
		<u>76,235,230</u>
Creation of units from distribution		
CLASS S		3
CLASS I		81,005
CLASS R		5,249
CLASS H (Hedged)		3
		<u>86,260</u>
Distributions	10	(194,781)
Decrease in net assets attributable to unitholders during the financial period		(867,548)
Net assets attributable to unitholders at the end of financial period		<u><u>75,259,161</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 2

STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD FROM 30 JUNE 2021 (DATE OF LAUNCH) TO 30 APRIL 2022

	<u>Note</u>	Financial Period from 30.6.2021 (date of Launch) to <u>30.4.2022</u> RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from sale of Shariah-compliant investments		10,210,000
Purchase of Shariah-compliant instruments		(52,937,000)
Profit income from unquoted sukuk		294,709
Profit income from Islamic deposits with licensed financial institutions		405,582
Management fee paid		(78,146)
Trustee's fee paid		(11,495)
Tax agent's fee paid		(1,908)
Shariah Adviser's fee paid		(4,240)
Payment for other fees and expenses		(697)
Net realised foreign exchange gain		4,988
Net cash used in operating activities		<u>(42,118,207)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash proceeds from units created		76,235,230
Distributions paid		(108,521)
Net cash generated from financing activities		<u>76,126,709</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		34,008,502
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		-
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	7	<u>34,008,502</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 2

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 30 JUNE 2021 (DATE OF LAUNCH) TO 30 APRIL 2022

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 PRESENTATION AND FUNCTIONAL CURRENCY

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in statement of comprehensive income, except when deferred in other comprehensive income as qualifying cash flow hedges.

D 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.

NOMURA i-INCOME FUND 2

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 30 JUNE 2021 (DATE OF LAUNCH) TO 30 APRIL 2022 (CONTINUED)

D INCOME RECOGNITION (CONTINUED)

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).

Realised gain or loss on Islamic forward foreign currency contracts are measured by the net settlement amount as per the Islamic forward foreign currency contract.

E 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.

F 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 2

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 30 JUNE 2021 (DATE OF LAUNCH) TO 30 APRIL 2022 (CONTINUED)

F 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 2

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 30 JUNE 2021 (DATE OF LAUNCH) TO 30 APRIL 2022 (CONTINUED)

F 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.

G 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.

H 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'.

The Fund issues cancellable units, in two classes of units, known respectively as the Class S, Class I, Class R and Class H (Hedged), which are cancelled at the unitholders' option and do not have identical features subject to restrictions as stipulated in the Information Memorandum and Securities Commission's ("SC") Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework. The units are classified as financial liabilities.

Cancellable units can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's NAV of respective classes. 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.

NOMURA i-INCOME FUND 2

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 30 JUNE 2021 (DATE OF LAUNCH) TO 30 APRIL 2022 (CONTINUED)

H UNITHOLDERS' CAPITAL (CONTINUED)

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

I 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.

J DERIVATIVE FINANCIAL INSTRUMENTS

A derivative financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

The Fund's derivative financial instruments comprise forward foreign currency contracts. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Financial derivative positions will be "marked to market" at the close of each valuation day. Foreign exchange gains and losses on the derivative financial instrument are recognised in profit or loss when settled or at the date of the statement of financial position at which time they are included in the measurement of the derivative financial instrument. Derivative instruments that have a negative fair value are presented as liabilities as fair value through profit or loss.

The fair value of forward foreign currency contracts is determined using forward exchange rates on the date of the statement of financial position, with the resulting value discounted back to present value.

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and the nature of the item being hedged. Derivatives that do not qualify for hedge accounting are classified as financial assets/liabilities at fair value through profit or loss.

K 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.

NOMURA i-INCOME FUND 2

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 30 JUNE 2021 (DATE OF LAUNCH) TO 30 APRIL 2022 (CONTINUED)

K CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (CONTINUED)

Estimate of fair value of unquoted sukuk(continued)

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 2

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 30 JUNE 2021 (DATE OF LAUNCH) TO 30 APRIL 2022

1 INFORMATION ON THE FUND

Nomura i-Income Fund 2 (the "Fund") was constituted pursuant to the execution of a Master Deed dated 03 May 2021 entered into between Nomura Asset Management Malaysia Sdn Bhd (the "Manager") and Deutsche Trustees Malaysia Berhad (the "Trustee").

The Fund was launched on 30 June 2021 and will continue its operations until being terminated by the Manager or the Trustee as provided under Clause 12 of the Deed.

The Fund will invest in RM-denominated Islamic fixed income instruments which are liquid and carries minimal risk of default. The Fund primarily invests in Islamic fixed income instruments including sukuk issued by or guaranteed by the Government of Malaysia and Islamic deposits and placement of money at call with licensed Islamic financial institutions by the Bank Negara Malaysia. The Fund seeks to provide investors with recurring income on its investments.

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments are as follows:

	<u>Note</u>	Financial assets at fair value through <u>profit or loss</u> RM	Financial assets at <u>amortised cost</u> RM	<u>Total</u> RM
<u>30.04.2022</u>				
Unquoted sukuk	6	41,152,218	-	41,152,218
Forward currency contracts		121,728	-	121,728
Cash and cash equivalents	7	-	34,008,502	34,008,502
Total		<u>41,273,946</u>	<u>34,008,502</u>	<u>75,282,448</u>

NOMURA i-INCOME FUND 2

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 30 JUNE 2021 (DATE OF LAUNCH) TO 30 APRIL 2022 (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>30.04.2022</u> RM
Financial assets at fair value through profit or loss*	41,152,218

* Includes profit receivable of RM595,468.

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>30.04.2022</u>			
	+5	43,209,829	2,057,611
	-5	39,094,607	(2,057,611)

NOMURA i-INCOME FUND 2

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 30 JUNE 2021 (DATE OF LAUNCH) TO 30 APRIL 2022 (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>30.04.2022</u> RM
<u>% Change in interest rate</u>	
+ 1%	(91,502)
- 1%	<u>91,746</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 2

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 30 JUNE 2021 (DATE OF LAUNCH) TO 30 APRIL 2022 (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>30.04.2022</u>			
Accrued management fee	12,778	-	12,778
Amount due to Trustee	1,846	-	1,846
Amount due to Shariah Adviser	-	299	299
Auditors' remuneration	-	7,378	7,378
Tax agent's fee	-	986	986
	<hr/>	<hr/>	<hr/>
Contractual cash out flows	14,624	8,663	23,287
	<hr/>	<hr/>	<hr/>

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 2

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 30 JUNE 2021 (DATE OF LAUNCH) TO 30 APRIL 2022 (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>30.04.2022</u>			
Financial services			
- AAA	-	6,001,216	6,001,216
- AA1	-	150,501	150,501
- AA2	-	10,123,839	10,123,839
- AA3	-	9,056,918	9,056,918
- AA+	-	8,676,028	8,676,028
Public finance			
- Not Rated	41,152,218	-	41,152,218
	<u>41,152,218</u>	<u>34,008,502</u>	<u>75,160,720</u>

NOMURA i-INCOME FUND 2

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 30 JUNE 2021 (DATE OF LAUNCH) TO 30 APRIL 2022 (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.

NOMURA i-INCOME FUND 2

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 30 JUNE 2021 (DATE OF LAUNCH) TO 30 APRIL 2022 (CONTINUED)

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

Fair value estimation (continued)

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.

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 2

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 30 JUNE 2021 (DATE OF LAUNCH) TO 30 APRIL 2022 (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>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	RM	RM	RM	RM
<u>As at 30 April 2022</u>				
Financial assets at fair value through profit or loss:				
- Unquoted sukuk	-	41,152,218	-	41,152,218
- Forward currency contracts	-	121,728	-	121,728
	<u>-</u>	<u>41,273,946</u>	<u>-</u>	<u>41,273,946</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 5.00 % per annum of the Net Asset Value (NAV) of the Fund calculated and accrued on a daily basis.

For the financial period from 30 June 2021 (date of launch) to 30 April 2022, the management fee is recognised at a rate of 0.15% per annum of the NAV of Class S, at the rate of 0.25 % per annum of the NAV of Class I and at the rate of 0.40 % per annum of the NAV of Class R and Class H (Hedged) respectively, calculated on a daily basis for the financial year.

NOMURA i-INCOME FUND 2

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 30 JUNE 2021 (DATE OF LAUNCH) TO 30 APRIL 2022 (CONTINUED)

3 MANAGEMENT FEE (CONTINUED)

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

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 (NAV) of the Fund (excluding foreign custody fees and charges), subject to a minimum fee of RM12,000 per annum.

For the financial period from 30 June 2021 (date of launch) to 30 April 2022, the trustee fee is recognised at a rate of 0.03% per annum on the NAV of the Fund, calculated on a daily basis for the financial period (excluding foreign custody fees and charges), subject to a minimum fee of RM12,000 per annum.

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

5 TAXATION

Financial
Period from
30.6.2022
(date of
Launch) to
30.4.2022
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:

Financial
Period from
30.6.2022
(date of
Launch) to
30.4.2022
RM

Loss before taxation

(867,548)

NOMURA i-INCOME FUND 2

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 30 JUNE 2021 (DATE OF LAUNCH) TO 30 APRIL 2022 (CONTINUED)

5 TAXATION (CONTINUED)

Tax at applicable rate of 24% (2020: 24%)	(208,212)
Tax effect of:	
Investment income exempt from tax	(298,228)
Profit not deductible for tax purposes	477,694
Expenses not deductible for tax purposes	5,153
Restriction on tax deductible expenses for unit trust Funds	23,593
	<hr/>
Taxation	-
	<hr/>

6 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at <u>30.04.2022</u> RM
Financial assets at FVTPL:	
- Unquoted sukuk	41,152,218
- Forward currency contracts	121,728
	<hr/>
	41,273,946
	<hr/>
Net loss on financial assets at FVTPL comprised:	
- Net realised loss on sale of financial assets at FVTPL	(47,474)
- Net unrealised loss on changes in fair values	(1,942,916)
	<hr/>
	(1,990,390)
	<hr/>

NOMURA i-INCOME FUND 2

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 30 JUNE 2021 (DATE OF LAUNCH) TO 30 APRIL 2022 (CONTINUED)

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

Unquoted Sukuk

<u>Nominal value</u> RM	<u>Name of Counter</u>	<u>Rating</u>	<u>Cost</u> RM	<u>Fair value as at 30.04.2022</u> RM	<u>Percentage of net assets value 30.04.2022</u> %
16,000,000	Government of Malaysia	Not Rated	15,965,652	15,566,375	20.68
25,000,000	Government of Malaysia	Not Rated	27,129,482	25,585,843	34.00
TOTAL UNQUOTED SUKUK			43,095,134	41,152,218	54.68
UNREALISED LOSS ON CHANGES IN FAIR VALUE			(1,942,916)		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS			41,152,218		

Forward Currency Contract

<u>Nominal value</u> RM	<u>Name of Counter</u>	<u>Rating</u>	<u>Cost</u> RM	<u>Fair value as at 30.04.2022</u> RM	<u>Percentage of net assets value 30.04.2022</u> %
-	CIMB Islamic Bank Berhad	AAA	-	121,728	0.16
TOTAL FORWARD CURRENCY CONTRACT			121,728	121,728	0.16
UNREALISED GAIN ON CHANGES IN FAIR VALUE			121,728		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS			121,728		

NOMURA i-INCOME FUND 2

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 30 JUNE 2021 (DATE OF LAUNCH) TO 30 APRIL 2022 (CONTINUED)

7 CASH AND CASH EQUIVALENTS

	<u>30.04.2022</u> RM
Islamic deposits with licensed financial institutions	33,858,001
Bank balances in a licensed bank	150,501
	<u>34,008,502</u>

Weighted average effective profit rates per annum is as follows:

	<u>30.04.2022</u> %
Islamic deposits with licensed financial institutions	1.89

Islamic deposits with licensed financial institutions have an average maturity of 33 days.

8 FORWARD FOREIGN CURRENCY CONTRACTS

The Islamic forward foreign currency contracts are transacted with CIMB Islamic Bank Berhad. The Islamic foreign currency forward agreement entered into is for hedging against the currency exposure arising from the subscriptions denominated in USD.

As the Fund has not adopted hedge accounting, the change in the fair value of the Islamic foreign currency forward contracts is recognised immediately in the statement of income and expenses.

NOMURA i-INCOME FUND 2

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 30 JUNE 2021 (DATE OF LAUNCH) TO 30 APRIL 2022 (CONTINUED)

9 NUMBER OF UNITS IN CIRCULATION

	As at <u>30.04.2022</u> No. of units
<u>Class S</u>	
At beginning of the financial year	-
Creation of units during the financial year:	
Arising from creations	40,193,926
Arising from distributions	3
	<hr/>
At end of the financial year	40,193,929
	<hr/> <hr/>
<u>Class I</u>	
At beginning of the financial year	-
Creation of units during the financial year:	
Arising from creations	29,983,011
Arising from distributions	81,424
	<hr/>
At end of the financial year	30,064,435
	<hr/> <hr/>
<u>Class R</u>	
At beginning of the financial year	-
Creation of units during the financial year:	
Arising from creations	2,017,277
Arising from distributions	5,281
	<hr/>
At end of the financial year	2,022,558
	<hr/> <hr/>
<u>Class H (Hedged)</u>	
At beginning of the financial year	-
Creation of units during the financial year:	
Arising from creations	997,512
Arising from distributions	1
	<hr/>
At end of the financial year	997,513
	<hr/> <hr/>

NOMURA i-INCOME FUND 2

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 30 JUNE 2021 (DATE OF LAUNCH) TO 30 APRIL 2022 (CONTINUED)

10 DISTRIBUTIONS

	As at <u>30.04.2022</u> RM
Distributions to unitholders are from the following sources:	
Profit income from unquoted sukuk at FVTPL	312,658
Net realised gain on foreign exchange	1,896
	<hr/> 314,554
Less: Expenses	(119,773)
	<hr/> <u>194,781</u>

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

	<u>Gross/net distribution</u> <u>2022</u>
<u>Class S,I and R</u>	
	RM/unit
December 2021	0.00100
April 2022	0.00170
<u>Class H (Hedged)</u>	
	USD/unit
December 2021	0.00024
April 2022	0.00040

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.

There is unrealised loss of RM 1,821,188 during the financial period ended 30 April 2022.

NOMURA i-INCOME FUND 2

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 30 JUNE 2021 (DATE OF LAUNCH) TO 30 APRIL 2022 (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>30.04.2022</u>		
RHB Islamic Bank Berhad	213,545,000	43.95
CIMB Islamic Bank Berhad	141,479,000	29.12
Citibank (M) Berhad	57,237,000	11.78
AmBank Islamic Berhad	39,082,000	8.04
Hong Leong Islamic Bank Berhad	18,004,000	3.71
Kuwait Finance House (Malaysia) Berhad	8,579,000	1.77
AmBank (M) Berhad	5,910,000	1.22
Maybank Islamic Berhad	2,000,000	0.41
	<u>485,836,000</u>	<u>100.00</u>

All financial institutions above are not related to the Manager.

The above transactions were in respect of fixed income transactions. Transactions in these investments do not involve any commission or brokerage.

12 TOTAL EXPENSE RATIO ("TER")

	<u>2022</u> %
TER	<u>0.23</u>

TER is derived from the following calculation:

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

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 RM53,011,248.

NOMURA i-INCOME FUND 2

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 30 JUNE 2021 (DATE OF LAUNCH) TO 30 APRIL 2022 (CONTINUED)

13 PORTFOLIO TURNOVER RATIO ("PTR")

	<u>2022</u>
PTR (times)	<u>0.60</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 = RM53,517,162
total disposal for the financial year = RM10,367,647

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 Asset Management Malaysia Sdn Bhd The Nomura Trust and Banking Co., Ltd.	The Manager Associate Company		
			<u>30.4.2022</u>
		No. of units	RM
Nomura Asset Management Malaysia Sdn Bhd			
- CLASS S		1,003	985
- CLASS I		1,003	984
- CLASS R		1,003	983
- CLASS H (Hedged)		1,001	4,310
		<u> </u>	<u> </u>
The Nomura Trust and Banking Co., Ltd.			
- CLASS H (Hedged)		996,512	4,290,981
		<u> </u>	<u> </u>

In the opinion of the Manager, the above units were transacted at the prevailing market price. Save and except for units held by the Manager, the above units are held legally and beneficially by the related party(ies). The units held by the Manager are held legally for booking purposes.

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.

NOMURA i-INCOME FUND 2

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 30 JUNE 2021 (DATE OF LAUNCH) TO 30 APRIL 2022 (CONTINUED)

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.

16 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue by the Manager on 29 June 2022.

NOMURA i-INCOME FUND 2**STATEMENT BY THE MANAGER**

We, Leslie Yap Kim Loong and Atsushi Ichii, being two of the Directors of Nomura Asset Management Malaysia Sdn Bhd (the "Manager"), do hereby state that, in the opinion of the Manager, the accompanying financial statements set out on pages 1 to 28 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 30 April 2022 and of its financial performance, changes in net asset value and cash flows for the financial period from 30 June 2021 (date of launch) to 30 April 2022 in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards.

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



LESLIE YAP KIM LOONG
Managing Director



ATSUSHI ICHII
Director

Kuala Lumpur

29 JUN 2022



Deutsche Trustees Malaysia Berhad
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TRUSTEE'S REPORT

TO THE UNIT HOLDERS OF NOMURA i-INCOME FUND 2 ("FUND")

We have acted as Trustee of the Fund for the financial period from 30 June 2021 (date of launch) to 30 April 2022 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, Nomura Asset Management Malaysia Sdn Bhd has operated and managed the Fund during the period covered by these financial statements in accordance with the following:-

- (a) limitations imposed on the investment powers of the management company under the deed, the securities laws and the Guidelines on Unit Trust Funds;
- (b) valuation and pricing is carried out in accordance with the deed; and
- (c) any creation and cancellation of units are carried out in accordance with the deed and any regulatory requirement.

We are of the opinion that the distribution of income by the Fund is appropriate and reflects the investment objective of the Fund.

For Deutsche Trustees Malaysia Berhad

Soon Lai Ching
Senior Manager, Trustee Operations

Gerard Ang
Chief Executive Officer

Kuala Lumpur

29 JUN 2022


**SHARIAH ADVISER'S REPORT TO THE UNITHOLDERS OF
NOMURA i-INCOME FUND 2**

To the unit holders of Nomura i-Income Fund 2 ("Fund"),

We hereby confirm:

1. To the best of our knowledge, after having made all reasonable enquiries, Nomura Asset Management Malaysia Sdn Bhd has operated and managed the Fund during the period covered by these financial statements in accordance with the Shariah principles and requirements and complied with the applicable guidelines, rulings or decisions issued by the Securities Commission Malaysia pertaining to Shariah matters; and
2. The asset of the Fund comprises instruments that have been classified as Shariah compliant.

For ZICO Shariah Advisory Services Sdn Bhd

A handwritten signature in black ink, appearing to read "Aida Othman", with a small mark above the first letter.

DR AIDA OTHMAN

Designated Person Responsible for Shariah Matters Relating to the Fund

Kuala Lumpur

[29 JUN 2022]