

Nomura i-Income Fund

July 2022

Fund Manager's Commentary

In July-22, the domestic sukuk market rallied despite an outsized 75 bps interest rate hike by the US Federal Reserve and 25 bps hike by Bank Negara Malaysia ("BNM"), implying that these policy moves have largely been priced in already. Government Investment Issue ("GII") yield curve bull-flattened over the month. Front-end of the curve was relatively unchanged while the rest of the curve plunged 33-46 bps MoM. In particular, the 10Y benchmark GII yield declined from 4.30% to 3.97%.

As widely expected, BNM delivered a back-to-back 25 bps Overnight Policy Rate ("OPR") hike in its July Monetary Policy Committee meeting, bringing the OPR to 2.25%. BNM sounded optimistic on domestic economy growth prospects stemming from expectations of firm domestic demand while being cautious on risk of a weaker-than-expected global growth. In its Monetary Policy Statement, BNM indicated that headline inflation may be higher in some months due to base effect from electricity prices and reiterated that upward price pressures are expected to be partly contained by existing price controls, fuel subsidies, and the continued spare capacity in the economy. Overall, BNM signaled that future rate decisions will be data dependent and the policy normalisation path would be done in a measured and gradual manner. We maintain our expectations of BNM to stay on course with its interest rate normalisation pathway in the coming months, noting that the domestic yield curve has to a certain degree priced in multiple OPR hikes.

Strategy-wise, we see value in the present steepness of the belly of the credit curve, particularly as the 3-7 year portion remains fairly steep, making for an attractive rolldown play.

Cumulative Fund Returns (%)

| | YTD 31/12/2021 To 31/7/2022 | 1 Month 30/6/2022 To 31/7/2022 | 3 Months 30/4/2022 To 31/7/2022 | 6 Months 31/1/2022 To 31/7/2022 |
|------------------|--------------------------------------|---|--|---------------------------------------|
| Fund | -0.77 | 1.34 | 1.78 | -0.83 |
| Benchmark | 1.20 | 0.20 | 0.56 | 1.03 |

Cumulative Fund Returns (%)

| | 1 Year 31/7/2021 To 31/7/2022 | 3 Years 31/7/2019 To 31/7/2022 | 5 Years 31/7/2017 To 31/7/2022 | Since Commencement 5/1/2017 To 31/7/2022 |
|------------------|--|---|---|---|
| Fund | -0.17 | 9.89 | 27.94 | 32.21 |
| Benchmark | 2.01 | 7.21 | 14.79 | 17.03 |

Calendar Year Returns (%)

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|------------------|------|------|-------|------|------|
| Fund | 0.83 | 7.01 | 10.35 | 6.07 | 5.49 |
| Benchmark | 1.95 | 2.50 | 3.45 | 3.54 | 3.32 |

Source: Refinitiv Lipper

Notes:

Performance data is calculated based on the changes in the Fund's NAV price per unit for the specified length of time and on the assumption that any dividends declared are reinvested into the Fund. Performance figures are presented in cumulative basis, unless indicated otherwise.

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

FUND'S PAST PERFORMANCE IS NOT AN INDICATION OF ITS FUTURE PERFORMANCE

Investment Objective

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

Benchmark

12-Month Malayan Banking Berhad General Investment Account Rate.

Distribution Policy

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

Key Facts

| | |
|--------------------------|----------------------------------|
| Launch Date | 07-Nov-12 |
| Fund Category | Wholesale – Islamic Fixed Income |
| Year End | 31 December |
| Fund Size | MYR 443.06 million |
| Units in Circulation | 413.45 million |
| NAV per Unit | MYR 1.0716 |
| Transaction cut-off time | Daily; 4:00 pm |
| Redemption Period | T + 3 business days |

Sales charge

Nil

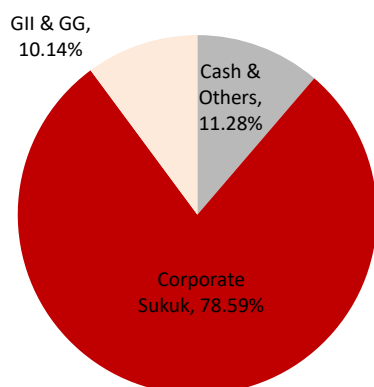
Management fee

Up to 0.40% per annum of the NAV of the Fund.

Trustee fee

Up to 0.03% per annum of the NAV of the Fund subject to a minimum trustee fee of RM12,000.00 per annum.

Asset Allocation*



*Presented as a % of NAV as at 29 Jul 2022

Percentages may not add up to 100% due to rounding.

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

Top Holdings*

| | |
|----------------------------------|-------|
| Infracap Resources Sdn Berhad | 9.04% |
| Malaysia Airport Holdings Berhad | 6.95% |
| Government of Malaysia | 6.61% |

Rating Profile*

| | |
|---------------|--------|
| NR (GII & GG) | 10.14% |
| AAA | 17.94% |
| AA1 | 1.14% |
| AA2 | 10.74% |
| AA3 | 26.37% |
| A1 | 14.61% |
| A2 | 3.45% |
| A3 | 3.48% |
| BBB2 | 0.86% |

Sector Breakdown*

| | |
|-------------------------------|--------|
| INFRASTRUCTURES AND UTILITIES | 23.88% |
| FINANCIAL SERVICES | 17.45% |
| PUBLIC FINANCE | 15.66% |
| DIVERSIFIED HOLDINGS | 11.30% |
| PROPERTY AND REAL ESTATE | 7.85% |
| CONSTRUCTION AND ENGINEERING | 5.67% |
| TRANSPORTATION | 3.52% |
| INDUSTRIAL PRODUCTS | 2.26% |
| MINING & PETROLEUM | 1.13% |

Distribution By Financial Year

| | 2021 | 2020 | 2019 |
|------------------------|--------|--------|--------|
| Distribution (Sen) | 0.0427 | 0.0486 | 0.0498 |
| Distribution Yield (%) | 3.90 | 4.31 | 4.52 |

Disclaimer:

Based on the Fund's portfolio returns as at 30 June 2022, the Volatility Factor (VF) for the Fund is 5.2 and is classified as "Low" (Source: Refinitiv Lipper). "Low" includes funds with VF that are above 4.44 but not more than 10.855. The VF means there is a possibility for the Fund in generating an upside return or downside return around this VF. The Volatility Class (VC) is assigned by Refinitiv Lipper based on quintile ranks of VF for qualified funds. VF is subject to monthly revision and VC will be revised every six months. The Fund's portfolio may have changed since this date and there is no guarantee that the Fund will continue to have the same VF or VC in the future. Presently, only funds launched in the market for at least 36 months will display the VF and its VC.

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