



NOMURA

Nomura i-Income Fund

Quarterly Report For The Period Ended 30 September 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)

Table of Contents

MANAGER'S REPORT	iii
TRANSACTIONS WITH FINANCIAL INSTITUTIONS AND BROKERS/DEALERS	v
SOFT COMMISSIONS RECEIVED FROM BROKERS	v
BREAKDOWN OF UNITHOLDERS BY SIZE	v
INCOME DISTRIBUTION	vi
FUND PERFORMANCE DATA	vi
APPENDIX	
STATEMENT OF COMPREHENSIVE INCOME	1
STATEMENT OF FINANCIAL POSITION	2
STATEMENT OF CHANGES IN NET ASSET VALUE	3
STATEMENT OF CASH FLOWS	4
SHARIAH ADVISER'S REPORT TO THE UNITHOLDERS OF NOMURA i-INCOME FUND	5

MANAGER'S REPORT

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.

Fund Type

Income

Benchmark

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

Performance as at 30 September 2022 ^a

For the period under review from 1 July 2022 to 30 September 2022, the Fund has registered a 0.66% return. Compared to the Benchmark return of 0.61%, the Fund outperformed the Benchmark by 0.05%. The last published Net Asset Value (NAV) per unit of the Fund as at 30 September 2022 was RM1.0644 as compared to the NAV per unit as at 30 June 2022 of RM1.0574. On the total NAV basis, the Fund's NAV stood at RM 429.17 million as at 30 September 2022.

Performance as at 30 September 2022 ^a

	3 Months (01/07/2022 To 30/09/2022)	6 Months (01/04/2022 To 30/09/2022)	1 Year (01/10/2021 To 30/09/2022)	3 Year (01/10/2019 To 30/09/2022)	Since Commencement ^a (05/01/2017 To 30/09/2022)
Fund	0.66	-1.30	-1.03	6.91	31.32
Benchmark	0.61	1.12	2.10	7.06	17.50
Outperformance/ (Underperformance)	0.05	-2.42	-3.13	-0.15	13.82

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 commenced from 5 January 2017.

Volatility as at 30 September 2022

	3-Year
Fund	5.11

Source: Refinitiv Lipper

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

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

Strategies Employed (1 July 2022 to 30 September 2022)

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.

Summary of Asset Allocation

	<u>30 September 2022</u>	<u>30 June 2022</u>
Government Investment Issue	14.67%	11.71%
Islamic commercial paper/Sukuk	80.30%	74.25%
Cash and other net current assets / liabilities	5.03%	14.04%
Total	100.00%	100.00%

Review of Market (1 July 2022 to 30 September 2022)

Over the quarter, Government Investment Issues yield curve bear flattened as major central banks pressed forward with relatively large interest rate hikes amid evidence of stubbornly high inflation pressure. This led to elevated volatility across financial markets. In particular, front-end of the curve surged 20 bps QoQ while the belly of the curve rose circa 12 bps QoQ. However, we note that corporate sukuk remained relatively resilient on the back of strong domestic corporate earnings, supported by momentum from the ongoing economic reopening. Although Bank Negara Malaysia (“**BNM**”) continues to raise interest rates in steps of 0.25% at each policy meeting (Overnight Policy Rate (“**OPR**”) stands at 2.50% as of September-2022), we perceive that the domestic yield curve has to a large extent priced in OPR normalising to the 3.00-3.25% range.

As widely expected, BNM delivered the third back-to-back 25 bps OPR hike in its September Monetary Policy Committee meeting, bringing the OPR to 2.50%. BNM remained positive on domestic economy growth prospects, underpinned by continued private sector spending, improving labour market conditions, and the reopening of international borders. However, BNM cautioned on the downside risks to global growth outlook stemming from the impact of aggressive monetary policy tightening in major economies, pandemic management measures in China, as well as the potential energy crisis in Europe. In its Monetary Policy Statement, BNM indicated that headline inflation is expected to peak in 3Q22 before moderating thereafter, while core inflation is projected to average closer to the upper end of the 2%-3% forecast range in 2022, with signs of demand-pull pressures amid the elevated cost environment. Overall, BNM highlighted that there is no “pre-set course” and reiterated that future rate decisions will be data dependent and the policy normalisation path would be done in a measured and gradual manner.

Year-to-date (YTD) corporate bond issuance recorded a total of MYR 59.7 billion. Notable issuances include edotco Malaysia Sdn Berhad, VS Capital Management Sdn Berhad, and Lembaga Pembiayaan Perumahan Sektor Awam which issued MYR 1.4 billion, MYR 500 million, and MYR 4.0 billion respectively. Within the AAA-rated space, Sarawak Petchem Sdn Berhad and Pengurusan Air Selangor Sdn Berhad issued a total of MYR 4.0 billion and MYR 1.3 billion respectively. Meanwhile, within the financial sector, Affin Bank Berhad, Bank Islam Malaysia Berhad, Bank Muamalat Malaysia Berhad, and RHB Bank Berhad issued MYR 500 million, MYR 500 million, MYR 300 million, and MYR 500 million respectively.

TRANSACTIONS WITH FINANCIAL INSTITUTIONS AND BROKERS/DEALERS

Cross Trades (1 July 2022 to 30 September 2022)

During the financial period under review, six (6) cross trades were conducted between the Fund and other funds managed by the Manager's related company.

	<u>Total Value of trades (RM)</u>
Nomura Ringgit Bond Fund 1	9,850,000
Nomura Ringgit Bond Fund 2	9,950,000
Private Mandate	9,106,000
Total	<u>28,906,000</u>

All transactions were in the best interest of the Fund and executed through RHB Investment Bank Berhad on an arm's length and fair value basis.

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	4	720.81
500,000 - to 1,000,000	-	-
1,000,001 to 5,000,000	7	20,749.52
5,000,001 to 10,000,000	-	-
10,000,001 to 15,000,000	-	-
15,000,001 to 20,000,000	1	17,915.18
20,000,001 and above	2	363,833.73
Total	14	403,219.24

* Note: Excluding Manager's Stock

INCOME DISTRIBUTION

The Fund did not declare any income over the period under review.

FUND PERFORMANCE DATA

	As at <u>30 September 2022</u>	As at <u>30 June 2022</u>
Total NAV (RM)	429,171,590	581,340,943
NAV per Unit (RM)	1.0644	1.0574
Unit in Circulation	403,219,241	549,784,905
Highest NAV (RM)	1.0777	1.0869
Lowest NAV (RM)	1.0578	1.0471

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 30 SEPTEMBER
2022**

NOMURA i-INCOME FUND
FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022

CONTENTS	PAGE(S)
STATEMENT OF COMPREHENSIVE INCOME	1
STATEMENT OF FINANCIAL POSITION	2
STATEMENT OF CHANGES IN NET ASSETS VALUE	3
STATEMENT OF CASH FLOWS	4
SHARIAH ADVISER'S REPORT TO THE UNITHOLDERS OF NOMURA i-INCOME FUND	5

NOMURA i-INCOME FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022

	Financial period from 1-7-2022 to 30-9-2022 RM	Financial period from 1-7-2021 to 30-9-2021 RM
INVESTMENT INCOME		
Profit income from unquoted sukuk at fair value through profit or loss ("FVTPL")	4,912,934	7,154,314
Profit income from Islamic deposits with licensed financial institutions at amortised cost	256,743	232,148
Net losses on financial assets at fair value through profit or loss ("FVTPL")	<u>(1,048,933)</u>	<u>(531,419)</u>
Gross income	<u>4,120,744</u>	<u>6,855,043</u>
EXPENSES		
Management fee	(267,725)	(424,880)
Trustee's fee	(34,921)	(55,419)
Shariah Adviser's fee	(1,737)	(1,737)
Audit fee	(3,198)	(3,198)
Tax agent's fee	(1,042)	(1,042)
Other expenses	<u>(867)</u>	<u>(954)</u>
	<u>(309,490)</u>	<u>(487,230)</u>
INCOME BEFORE TAXATION	3,811,254	6,367,813
TAXATION	<u>-</u>	<u>-</u>
INCOME AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u><u>3,811,254</u></u>	<u><u>6,367,813</u></u>
Income after taxation is made up as follows:		
Realised income amount	1,422,927	7,414,506
Unrealised gain/(loss) amount	<u>2,388,327</u>	<u>(1,046,693)</u>
	<u><u>3,811,254</u></u>	<u><u>6,367,813</u></u>

NOMURA i-INCOME FUND
STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2022

	30-9-2022	30-9-2021
	RM	RM
ASSETS		
Financial assets at fair value through profit or loss ("FVTPL")	407,597,374	729,283,944
Amount due from Manager	-	1,596,402
Cash and cash equivalents	<u>21,813,767</u>	<u>25,053,201</u>
TOTAL ASSETS	<u>429,411,141</u>	<u>755,933,547</u>
LIABILITIES		
Accrued management fee	83,117	143,250
Amount due to Manager	130,728	83,891
Amount due to Trustee	10,841	18,685
Amount due to Shariah Adviser	2,283	3,431
Distribution payable	-	1,587,402
Other payables and accruals	<u>12,582</u>	<u>12,582</u>
TOTAL LIABILITIES	<u>239,551</u>	<u>1,849,241</u>
NET ASSET VALUE	<u>429,171,590</u>	<u>754,084,306</u>
UNITHOLDER'S FUNDS		
Unitholders' capital	451,444,226	749,142,479
(Accumulated loss)/Retained earnings	<u>(22,272,636)</u>	<u>4,941,827</u>
NET ASSET ATTRIBUTABLE TO UNITHOLDERS	<u>429,171,590</u>	<u>754,084,306</u>
UNITS IN CIRCULATION	<u>403,219,241</u>	<u>682,619,349</u>
NET ASSET VALUE PER UNIT (RM) (EX DISTRIBUTION)	<u>1.0644</u>	<u>1.1047</u>

NOMURA i-INCOME FUND
STATEMENT OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022

	Unitholders' capital	(Accumulated losses)/ Retained earnings	Total
	RM	RM	RM
Balance as at 1 July 2022	607,424,833	(26,083,890)	581,340,943
Movement in unitholders' contribution:			
Creation of units from applications	330,555	-	330,555
Cancellation of units	(156,311,162)	-	(156,311,162)
Total comprehensive income for the financial period	<u>-</u>	<u>3,811,254</u>	<u>3,811,254</u>
Balance as at 30 September 2022	<u>451,444,226</u>	<u>(22,272,636)</u>	<u>429,171,590</u>
Balance as at 1 July 2021	616,331,676	2,661,222	618,992,898
Movement in unitholders' contribution:			
Creation of units from applications	137,765,024	-	137,765,024
Creation of units from distributions	1,587,401	-	1,587,401
Cancellation of units	(6,541,622)	-	(6,541,622)
Distributions		(4,087,208)	(4,087,208)
Total comprehensive income for the financial period	<u>-</u>	<u>6,367,813</u>	<u>6,367,813</u>
Balance as at 30 September 2021	<u>749,142,479</u>	<u>4,941,827</u>	<u>754,084,306</u>

NOMURA i-INCOME FUND
STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022

	Financial period from 1-7-2022 to 30-9-2022 RM	Financial period from 1-7-2021 to 30-9-2021 RM
CASH FLOWS FROM OPERATING		
Proceeds from sale of Shariah-compliant investments	93,363,250	16,738,000
Proceeds from redemption of Shariah-compliant investments	30,000,000	-
Purchase of Shariah-compliant instruments	(20,240,000)	(153,601,925)
Profit income from unquoted sukuk	4,447,115	4,677,889
Profit income from Islamic deposits with licensed financial institutions	256,743	232,148
Management fee paid	(311,239)	(398,527)
Trustee's fee paid	(40,597)	(51,981)
Tax agent's fee paid	(4,134)	-
Shariah Adviser's fee paid	(1,148)	(1,723)
Payment for other fees and expenses	(867)	(954)
Net cash generated from/(used in) operating activities	<u>107,469,123</u>	<u>(132,407,073)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Cash proceeds from creation of units	330,555	137,806,024
Payments for cancellation of units	(159,119,968)	(6,650,765)
Distribution paid	-	(2,499,807)
Net cash (used in)/generated from financing activities	<u>(158,789,413)</u>	<u>128,655,452</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(51,320,290)	(3,751,621)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	<u>73,134,057</u>	<u>28,804,822</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	<u><u>21,813,767</u></u>	<u><u>25,053,201</u></u>
Cash and cash equivalents comprise:		
Deposits with financial institutions	21,476,441	23,821,109
Cash at banks	<u>337,326</u>	<u>1,232,092</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 financial period ended 30 September 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