

## Nomura i-Income Fund 2 - Class H (Hedged)

May 2025

### Fund Manager's Commentary

In May, despite an upward shift in the UST curve amid policy uncertainties and downgrade of US credit rating by Moody's, the domestic bond market remained well supported. GII yield curve bull-steepened over the month due to a dovish shift in Bank Negara Malaysia (BNM)'s policy tone and BNM's surprise decision to reduce the Statutory Reserve Requirement (SRR) ratio. Overall, front-end to belly of the curve led the rally with yields across 3Y-20Y falling 10-15 bps MoM.

In its May Monetary Policy Committee meeting, BNM maintained its Overnight Policy Rate (OPR) unchanged at 3%. However, in its monetary policy statement, BNM struck a dovish tone, highlighting the downside risks arising from uncertainties surrounding US tariff measures and retaliations by major economies, which have dampened global growth outlook. Nevertheless, BNM continued to expect domestic economic growth to be anchored by sustained domestic demand, supported by resilient labour market conditions and income-related policy measures. Meanwhile domestic inflation for the year is forecasted to remain manageable with the overall impact of the announced domestic policies expected to be contained. All in all, though BNM reiterated that the current monetary policy remains supportive of the economy, BNM expressed its concerns on the downside risks to domestic growth outlook. In a separate statement, BNM announced a surprise reduction of the SRR ratio by 100 bps to 1.00% effective 16 May 2025, which will release approx. MYR 19 billion worth of liquidity into the banking system.

Malaysia's gross domestic product (GDP), though moderated, remained solid at 4.4% in 1Q25 (4Q24: +4.9%). Moderation in growth was largely broad-based as the services (+5.0%), construction (+14.2%), and manufacturing (+4.1%) sectors eased and the mining & quarrying sector (-2.7%) recorded a larger contraction, while the agriculture sector (+0.6%) reversed course to gain marginally. On the demand side, private consumption (+5.0%), though moderated, remained as the key driver of Malaysia's economic growth. Meanwhile, decline in net trade and total investments offset the increase in total investments.

Strategy-wise, we have reduced the holdings in sukuk, especially in this period of high uncertainty. We would remain invested in larger exposure in cash, awaiting better clarity in markets to increase our sukuk holdings.

### Cumulative Fund Returns (%)

	YTD	1 Month	3 Month	6 Month
	31/12/2024	30/4/2025	28/2/2025	30/11/2024
	To	To	To	To
	31/5/2025	31/5/2025	31/5/2025	31/5/2025
<b>Fund</b>	2.70	0.55	1.90	3.12
<b>Benchmark</b>	6.10	1.58	5.47	5.69

### Cumulative Fund Returns (%)

	1 Year	3 Year	Since Commencement
	31/5/2024	31/5/2022	21/7/2021
	To	To	To
	31/5/2025	31/5/2025	31/5/2025
<b>Fund</b>	6.61	16.91	17.18
<b>Benchmark</b>	13.33	11.20	8.88

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.

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

### Investment Objective

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

### Benchmark

Maybank 3-month Islamic Fixed Deposit Rate

### Distribution Policy

Subject to availability of income, distribution will be on quarterly basis.

### Key Facts

Launch Date	30-Jun-21
Fund Category	Islamic Fixed Income
Year End	31 October
Fund Size	MYR 75.63 million
Class Size	USD 0.20 million
Units in Circulation (Class H)	0.18 million
NAV per Unit (Class H)	USD 1.1494
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 Class.

**Trustee fee**  
Up to 0.03% per annum of the NAV of the Fund subject to a minimum of RM12,000.00 per annum (excluding foreign custodian fees and charges).

### Calendar Year Returns (%)

	2024	2023	2022	2021
<b>Fund</b>	5.47	6.22	0.42	1.41
<b>Benchmark</b>	5.44	-1.37	-3.43	2.18

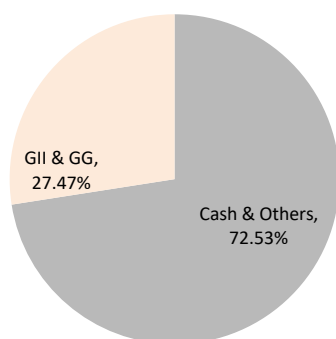
Source: Refinitiv Lipper

### 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. Calendar year returns

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### Asset Allocation\*



### Top Holdings\*

Cash & Others	72.53%
Government of Malaysia	27.47%

### Sector Breakdown\*

Public Administration	27.47%
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\*Presented as a % of NAV as at 31 May 2025

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.

### Distribution By Financial Year

	2024	2023	2022
<b>Distribution (RM)</b>	0.0060	0.0070	0.00364
<b>Distribution Yield (%)</b>	0.54	0.67	0.37

### Disclaimer:

Based on the Fund's portfolio returns as at 30 April 2025, the Volatility Factor (VF) for the Fund is 8.80 and is classified as "Low" (Source: Refinitiv Lipper). "Low" includes funds with VF that are between 4.73 and 9.185. 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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