

Nomura i-Income Fund 2 - Class S

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
Fund	2.11	0.45	1.54	2.37
Benchmark	1.00	0.20	0.60	1.21

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
Fund	4.49	12.43	12.00
Benchmark	2.48	8.10	9.71

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	MYR 41.05 million
Units in Circulation (Class S)	40.19 million
NAV per Unit (Class S)	MYR 1.0212
Transaction cut-off time	Daily; 4:00 pm
Redemption Period	T + 2 business days

Sales charge
Nil

Management fee
Up to 0.15% 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
Fund	3.77	4.25	1.41	-0.01
Benchmark	2.61	2.89	2.11	0.77

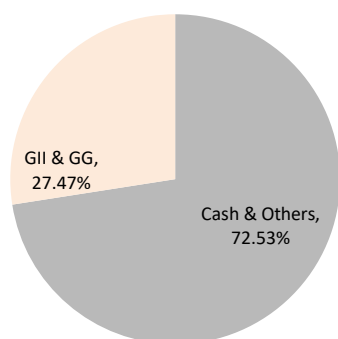
Source: Refinitiv Lipper

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

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

Asset Allocation*



Top Holdings*

Cash & Others	72.53%
Government of Malaysia	27.47%

Sector Breakdown*

Public Administration	27.47%
-----------------------	--------

*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
Distribution (RM)	0.0272	0.0328	0.0167
Distribution Yield (%)	2.70	3.30	1.70

Disclaimer:

Based on the Fund's portfolio returns as at 30 April 2025, the Volatility Factor (VF) for the Fund is 1.40 and is classified as "Very Low" (Source: Refinitiv Lipper). "Very Low" includes funds with VF that are above 0.00 but not more than 4.73. 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.

This marketing material was prepared by Nomura Asset Management Malaysia Sdn. Bhd. (Registration No. 200601028939 (748695-A)) ("NAMM") based on data available to NAMM as of 31 May 2025 for information purposes only and is not intended as an offer, solicitation or recommendation with respect to the purchase or sale of any particular investment. This marketing material has not been reviewed by the Securities Commission Malaysia ("SC"). Before investing in Nomura i-Income Fund 2 ("Fund"), investors are advised to read and understand the contents of the Fund's Prospectus dated 1 December 2022, the First Supplementary Prospectus dated 1 May 2023 and the Second Supplementary Prospectus dated 25 March 2024 ("Prospectuses") and Product Highlights Sheet ("PHS") which highlights the key features and risks of the Fund. Both the Prospectuses and PHS have been registered/lodged with the SC. The authorisation of the Fund and the registration/lodgement of the Prospectuses and the PHS should not be taken to indicate that SC recommends the Fund. SC takes no responsibility for the contents of the Prospectuses, the PHS and this marketing material; makes no representations as to their accuracy or completeness; and expressly disclaims all liability arising from, or in reliance upon the whole or any part of their contents. Though the information contained herein has been obtained from sources believed in good faith to be reliable upon the issuance date, NAMM reserves the right to make changes or corrections to the information herein at any time without notice. Copies of the Prospectuses and PHS can be obtained from our office and application for units can only be made on receipt of an application form referred to and accompanying a copy of the Prospectuses. Among others, investors should be aware: i) of the risks and costs involved in investing in the Fund; ii) that the price of units (in the Fund) and distributions payable (if any) may go down as well as up; and iii) that past performance of the Fund and target fund (if any) should not be taken as an indication of its future performance. Investors should make their own risk assessment and seek professional advice, where necessary.