

The logo for NOMURA, featuring the word "NOMURA" in a bold, white, sans-serif font. The letters are set against a solid red background that is part of a larger graphic design consisting of overlapping, semi-transparent red and white geometric shapes.

# Nomura i-Income Fund 2

Annual Report and Audited Financial Statements for the  
Financial Year ended 31 October 2025

**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 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 (Islamic)

### 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

Subject to availability of income, distribution will be on 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	31 October 2025	31 October 2024	31 October 2023
Unquoted sukuk – Government of Malaysia	50.82%	60.88%	63.31%
Cash and Others <sup>#</sup>	49.18%	39.12%	36.69%
<b>Total (%)</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

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

### Fund – Class S

Category	1 November 2024 to 31 October 2025	1 November 2023 to 31 October 2024	1 November 2022 to 31 October 2023
Highest NAV per Unit (RM) <sup>1</sup>	1.0293	1.0162	1.0045
Lowest NAV per Unit (RM) <sup>1</sup>	1.0075	0.9930	0.9722
Total Return (%) <sup>2</sup>			
- Capital growth (%)	1.68	1.44	1.03
- Income (%)	2.61	2.70	3.30
Gross/Net Distribution per unit (sen)	2.67	2.72	3.28
Total NAV (RM) <sup>1</sup>	41,160,993	40,482,299	39,909,701
NAV per Unit (RM)	1.0241	1.0072	0.9929
Unit in Circulation	40,194,035	40,194,006	40,193,977

**Fund – Class I**

<b>Category</b>	<b>1 November 2024 to 31 October 2025</b>	<b>1 November 2023 to 31 October 2024</b>	<b>1 November 2022 to 31 October 2023</b>
Highest NAV per Unit (RM) <sup>1</sup>	1.0242	1.0122	1.0023
Lowest NAV per Unit (RM) <sup>1</sup>	1.0034	0.9901	0.9703
Total Return (%) <sup>2</sup>			
- Capital growth (%)	1.77	1.32	0.92
- Income (%)	2.41	2.71	3.31
Gross/Net Distribution per unit (sen)	2.46	2.72	3.28
Total NAV (RM) <sup>1</sup>	31,674,365	31,123,041	30,716,402
NAV per Unit (RM)	1.0209	1.0031	0.9900
Unit in Circulation	31,026,235	31,026,208	31,026,179

**Fund – Class R**

<b>Category</b>	<b>1 November 2024 to 31 October 2025</b>	<b>1 November 2023 to 31 October 2024</b>	<b>1 November 2022 to 31 October 2023</b>
Highest NAV per Unit (RM) <sup>1</sup>	1.0178	1.0075	1.0000
Lowest NAV per Unit (RM) <sup>1</sup>	0.9985	0.9869	0.9686
Total Return (%) <sup>2</sup>			
- Capital growth (%)	1.59	1.16	0.77
- Income (%)	2.45	2.72	3.32
Gross/Net Distribution per unit (sen)	2.48	2.72	3.28
Total NAV (RM) <sup>1</sup>	7,867,640	3,081,361	5,826,554
NAV per Unit (RM)	1.0141	0.9982	0.9868
Unit in Circulation	7,758,610	3,086,868	5,904,643

**Fund – Class H (Hedged)**

Category	1 November 2024 to 31 October 2025	1 November 2023 to 31 October 2024	1 November 2022 to 31 October 2023
Highest NAV per Unit (USD) <sup>1</sup>	1.1672	1.1132	1.0523
Lowest NAV per Unit (USD) <sup>1</sup>	1.1106	1.0526	0.9914
Total Return (%) <sup>2</sup>			
- Capital growth (%)	3.36	5.79	5.71
- Income (%)	2.07	0.54	0.67
Gross/Net Distribution per unit (cent)	2.38	0.60	0.70
Total NAV (RM) <sup>1</sup>	806,367	1,302,989	923,946
NAV per Unit (USD)	1.1506	1.1132	1.0523
Unit in Circulation	167,502	267,536	184,386

Category	1 November 2024 to 31 October 2025	1 November 2023 to 31 October 2024	1 November 2022 to 31 October 2023
Total Expense Ratio (%) <sup>3</sup>	0.28	0.29	0.29
Portfolio Turnover Ratio (time) <sup>4</sup>	0.56	0.36	1.64

**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 LSEG 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

	1 Year to 31 Oct 2025	3 Year to 31 Oct 2025
<b>Average Total Return (%)</b>	4.38	4.34

Source: LSEG Lipper

### Fund – Class I

	1 Year to 31 Oct 2025	3 Year to 31 Oct 2025
<b>Average Total Return (%)</b>	4.28	4.23

Source: LSEG Lipper

### Fund – Class R

	1 Year to 31 Oct 2025	3 Year to 31 Oct 2025
<b>Average Total Return (%)</b>	4.13	4.08

Source: LSEG Lipper

### Fund – Class H (Hedged)

	1 Year to 31 Oct 2025	3 Year to 31 Oct 2025
<b>Average Total Return (%)</b>	5.51	6.10

Source: LSEG Lipper

## 2.3 Annual Total Return of the Fund

### Fund – Class S

	FY2025	FY 2024	FY 2023	Since Commencement, 21 July 2021 to 31 October 2022
<b>Total Return (%)<sup>1</sup></b>	4.38	4.22	4.42	(0.04)
<b>Benchmark (%)</b>	2.31	2.69	2.84	2.43

Source: LSEG Lipper

**Fund – Class I**

	FY2025	FY 2024	FY 2023	Since Commencement, 21 July 2021 to 31 October 2022
<b>Total Return (%)</b> <sup>1</sup>	4.28	4.11	4.31	(0.22)
<b>Benchmark (%)</b>	2.31	2.94	2.84	2.43

Source: LSEG Lipper

**Fund – Class R**

	FY2025	FY 2024	FY 2023	Since Commencement, 21 July 2021 to 31 October 2022
<b>Total Return (%)</b> <sup>1</sup>	4.13	3.95	4.16	(0.39)
<b>Benchmark (%)</b>	2.31	2.69	2.84	2.43

Source: LSEG Lipper

**Fund – Class H (Hedged)**

	FY2025	FY 2024	FY 2023	Since Commencement, 21 July 2021 to 31 October 2022
<b>Total Return (%)</b> <sup>1 &amp; 2</sup>	5.51	6.37	6.43	-0.08
<b>Benchmark (%)</b> <sup>2</sup>	2.31	2.69	2.84	2.43

Source: LSEG 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 LSEG 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 + Percentage Growth)<sup>1/n</sup> – 1

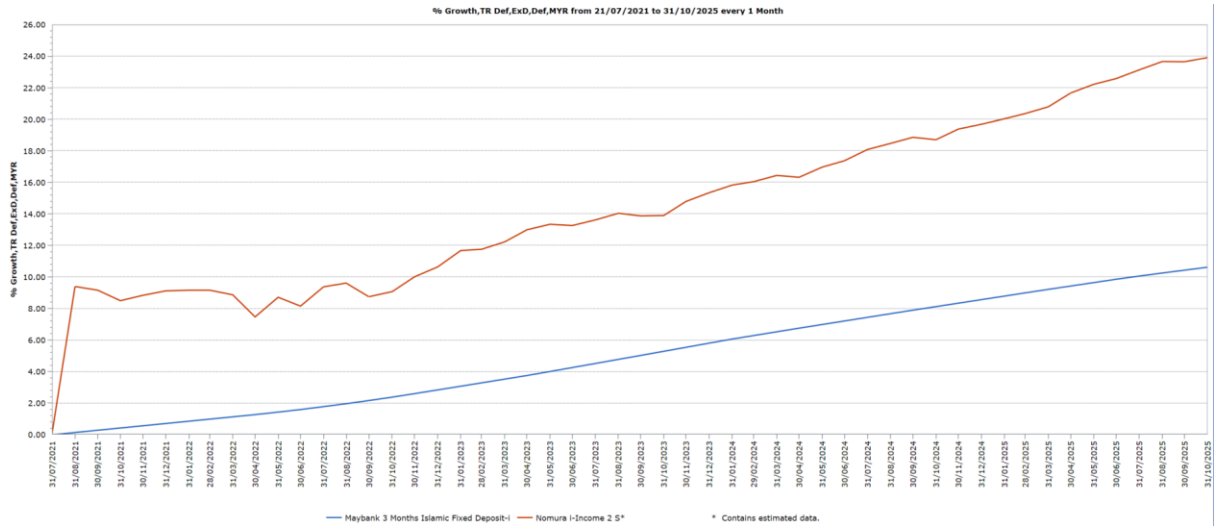
- (2) Class H performance figures are quoted in USD and benchmark performance comparisons are measured in MYR.

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

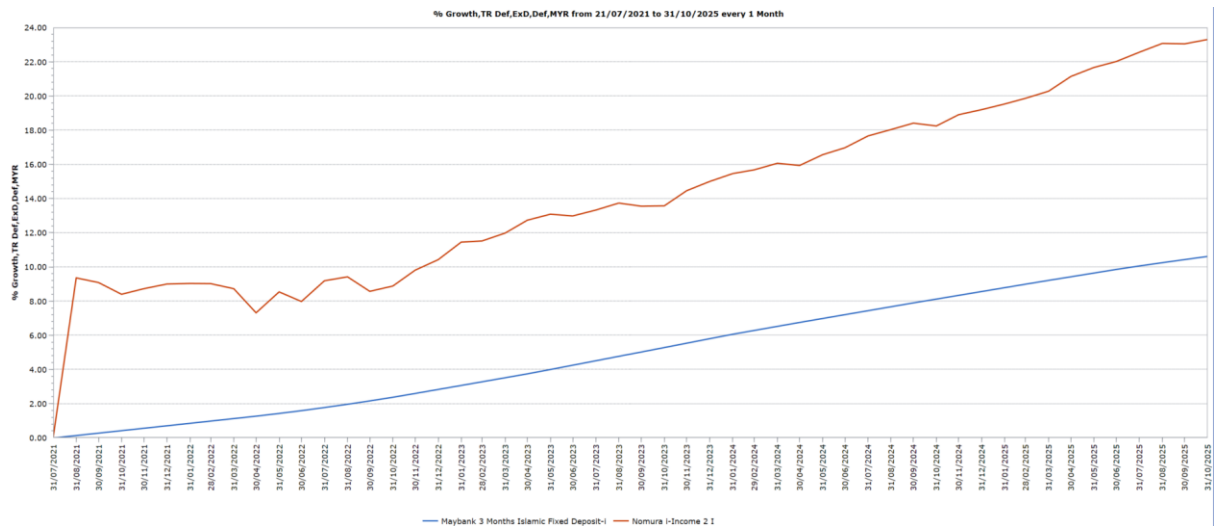
### 3. MANAGER’S REPORT

#### Performance of Nomura i-Income Fund 2 from 21 July 2021 to 31 October 2025

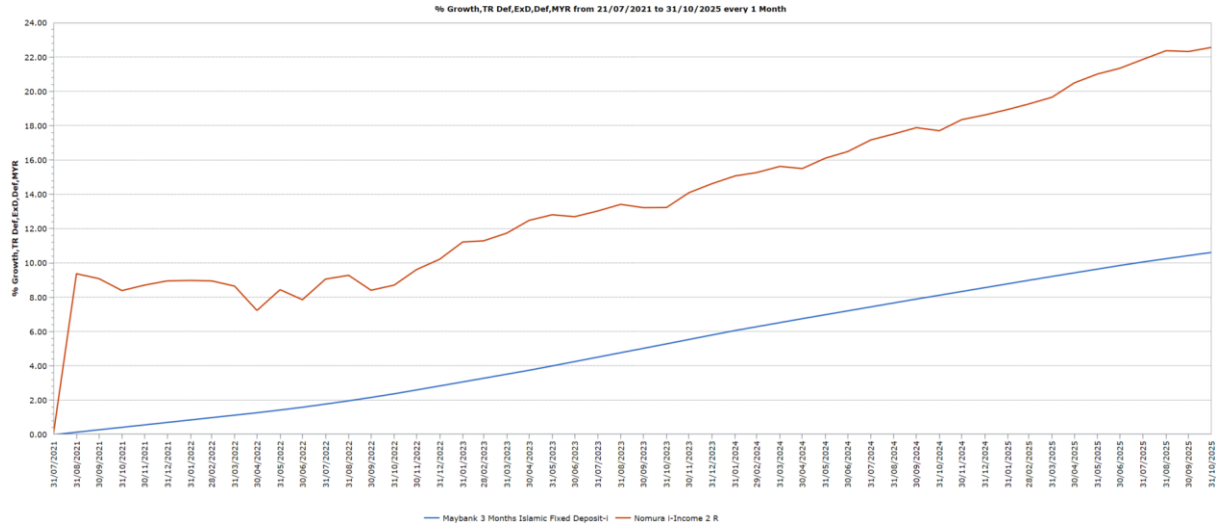
##### Fund – Class S



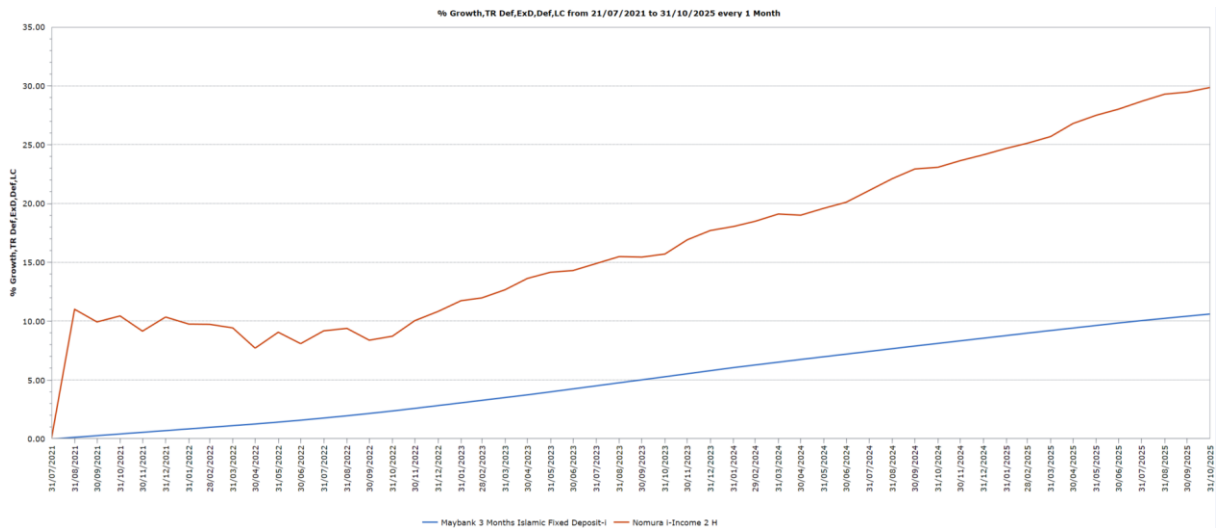
##### Fund – Class I



## Fund – Class R



## Fund – Class H (Hedged)



**Benchmark:** Maybank 3-month Islamic Fixed Deposit Rate

**Note:** Class H performance figures are quoted in USD and benchmark performance comparisons are measured in MYR.

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

### 3.1 Performance for the period from 1 November 2024 to 31 October 2025

#### Fund – Class S

For the period under review from 1 November 2024 to 31 October 2025, Class S has registered 4.38% return. Compared to the Benchmark return of 2.31%, Class S has outperformed the Benchmark by 2.07%. The Net Asset Value (NAV) per unit of Class S as at 31 October 2024 was RM 1.0072 compared to the NAV per unit as at 31 October 2025 of RM 1.0241. On the total NAV basis, Class S's NAV stood at RM 41.16 million as at 31 October 2025. During the period under review, Class S has declared a total income distribution of RM 0.0267 per unit.

#### Fund – Class I

For the period under review from 1 November 2024 to 31 October 2025, Class I has registered 4.28% return. Compared to the Benchmark return of 2.31%, Class I has outperformed the Benchmark by 1.97%. The Net Asset Value (NAV) per unit of Class I as at 31 October 2024 was RM 1.0031 compared to the NAV per unit as at 31 October 2025 of RM 1.0209. On the total NAV basis, Class I's NAV stood at RM 31.67 million as at 31 October 2025. During the period under review, Class I has declared a total income distribution of RM 0.0246 per unit.

#### Fund – Class R

For the period under review from 1 November 2024 to 31 October 2025, Class R has registered 4.13% return. Compared to the Benchmark return of 2.31%, Class R has outperformed the Benchmark by 1.82%. The Net Asset Value (NAV) per unit of Class R as at 31 October 2024 was RM 0.9982 compared to the NAV per unit as at 31 October 2025 of RM 1.0141. On the total NAV basis, Class R's NAV stood at RM 7.87 million as at 31 October 2025. During the period under review, Class R has declared a total income distribution of RM 0.0248 per unit.

#### Fund – Class H (Hedged)

For the period under review from 1 November 2024 to 31 October 2025, Class H (Hedged) has registered 5.51% return\*. Compared to the Benchmark return of 2.31%, Class H (Hedged) has outperformed the Benchmark by 3.20%\*. The Net Asset Value (NAV) per unit of Class H (Hedged) as at 31 October 2024 was USD 1.1132 compared to the NAV per unit as at 31 October 2025 of USD 1.1506. On the total NAV basis, Class H (Hedged)'s NAV stood at USD 0.19 million as at 31 October 2025. During the period under review, Class H (Hedged) has declared a total income distribution of USD 0.0238 per unit.

*\*Class H performance figures are quoted in USD and benchmark performance comparisons are measured in MYR.*

### 3.2 Review of Market for the period from 1 November 2024 to 31 October 2025

2024 was yet another volatile year for the bond market. Towards the end of 2024, tracking global yield movements, Government Investment Issues ("GII") rallied strongly amid increased geopolitical tensions and expectations that global central banks were very close to the end of their hiking cycle.

### 3.3 Investment Outlook

We anticipate the 1H2026 to show some volatility despite the stable domestic policy rate outlook, with still strong domestic growth, and as inflation data remain subdued. We remain cognizant on the current low yield returns for the GII market, and would keep our powder dry. We anticipate gradually increasing duration, though it will be done on an opportunistic basis. Should yields rise to levels that we deem to offer value, we will deploy our cash into short to medium dated GII to better position the portfolio for the coming few periods.

### 3.4 Strategies Employed for the period from 1 November 2024 to 31 October 2025

Strategy-wise, we remain cautious of the yield curve, as the curve has remained low and does not return for duration, led by strengthening global yields, we see risk of rising interest rates in the short to medium term. We think it is opportunistic to slowly increase duration when the curve begins to show value in the belly to the long-end of the curve. In the interim we see better roll down benefit in the short-end of the curve.

### 3.5 Asset Allocation

Asset Allocation / Portfolio Composition	31 October 2025	31 October 2024	31 October 2023
Unquoted sukuk - Government of Malaysia	50.82%	60.88%	63.31%
Cash and Others <sup>#</sup>	49.18%	39.12%	36.69%
<b>Total (%)</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

<sup>#</sup> 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 year under review.

### 3.6 Securities Lending or Repurchase Transactions

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

### 3.7 Income Distribution

The Manager has distributed a total of gross/net distribution of RM0.0267 per unit for unit holders of Class S, RM0.0246 per unit for unit holders of Class I, RM0.0248 per unit for unit holders of Class R, and USD0.0238 per unit for unit holders of Class H (Hedged) over the financial year ended 31 October 2025.

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)
20-Dec-24	1.0134	23-Dec-24	1.0087	0.0055
17-Mar-25	1.0183	19-Mar-25	1.0088	0.0100
16-Jun-25	1.0223	17-Jun-25	1.0173	0.0050
17-Sep-25	1.0293	18-Sep-25	1.0235	0.0062

### Fund – Class I

Cum-Distribution Date	Cum-Distribution (RM)	Ex-Distribution Date	Ex-Distribution (RM)	Distribution per Unit (RM)
20-Dec-24	1.0092	23-Dec-24	1.0044	0.0055
17-Mar-25	1.0138	19-Mar-25	1.0043	0.0100
16-Jun-25	1.0175	17-Jun-25	1.0125	0.0050
17-Sep-25	1.0242	18-Sep-25	1.0204	0.0041

### Fund – Class R

Cum-Distribution Date	Cum-Distribution (RM)	Ex-Distribution Date	Ex-Distribution (RM)	Distribution per Unit (RM)
20-Dec-24	1.0041	23-Dec-24	0.9993	0.0055
17-Mar-25	1.0083	19-Mar-25	0.9987	0.0100
16-Jun-25	1.0115	17-Jun-25	1.0065	0.0050
17-Sep-25	1.0178	18-Sep-25	1.0138	0.0043

### Fund – Class H (Hedged)

Cum-Distribution Date	Cum-Distribution (USD)	Ex-Distribution Date	Ex-Distribution (USD)	Distribution per Unit (USD)
20-Dec-24	1.1202	23-Dec-24	1.1200	0.0012
17-Mar-25	1.1343	19-Mar-25	1.1327	0.0023
16-Jun-25	1.1518	17-Jun-25	1.1506	0.0012
17-Sep-25	1.1672	18-Sep-25	1.1489	0.0191

### 3.8 Details of Any Unit Split Exercise

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

### 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 year under review.

### 3.11 Cross Trades Transactions

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

### **3.12 Soft Commissions Received From Brokers**

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

*This 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.*

NOMURA i-INCOME FUND 2

FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2025

## NOMURA i-INCOME FUND 2

### FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2025

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## NOMURA I-INCOME FUND 2

### STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2025

	<u>Note</u>	<u>2025</u> RM	<u>2024</u> RM
<b>INVESTMENT INCOME</b>			
Profit income from unquoted sukuk at fair value through profit or loss ("FVTPL")		1,369,306	1,558,087
Profit income from Islamic deposits with licensed financial institutions and term deposits at amortised cost		1,400,461	1,174,021
Net gain on financial assets at fair value through profit or loss ("FVTPL")	6	655,740	567,856
Net loss on Islamic forward foreign currency contracts	9	(30,904)	(33,933)
Net gain/(loss) on foreign currency exchange		12,532	(322)
		<u>3,407,135</u>	<u>3,265,709</u>
<b>EXPENSES</b>			
Management fee	3	(157,264)	(155,045)
Trustee fee	4	(23,003)	(22,686)
Shariah Adviser's fee		(6,479)	(6,360)
Audit fee		(13,650)	(13,650)
Tax agent's fee		(4,968)	(5,978)
Other expenses		(5,561)	(3,443)
		<u>210,925</u>	<u>(207,162)</u>
<b>PROFIT BEFORE TAXATION</b>		3,196,210	3,058,547
<b>FINANCE COST</b>	11	<u>(1,933,987)</u>	<u>(2,028,504)</u>
<b>PROFIT AFTER FINANCE COST AND BEFORE TAXATION</b>		1,262,223	1,030,043
<b>TAXATION</b>	5	<u>-</u>	<u>-</u>
<b>INCREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		<u>1,262,223</u>	<u>1,030,043</u>
Increase in net assets attributable to unitholders is made of the following:			
Realised amount		711,368	576,959
Unrealised amount		550,855	453,084
		<u>1,262,223</u>	<u>1,030,043</u>

The accompanying material accounting policy information 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 31 OCTOBER 2025

	<u>Note</u>	<u>2025</u> RM	<u>2024</u> RM
<b>ASSETS</b>			
Cash and cash equivalents	7	15,577,097	2,752,508
Term deposits	8	24,560,712	27,057,420
Financial assets at fair value through profit or loss ("FVTPL")	6	41,424,723	46,262,998
Derivative at fair value through profit or loss	9	-	20,304
<b>TOTAL ASSETS</b>		<u>81,562,532</u>	<u>76,093,230</u>
<b>LIABILITIES</b>			
Derivative at fair value through profit or loss	9	3,467	57,662
Amount due to Manager		10,000	10,422
Accrued management fee		14,852	13,222
Amount due to Trustee		2,072	1,932
Amount due to Shariah Adviser		1,436	957
Auditor's remuneration		14,742	14,469
Tax agent's fee		5,244	4,876
Other payables		1,354	-
<b>TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS)</b>		<u>53,167</u>	<u>103,540</u>
<b>NET ASSET VALUE OF THE FUND</b>		<u>81,509,365</u>	<u>75,989,690</u>
<b>NET ASSET ATTRIBUTABLE TO UNITHOLDERS</b>		<u>81,509,365</u>	<u>75,989,690</u>

The accompanying material accounting policy information 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 31 OCTOBER 2025 (CONTINUED)

	<u>Note</u>	<u>2025</u> RM	<u>2024</u> RM
<b>REPRESENTED BY</b>			
<b>FAIR VALUE OF OUTSTANDING UNITS (RM)</b>			
Class S		41,160,993	40,482,299
Class I		31,674,365	31,123,041
Class R		7,867,640	3,081,361
Class H (Hedged)		806,367	1,302,989
		<u>806,367</u>	<u>1,302,989</u>
<b>NUMBER OF UNIT IN CIRCULATION (UNITS)</b>			
Class S	10	40,194,035	40,194,006
Class I	10	31,026,235	31,026,208
Class R	10	7,758,610	3,086,868
Class H (Hedged)	10	167,502	267,536
		<u>167,502</u>	<u>267,536</u>
<b>NET ASSET VALUE PER UNIT (RM)</b>			
Class S		1.0241	1.0072
Class I		1.0209	1.0031
Class R		1.0141	0.9982
Class H (Hedged)		4.8141	4.8703
		<u>4.8141</u>	<u>4.8703</u>
<b>NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES</b>			
Class S		1.0241	1.0072
Class I		1.0209	1.0031
Class R		1.0141	0.9982
Class H (Hedged)		1.1506	1.1132
		<u>1.1506</u>	<u>1.1132</u>

The accompanying material accounting policy information and notes to the financial statements form an integral part of these financial statements.

## NOMURA i-INCOME FUND 2

### STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2025

	<u>2025</u> RM	<u>2024</u> RM
<b>Net assets attributable to unitholders at the beginning of financial year</b>	75,989,690	77,376,603
Movement due to units created and cancelled during the financial year:		
Creation of units arising from applications		
Class R	6,164,894	2,773,464
Class H (Hedged)	254,794	813,417
	<u>6,419,688</u>	<u>3,586,881</u>
Creation of units arising from distributions		
Class S	28	29
Class I	27	29
Class R	79,202	85,861
Class H (Hedged)	18,360	5,453
	<u>97,617</u>	<u>91,372</u>
Cancellation of units		
Class R	(1,488,027)	(5,660,636)
Class H (Hedged)	(771,826)	(434,573)
	<u>(2,259,853)</u>	<u>(6,095,209)</u>
Increase in net assets attributable to unitholders during the financial year	<u>1,262,223</u>	<u>1,030,043</u>
<b>Net assets attributable to unitholders at the end of financial year</b>	<u>81,509,365</u>	<u>75,989,690</u>

The accompanying material accounting policy information 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 YEAR ENDED 31 OCTOBER 2025

	<u>Note</u>	<u>2025</u> RM	<u>2024</u> RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Proceeds from sale of Shariah-compliant investments		44,519,200	28,724,901
Purchase of Shariah-compliant instruments		(39,563,500)	(25,212,100)
Placement of term deposits		(79,194,000)	(40,663,000)
Proceeds from maturity of term deposits		81,140,000	14,314,000
Profit income from unquoted sukuk		1,907,621	1,336,500
Profit income from Islamic deposits with licensed financial institutions and term deposits		1,951,169	465,601
Management fee paid		(155,634)	(155,732)
Trustee fee paid		(22,863)	(22,725)
Tax agent's fee paid		(4,600)	(4,600)
Shariah adviser's fee paid		(6,000)	(6,463)
Payment for other fees and expenses		(17,584)	(16,404)
Net realised (loss)/gain on forward foreign currency contracts		(64,795)	25,631
Net realised foreign exchange gain/(loss)		12,532	(322)
Net cash generated from/(used in) operating activities		<u>10,501,546</u>	<u>(21,214,713)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Cash proceeds from units created		6,419,688	3,586,881
Payments for cancellation of units		(2,260,275)	(6,084,788)
Distributions paid		(1,836,370)	(1,937,132)
Net cash generated from/(used in) operating activities		<u>2,323,043</u>	<u>(4,435,039)</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		12,824,589	(25,649,752)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR</b>		2,752,508	28,402,260
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>	7	<u>15,577,097</u>	<u>2,752,508</u>

The accompanying material accounting policy information and notes to the financial statements form an integral part of these financial statements.

## NOMURA i-INCOME FUND 2

### MATERIAL ACCOUNTING POLICY INFORMATION FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2025

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 have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss ("FVTPL").

The preparation of financial statements in conformity with MFRS and International Financial Reporting Standards 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 revenue 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 L to the financial statements.

- (i) Standards, amendments to published standards and interpretations that are applicable and effective.

There are no standards, amendments to standards or interpretations that are applicable and effective for annual periods beginning on 1 November 2024 that have a material effect on the financial statements of the Fund.

- (ii) Standards and amendments that have been issued that are applicable to the Fund but not yet effective.

- Amendments to MFRS 9 and MFRS 7 'Amendments to the Classification and Measurement of Financial Instruments' (effective 1 January 2026)
  - The amendments clarify that financial assets are derecognised when the rights to the cash flows expire or when the asset is transferred, and financial liabilities are derecognised at the settlement date (i.e. when the liability is extinguished or qualifies for derecognition).
  - There is an optional exception to derecognise a financial liability at a date earlier than the settlement date if the cash transfer takes place through an electronic payment system, provided that all the specified criteria are met;
  - The amendments also clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest ("SPPI") criterion;
  - There are additional new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
  - The amendments update the disclosures for equity instruments designated at fair value through other comprehensive income ("FVOCI").

## NOMURA i-INCOME FUND 2

### MATERIAL ACCOUNTING POLICY INFORMATION FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2025 (CONTINUED)

#### A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

- (ii) Standards and amendments that have been issued that are applicable to the Fund but not yet effective. (continued)
- MFRS 18 'Presentation and Disclosure in Financial Statements' (effective 1 January 2027) replaces MFRS 101 'Presentation of Financial Statements'
    - The new MFRS introduces a new structure of profit or loss statement.
      - (a) Income and expenses are classified into 3 new main categories:
        - i. Operating category which typically includes results from the main business activities;
        - ii. Investing category that presents the results of investments in associates and joint ventures and other assets that generate a return largely independently of other resources; and
        - iii. Financing category that presents income and expenses from financing liabilities.
      - (b) Entities are required to present two new specified subtotals: 'Operating profit or loss' and 'Profit or loss before financing and income taxes'.
    - Management-defined performance measures are disclosed in a single note and reconciled to the most similar specified subtotal in MFRS Accounting Standards.
    - Changes to the guidance on aggregation and disaggregation which focus on grouping items based on their shared characteristics.

The Fund is currently still assessing the effect of the above standards and amendments. No other new standards or amendments to standards 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 ("RM"), which is the Fund's presentation and functional currency.

#### C FOREIGN CURRENCY TRANSLATION

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 year-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

### MATERIAL ACCOUNTING POLICY INFORMATION FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2025 (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 or 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 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.

The Fund classifies cash and cash equivalents and term deposits 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, accrued management fee, amount due to Trustee, amount due to Shariah Adviser, auditor's remuneration, tax agent's fee and other payables as financial liabilities measured at amortised cost.

## NOMURA i-INCOME FUND 2

### MATERIAL ACCOUNTING POLICY INFORMATION FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2025 (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. Shariah-compliant 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 Shariah-compliant 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 recognised in the statement of comprehensive income with net gain or loss on financial assets at fair value through profit or loss in the financial year in which they arise.

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"). 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.

Islamic deposits with licensed financial institutions and term deposits are stated at cost plus accrual interest calculated based on the effective profit rate method over the period from the date of placement to the date of maturity of the respective Islamic deposits which is the reasonable estimate of fair value due to the short-term nature of the deposits.

Financial assets at amortised cost and other financial liabilities are subsequently carried at amortised cost using the effective profit method.

##### (iii) Impairment

The Fund measures credit risk and expected credit losses ("ECL") using probability of default, exposure at default and loss given default. The Manager considers both historical analysis and forward looking information in determining any ECL. The Manager 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.

## NOMURA i-INCOME FUND 2

### MATERIAL ACCOUNTING POLICY INFORMATION FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2025 (CONTINUED)

#### F FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

##### (iii) Impairment (continued)

###### 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 with original maturities of three months or less that is readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### H CREATION AND CANCELLATION OF UNITS

The unitholders' contributions to the Fund meet the definition of puttable instruments classified as financial liability under MFRS 132 "Financial Instruments: Presentation".

The Fund issues cancellable units, in four 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 Prospectus and Securities Commission's ("SC") Guidelines on Unit Trust Fund. 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 net asset value ("NAV") of respective classes. The outstanding units are carried at the redemption amount that is payable at the date of the statement of financial position if the unitholders exercise the right to put back the unit to the Fund.

Units are created and cancelled at the unitholder's option at prices based on the Fund's NAV per unit of respective classes at the close of business on the relevant dealing day. The Fund's NAV per unit of respective classes is calculated by dividing the net asset attributable to unitholders of respective classes with the total number of outstanding units of respective classes.

## NOMURA i-INCOME FUND 2

### MATERIAL ACCOUNTING POLICY INFORMATION FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2025 (CONTINUED)

#### I FINANCE COST

Distributions are at the discretion of the Fund. A distribution to the Fund's unitholders is accounted for as a finance cost in the statement of comprehensive income when they are appropriately authorised and no longer at the discretion of the Fund. A proposed distribution is recognised as a liability in the year in which it is approved by the Trustee.

#### J DERIVATIVE

A derivative 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 comprise Islamic 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 or losses on the derivative 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. Derivative instruments that have a negative fair value are presented as liabilities as fair value through profit or loss.

The fair value of Islamic 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 INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

Income not distributed is included in net assets attributable to unitholders.

#### L 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 judgment to be exercised.

#### M REALISED AND UNREALISED PORTIONS OF INCREASE OR DECREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

The analysis of realised and unrealised amount in increase or decrease in net assets attributable to unitholders as presented on the statement of comprehensive income is prepared in accordance with SC's Guidelines on Unit Trust Funds.

## NOMURA i-INCOME FUND 2

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2025

#### 1 INFORMATION ON THE FUND

Nomura i-Income Fund 2 ("the Fund") was constituted pursuant to the execution of a Master Deed dated 3 May 2021, a First Supplemental Deed dated 2 September 2022 and a Second Supplemental Deed dated 7 March 2023 (collectively referred to as "the Deed") 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 or guaranteed by the Malaysian government, Islamic deposits and/or placement of money at call with financial institutions.

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

The Manager is a company incorporated in Malaysia. The principal activities of the Manager are establishment and management of unit trust funds and asset management including providing fund management services to private clients.

#### 2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments are as follows:

	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>2025</u>			
<u>Financial assets</u>			
Cash and cash equivalents	-	15,577,097	15,577,097
Term deposits	-	24,560,712	24,560,712
Unquoted sukuk	41,424,723	-	41,424,723
Total	<u>41,424,723</u>	<u>40,137,809</u>	<u>81,562,532</u>
<u>Financial liabilities</u>			
Islamic forward foreign currency contracts	3,467	-	3,467
Amount due to Manager	-	10,000	10,000
Accrued management fee	-	14,852	14,852
Amount due to Trustee	-	2,072	2,072
Amount due to Shariah Adviser	-	1,436	1,436
Auditor's remuneration	-	14,742	14,742
Tax agent's fee	-	5,244	5,244
Other payables	-	1,354	1,354
Total	<u>3,467</u>	<u>49,700</u>	<u>53,167</u>

## NOMURA i-INCOME FUND 2

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2025 (CONTINUED)

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

Financial instruments are as follows: (continued)

	Financial assets at fair value through profit or loss RM	Financial assets at amortised cost RM	Total RM
<u>2024</u>			
<u>Financial assets</u>			
Cash and cash equivalents	-	2,752,508	2,752,508
Term deposits	-	27,057,420	27,057,420
Unquoted sukuk	46,262,998	-	46,262,998
Islamic forward foreign currency contracts	20,304	-	20,304
<b>Total</b>	<b>46,283,302</b>	<b>29,809,928</b>	<b>76,093,230</b>
<u>Financial liabilities</u>			
Islamic forward foreign currency contracts	57,662	-	57,662
Amount due to Manager	-	10,422	10,422
Accrued management fee	-	13,222	13,222
Amount due to Trustee	-	1,932	1,932
Amount due to Shariah Adviser	-	957	957
Auditor's remuneration	-	14,469	14,469
Tax agent's fee	-	4,876	4,876
<b>Total</b>	<b>57,662</b>	<b>45,878</b>	<b>103,540</b>

The Fund is exposed to a variety of risks which include market risk (inclusive of price risk, interest rate risk and currency 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's Guidelines Unit Trust Funds.

#### Market risk

##### (a) 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>2025</u> RM	<u>2024</u> RM
Financial assets at fair value through profit or loss*	41,424,723	46,262,998

\* Includes profit receivable of RM208,023 (2024: RM605,998).

## NOMURA i-INCOME FUND 2

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2025 (CONTINUED)

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

##### Market risk (continued)

##### (a) Price risk (continued)

The table below summarises the sensitivity of the Fund's NAV 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.

<u>% Change in price</u>	<u>Market value</u> RM	<u>Impact on profit</u> <u>after tax/NAV</u> RM
<u>2025</u>		
+5	43,277,535	2,060,835
-5	39,155,865	(2,060,835)
	<u>                    </u>	<u>                    </u>
<u>% Change in price</u>	<u>Market value</u> RM	<u>Impact on profit</u> <u>after tax/NAV</u> RM
<u>2024</u>		
+5	47,939,850	2,282,850
-5	43,374,150	(2,282,850)
	<u>                    </u>	<u>                    </u>

##### (b) Interest rate risk

In general, when interest rates rise, valuation for unquoted sukuk will tend to fall and vice versa. Therefore, the NAV 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 NAV 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.

## NOMURA i-INCOME FUND 2

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2025 (CONTINUED)

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

##### Market risk (continued)

##### (b) Interest rate risk (continued)

The table below summarises the sensitivity of the Fund's NAV and profit after tax to movements in prices of unquoted 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.

<u>% Change in interest rate</u>	<u>Impact on profit after tax/NAV</u>	
	<u>2025</u> RM	<u>2024</u> RM
+ 1	(69,512)	(73,024)
- 1	69,655	73,174

The Fund's Islamic deposits with licensed financial institutions are short term in nature. Therefore, exposure to interest rate fluctuations is minimal.

##### (c) Currency risk

Currency risk is associated with investments denominated in United States Dollar. When the foreign currency fluctuates in an unfavorable movement against Ringgit Malaysia, the investments will face currency losses. The Manager will evaluate the likely directions of a foreign currency versus Ringgit Malaysia based on considerations of economic fundamentals such as interest differentials, balance of payments position, debt levels, and technical chart of considerations.

The following tables set out the foreign currency risk concentrations and counterparties of the Fund:

	<u>Islamic forward foreign currency contracts</u>	<u>Net assets attributable to unitholders</u> RM	<u>Total</u> RM
<u>2025</u> USD	<u>(3,467)</u>	<u>806,367</u>	<u>802,900</u>
<u>2024</u> USD	<u>(37,358)</u>	<u>1,302,989</u>	<u>1,265,631</u>

## NOMURA i-INCOME FUND 2

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2025 (CONTINUED)

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

##### Market risk (continued)

##### (c) Currency risk (continued)

The table below summarises the sensitivity of the Fund's profit after tax and NAV to changes in foreign exchange movements at the end of each reporting year. The analysis is based on the assumption that the foreign exchange rate changes by 5%, with all other variables held constant. This represents management's best estimate of a reasonable possible shift in a foreign exchange rate, having regard to historical volatility of this rate. Any increase/(decrease) in foreign exchange rate will result in a corresponding (decrease)/increase in the net assets attributable to unitholder by approximately 5%. Disclosures below are shown in absolute terms, changes and impacts could be positive and negative.

	Change in foreign <u>exchange rate</u> %	Impact on profit <u>after tax/NAV</u> RM
<u>2025</u>		
USD	5	40,145
	<u>          </u>	<u>          </u>
<u>2024</u>		
USD	5	63,282
	<u>          </u>	<u>          </u>

##### 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 other instruments. 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.

## NOMURA i-INCOME FUND 2

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2025 (CONTINUED)

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

##### Liquidity risk (continued)

	Less than <u>1 month</u> RM	Between 1 month <u>to 1 year</u> RM	<u>Total</u> RM
<u>2025</u>			
Islamic forward foreign currency contracts	-	3,467	3,467
Amount due to Manager	10,000	-	10,000
Accrued management fee	14,852	-	14,852
Amount due to Trustee	2,072	-	2,072
Amount due to Shariah Adviser	-	1,436	1,436
Auditors' remuneration	-	14,742	14,742
Tax agent's fee	-	5,244	5,244
Other payables	-	1,354	1,354
Net assets attributable to unitholders*	81,509,365	-	81,509,365
Contractual cash out flows	<u>81,536,289</u>	<u>26,243</u>	<u>81,562,532</u>
<u>2024</u>			
Islamic forward foreign currency contracts	-	57,662	57,662
Amount due to Manager	10,422	-	10,422
Accrued management fee	13,222	-	13,222
Amount due to Trustee	1,932	-	1,932
Amount due to Shariah Adviser	-	957	957
Auditors' remuneration	-	14,469	14,469
Tax agent's fee	-	4,876	4,876
Net assets attributable to unitholders*	75,989,690	-	75,989,690
Contractual cash out flows	<u>76,015,266</u>	<u>77,964</u>	<u>76,093,230</u>

\* Units are cancelled on demand at the unitholders' option. However, the Manager does not envisage that the contractual maturity disclosed in the table above will be representative of the actual cash outflows, as holders of these instruments typically retain them for the medium to long term.

##### 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.

## NOMURA i-INCOME FUND 2

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2025 (CONTINUED)

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

##### Credit/default risk (continued)

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 Unit Trust Funds.

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 Unit Trust Funds.

The following table sets out the credit risk concentration of the Fund:

	<u>Cash and cash equivalents</u> RM	<u>Term deposits</u> RM	Financial assets at fair value through <u>profit or loss</u> RM	<u>Total</u> RM
<u>2025</u>				
Financial services				
- AAA	14,230,426	10,103,192	-	24,333,618
- AA+	751,627	14,457,520	-	15,209,147
- A1	595,044	-	-	595,044
Public Administration				
- Not Rated	-	-	41,424,723	41,424,723
	<u>15,577,097</u>	<u>24,560,712</u>	<u>41,424,723</u>	<u>81,562,532</u>
<u>2024</u>				
Financial services				
- AAA	2,752,508	14,040,013	-	16,792,521
- AA+	-	13,017,407	-	13,017,407
Public Administration				
- Not Rated	-	-	46,262,998	46,262,998
Islamic forward foreign currency contracts				
- AAA	-	-	20,304	20,304
	<u>2,752,508</u>	<u>27,057,420</u>	<u>46,283,302</u>	<u>76,093,230</u>

## NOMURA i-INCOME FUND 2

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2025 (CONTINUED)

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

##### Capital risk

The capital of the Fund is represented by net assets attributable to unitholders of RM81,509,365 (2024: RM75,989,690). The amount of net assets attributable to unitholders 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 YEAR ENDED 31 OCTOBER 2025 (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 Fund adopted MFRS 13 "Fair Value Measurement" in respect of disclosures about the degree of reliability of fair value measurement. This requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- 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 YEAR ENDED 31 OCTOBER 2025 (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> RM	<u>Level 2</u> RM	<u>Level 3</u> RM	<u>Total</u> RM
<u>2025</u>				
Financial assets at fair value through profit or loss:				
- Unquoted sukuk	-	41,424,723	-	41,424,723
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Financial liabilities at fair value through profit or loss:				
- Islamic forward foreign currency contracts	-	3,467	-	3,467
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<u>2024</u>				
Financial assets at fair value through profit or loss:				
- Unquoted sukuk	-	46,262,998	-	46,262,998
- Islamic forward foreign currency contracts	-	20,304	-	20,304
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Financial liabilities at fair value through profit or loss:				
- Islamic forward foreign currency contracts	-	57,662	-	57,662
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>

Financial instruments that trade in markets that are not 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. These include unquoted sukuk and Islamic forward foreign currency contracts. 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 and liabilities are stated in Note F.

The carrying values of financial assets (other than financial assets at FVTPL) and financial liabilities (other than Islamic forward foreign currency contracts) are reasonable approximation of the fair value due to their short-term nature.

## NOMURA i-INCOME FUND 2

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2025 (CONTINUED)

#### 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 NAV of each Class of the Fund calculated and accrued on a daily basis.

For the financial year ended 31 October 2025, the management fee is recognised at a rate of 0.15% (2024: 0.15%) per annum of the NAV of Class S, at a rate of 0.25% (2024: 0.25%) per annum of the NAV of Class I and at a rate of 0.40% (2024: 0.40%) per annum of the NAV of Class R and Class H (Hedged) respectively, calculated on a daily basis for the financial year.

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 NAV of the Fund (including local custodian fees and expenses but excluding foreign custodian fees and charges), subject to a minimum fee of RM12,000 per annum, calculated daily on the NAV of the Fund.

For the financial year ended 31 October 2025, the trustee fee is recognised at a rate of 0.03% (2024: 0.03%) per annum on the NAV of the Fund, calculated on a daily basis for the financial year (including local custodian fees and expenses but excluding foreign custodian 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

	<u>2025</u> RM	<u>2024</u> 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:

	<u>2025</u> RM	<u>2024</u> RM
Profit before tax	1,262,223	1,030,043
Tax at applicable rate of 24% (2024: 24%)	302,934	247,210
Tax effect of:		
Investment income not subject to tax	(817,713)	(783,770)
Expenses not deductible for tax purposes	473,760	496,073
Restriction on tax deductible expenses for unit trust funds	41,019	40,487
Taxation	-	-

## NOMURA i-INCOME FUND 2

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2025 (CONTINUED)

#### 6 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>2025</u> RM	<u>2024</u> RM
Financial assets at FVTPL:		
- Unquoted sukuk	41,424,723	46,262,998

	<u>2025</u> RM	<u>2024</u> RM
Net gain on financial assets at FVTPL comprised:		
- Realised gain on sale of financial assets at FVTPL	138,776	55,207
- Unrealised gain on changes in fair values	516,964	512,649
	<u>655,740</u>	<u>567,856</u>

#### Unquoted Sukuk

<u>Nominal value</u>	<u>Name of Counter</u>	<u>Rating</u>	<u>Cost</u> RM	Fair value as at <u>31.10.2025</u> RM	Percentage of net assets value <u>31.10.2025</u> %
10,000,000	Government of Malaysia	Not Rated	10,281,745	10,439,762	12.81
20,000,000	Government of Malaysia	Not Rated	20,335,941	20,510,163	25.16
10,000,000	Government of Malaysia	Not Rated	10,490,409	10,474,798	12.85
TOTAL UNQUOTED SUKUK			<u>41,108,095</u>	<u>41,424,723</u>	<u>50.82</u>
UNREALISED GAIN ON CHANGES IN FAIR VALUE			<u>316,628</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS			<u>41,424,723</u>		

## NOMURA i-INCOME FUND 2

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2025 (CONTINUED)

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

##### Unquoted Sukuk

<u>Nominal value</u>	<u>Name of Counter</u>	<u>Rating</u>	<u>Cost RM</u>	<u>Fair value as at 31.10.2024 RM</u>	<u>Percentage of net assets value 31.10.2024 %</u>
20,000,000	Government of Malaysia	Not Rated	21,117,407	20,997,314	27.63
15,000,000	Government of Malaysia	Not Rated	15,026,117	14,941,622	19.66
10,000,000	Government of Malaysia	Not Rated	10,319,810	10,324,062	13.59
TOTAL UNQUOTED SUKUK			<u>46,463,334</u>	<u>46,262,998</u>	<u>60.88</u>
UNREALISED LOSS ON CHANGES IN FAIR VALUE			<u>(200,336)</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS			<u>46,262,998</u>		

#### 7 CASH AND CASH EQUIVALENTS

	<u>2025 RM</u>	<u>2024 RM</u>
Islamic deposits with licensed financial institutions	15,526,373	2,702,429
Bank balances in a licensed bank	50,724	50,079
	<u>15,577,097</u>	<u>2,752,508</u>

Weighted average effective profit rates per annum is as follows:

	<u>2025 %</u>	<u>2024 %</u>
Islamic deposits with licensed financial institutions	<u>3.28</u>	<u>2.90</u>

Islamic deposits with licensed financial institutions have an average maturity of 45 days (2024: 4 days).

## NOMURA i-INCOME FUND 2

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2025 (CONTINUED)

#### 8 TERM DEPOSITS

	<u>2025</u> RM	<u>2024</u> RM
Islamic deposits with licensed financial institutions	24,560,712	27,057,420
	<u>24,560,712</u>	<u>27,057,420</u>
Weighted average effective profit rates per annum is as follows:		
	<u>2025</u> %	<u>2024</u> %
Islamic deposits with licensed financial institutions	3.60	3.99

Islamic deposits with licensed financial institutions have an average maturity of 121 days (2024: 49 days).

#### 9 DERIVATIVE AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVTPL")

	<u>2025</u> RM	<u>2024</u> RM
<u>Derivative asset</u>		
- Islamic forward foreign currency contracts	-	20,304
	<u>-</u>	<u>20,304</u>
<u>Derivative liability</u>		
- Islamic forward foreign currency contracts	3,467	57,662
	<u>3,467</u>	<u>57,662</u>
	<u>2025</u> RM	<u>2024</u> RM
Realised (loss)/gain on Islamic forward foreign currency contracts	(64,795)	25,632
Unrealised gain/(loss) on Islamic forward foreign currency contracts	33,891	(59,565)
	<u>33,891</u>	<u>(59,565)</u>
Net loss on Islamic forward foreign currency contracts	(30,904)	(33,933)
	<u>(30,904)</u>	<u>(33,933)</u>

Islamic forward foreign currency contracts as at 31 October 2025 is as follows:

<u>Name of issuer</u>	<u>Receivables</u> RM	<u>Payables</u> RM	<u>Fair value</u> RM	Percentage of net asset value of the Fund %
Standard Chartered Saadiq Berhad	863,307	866,774	(3,467)	-*
	<u>863,307</u>	<u>866,774</u>	<u>(3,467)</u>	<u>-*</u>

\* Less than 0.01%.

## NOMURA i-INCOME FUND 2

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2025 (CONTINUED)

#### 9 DERIVATIVE AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVTPL") (CONTINUED)

Islamic forward foreign currency contracts as at 31 October 2024 is as follows:

<u>Name of issuer</u>	<u>Receivables</u> RM	<u>Payables</u> RM	<u>Fair value</u> RM	Percentage of net asset value of the Fund %
CIMB Islamic Bank Berhad	1,664,482	1,701,840	(37,358)	(0.05)

The Islamic forward foreign currency contracts are transacted with Standard Chartered Saadiq Berhad (2024: CIMB Islamic Bank Berhad). The Islamic foreign currency forward agreement entered into during the financial year to minimise the risk of foreign exchange exposure between the USD and MYR for the Fund.

As at 31 October 2025, the notional principal amount for Islamic forward foreign currency contract is RM863,307 (2024: RM1,664,482).

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

#### 10 NUMBER OF UNITS IN CIRCULATION

	<u>2025</u> No. of units	<u>2024</u> No. of units
<u>Class S</u>		
At beginning of the financial year	40,194,006	40,193,977
Creation of units during the financial year:		
Arising from applications	-	-
Arising from distributions	29	29
Cancellation of units	-	-
At end of the financial year	<u>40,194,035</u>	<u>40,194,006</u>
<u>Class I</u>		
At beginning of the financial year	31,026,208	31,026,179
Creation of units during the financial year:		
Arising from applications	-	-
Arising from distributions	27	29
Cancellation of units	-	-
At end of the financial year	<u>31,026,235</u>	<u>31,026,208</u>

## NOMURA i-INCOME FUND 2

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2025 (CONTINUED)

#### 10 NUMBER OF UNITS IN CIRCULATION (CONTINUED)

	<u>2025</u>	<u>2024</u>
	No. of units	No. of units
<u>Class R</u>		
At beginning of the financial year	3,086,868	5,904,643
Creation of units during the financial year:		
Arising from applications	6,076,325	2,787,397
Arising from distributions	78,753	86,423
Cancellation of units	(1,483,336)	(5,691,595)
At end of the financial year	<u>7,758,610</u>	<u>3,086,868</u>
<u>Class H (Hedged)</u>		
At beginning of the financial year	267,536	184,386
Creation of units during the financial year:		
Arising from applications	51,044	168,435
Arising from distributions	3,781	1,111
Cancellation of units	(154,859)	(86,396)
At end of the financial year	<u>167,502</u>	<u>267,536</u>

#### 11 FINANCE COST

	<u>2025</u>	<u>2024</u>
	RM	RM
Distributions to unitholders are from the following sources:		
Profit income from unquoted sukuk at FVTPL	1,198,610	1,376,603
Profit income from Islamic deposits with licensed financial institutions at amortised cost	918,319	834,902
	<u>2,116,929</u>	<u>2,211,505</u>
Less: Expenses	(182,942)	(183,001)
	<u>1,933,987</u>	<u>2,028,504</u>

NOMURA i-INCOME FUND 2

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2025 (CONTINUED)

11 FINANCE COST (CONTINUED)

During the financial year ended 31 October 2025, distributions were made as follows:

<u>Ex date</u>	Gross distribution per unit			
	<u>Class S</u> RM	<u>Class I</u> RM	<u>Class R</u> RM	<u>Class H</u> <u>(Hedged)</u> RM
23 December 2024	0.0055	0.0055	0.0055	0.0054
19 March 2025	0.0100	0.0100	0.0100	0.0102
17 June 2025	0.0050	0.0050	0.0050	0.0051
18 September 2025	0.0062	0.0041	0.0043	0.0801
	<u>0.0267</u>	<u>0.0246</u>	<u>0.0248</u>	<u>0.1008</u>
<u>Ex date</u>	Net distribution per unit			
	<u>Class S</u> RM	<u>Class I</u> RM	<u>Class R</u> RM	<u>Class H</u> <u>(Hedged)</u> RM
23 December 2024	0.0055	0.0055	0.0055	0.0054
19 March 2025	0.0100	0.0100	0.0100	0.0102
17 June 2025	0.0050	0.0050	0.0050	0.0051
18 September 2025	0.0062	0.0041	0.0043	0.0801
	<u>0.0267</u>	<u>0.0246</u>	<u>0.0248</u>	<u>0.1008</u>
<u>Class S</u>	<u>Income</u> <u>distribution</u> RM	<u>Income</u> <u>distribution</u> %	<u>Capital</u> <u>distribution</u> RM	<u>Capital</u> <u>distribution</u> %
23 December 2024	221,067	100.00	-	-
19 March 2025	401,940	100.00	-	-
17 June 2025	200,970	100.00	-	-
18 September 2025	249,203	100.00	-	-
	<u>221,067</u>	<u>100.00</u>	<u>-</u>	<u>-</u>
<u>Class I</u>	<u>Income</u> <u>distribution</u> RM	<u>Income</u> <u>distribution</u> %	<u>Capital</u> <u>distribution</u> RM	<u>Capital</u> <u>distribution</u> %
23 December 2024	170,644	100.00	-	-
19 March 2025	310,262	100.00	-	-
17 June 2025	155,131	100.00	-	-
18 September 2025	127,208	100.00	-	-
	<u>170,644</u>	<u>100.00</u>	<u>-</u>	<u>-</u>

## NOMURA i-INCOME FUND 2

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2025 (CONTINUED)

#### 11 FINANCE COST (CONTINUED)

During the financial year ended 31 October 2025, distributions were made as follows: (continued)

<u>Class R</u>	<u>Income distribution</u> RM	<u>Income distribution</u> %	<u>Capital distribution</u> RM	<u>Capital distribution</u> %
23 December 2024	17,033	100.00	-	-
19 March 2025	21,371	100.00	-	-
17 June 2025	10,992	100.00	-	-
18 September 2025	29,806	100.00	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

<u>Class H</u>	<u>Income distribution</u> RM	<u>Income distribution</u> %	<u>Capital distribution</u> RM	<u>Capital distribution</u> %
23 December 2024	1,441	100.00	-	-
19 March 2025	1,784	100.00	-	-
17 June 2025	893	100.00	-	-
18 September 2025	14,242	100.00	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

During the financial year ended 31 October 2024, distributions were made as follows:

<u>Ex date</u>	<u>Class S</u> RM	<u>Class I</u> RM	<u>Class R</u> RM	Gross distribution per unit
				<u>Class H (Hedged)</u> RM
20 December 2023	0.0008	0.0008	0.0008	0.0017
18 March 2024	0.0008	0.0008	0.0008	0.0017
19 June 2024	0.0028	0.0028	0.0028	0.0006
18 September 2024	0.0084	0.0084	0.0084	0.0020
	<u>0.0128</u>	<u>0.0128</u>	<u>0.0128</u>	<u>0.0060</u>

<u>Ex date</u>	<u>Class S</u> RM	<u>Class I</u> RM	<u>Class R</u> RM	Net distribution per unit
				<u>Class H (Hedged)</u> RM
20 December 2023	0.0008	0.0008	0.0008	0.0017
18 March 2024	0.0008	0.0008	0.0008	0.0017
19 June 2024	0.0028	0.0028	0.0028	0.0006
18 September 2024	0.0084	0.0084	0.0084	0.0020
	<u>0.0128</u>	<u>0.0128</u>	<u>0.0128</u>	<u>0.0060</u>

## NOMURA i-INCOME FUND 2

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2025 (CONTINUED)

#### 11 FINANCE COST (CONTINUED)

During the financial year ended 31 October 2024, distributions were made as follows: (continued)

<u>Class S</u>	<u>Income distribution</u> RM	<u>Income distribution</u> %	<u>Capital distribution</u> RM	<u>Capital distribution</u> %
20 December 2023	321,552	100.00	-	-
18 March 2024	321,552	100.00	-	-
19 June 2024	112,543	100.00	-	-
18 September 2024	337,630	100.00	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Class I</u>	<u>Income distribution</u> RM	<u>Income distribution</u> %	<u>Capital distribution</u> RM	<u>Capital distribution</u> %
23 December 2023	248,209	100.00	-	-
18 March 2024	248,209	100.00	-	-
17 June 2024	86,873	100.00	-	-
18 September 2024	260,620	100.00	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Class R</u>	<u>Income distribution</u> RM	<u>Income distribution</u> %	<u>Capital distribution</u> RM	<u>Capital distribution</u> %
23 December 2023	32,037	100.00	-	-
19 March 2024	17,853	100.00	-	-
17 June 2024	9,988	100.00	-	-
18 September 2024	25,983	100.00	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Class H</u>	<u>Income distribution</u> RM	<u>Income distribution</u> %	<u>Capital distribution</u> RM	<u>Capital distribution</u> %
23 December 2023	1,576	100.00	-	-
19 March 2024	1,463	100.00	-	-
17 June 2024	412	100.00	-	-
18 September 2024	2,004	100.00	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

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.

## NOMURA i-INCOME FUND 2

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2025 (CONTINUED)

#### 12 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>2025</u>		
Maybank Islamic Berhad	154,059,000	33.72
CIMB Islamic Bank Berhad	100,913,200	22.08
Hong Leong Islamic Bank Berhad	49,985,000	10.94
RHB Islamic Bank Berhad	33,311,000	7.29
Kuwait Finance House (Malaysia) Berhad	32,348,000	7.08
Public Islamic Bank Berhad	29,378,000	6.43
Malayan Banking Berhad	29,163,500	6.38
AmBank Islamic Berhad	14,000,000	3.06
Alliance Islamic Bank Bhd	8,771,000	1.92
CIMB Bank Berhad	5,025,000	1.10
	<u>456,953,700</u>	<u>100.00</u>
<u>2024</u>		
Maybank Islamic Berhad	427,106,000	59.08
CIMB Islamic Bank Berhad	117,244,400	16.22
Public Islamic Bank Berhad	47,361,000	6.54
AmBank Islamic Berhad	36,068,000	4.99
Kuwait Finance House (Malaysia) Berhad	22,800,000	3.15
RHB Islamic Bank Berhad	20,070,000	2.78
AmBank (M) Berhad	15,305,000	2.12
CIMB Bank Berhad	15,299,000	2.12
Affin Hwang Investment Bank Berhad	10,024,000	1.39
Bank Islam Malaysia Berhad	6,538,100	0.90
Others	5,137,500	0.71
	<u>722,953,000</u>	<u>100.00</u>

All financial institutions above are not related to the Manager.

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

NOMURA i-INCOME FUND 2

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2025 (CONTINUED)

13 TOTAL EXPENSE RATIO (“TER”)

	<u>2025</u> %	<u>2024</u> %
TER	<u>0.28</u>	<u>0.27</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 NAV of Fund calculated on daily basis

The average NAV of the Fund for the financial year calculated on daily basis is RM76,671,216 (2024: RM75,624,884).

14 PORTFOLIO TURNOVER RATIO (“PTR”)

	<u>2025</u>	<u>2024</u>
PTR (times)	<u>0.56</u>	<u>0.36</u>

PTR is derived from the following calculation:

$$\frac{(\text{Total acquisition for the financial year} + \text{total disposal for the financial year}) \div 2}{\text{Average NAV of the Fund for the financial year calculated on daily basis}}$$

Where: total acquisition for the financial year = RM39,948,879 (2024: RM25,331,973)  
total disposal for the financial year = RM45,182,050 (2024: RM29,035,047)

## NOMURA i-INCOME FUND 2

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2025 (CONTINUED)

#### 15 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 Senior Management of the Manager			The Manager Director(s) of the Manager		
Deutsche Trustees Malaysia Berhad for Nomura i-Cash Fund			Fund Managed by the Manager		
Deutsche Trustees Malaysia Berhad for Nomura Global Shariah Strategic Growth Fund			Fund Managed by the Manager		
		<u>2025</u>		<u>2024</u>	
	<u>No. of units</u>	<u>RM</u>	<u>No. of units</u>	<u>RM</u>	
Units held by the Manager:					
Nomura Asset Management Malaysia Sdn Bhd					
- Class S	1,109	1,136	1,080	1,088	
- Class I	1,107	1,130	1,080	1,083	
- Class R	1,107	1,123	1,081	1,079	
- Class H (Hedged)	1,037	4,992	1,016	4,948	
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	
Units held by parties related to the Manager:					
Deutsche Trustees Malaysia Berhad for Nomura Global Shariah Strategic Growth Fund					
- Class R	4,740,992	4,807,840	-	-	
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	

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 YEAR ENDED 31 OCTOBER 2025 (CONTINUED)

#### 16 SHARIAH INFORMATION OF THE FUND

The Shariah Adviser has confirmed that the investment portfolio of the Fund is Shariah-compliant, which comprises:

- i) cash placements and liquid assets which are placed in investments and/or instruments in the local market that have been classified as Shariah-compliant by the Shariah Advisory Council of Bank Negara Malaysia ("BNM SAC"); and
- ii) investments of Government Investment Issues and any other Islamic fixed income instruments which have been classified as Shariah-compliant by the Shariah Advisory Council of the Securities Commission Malaysia or the BNM SAC.

#### 17 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue by the Manager on 23 December 2025.

**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 Directors of the Manager, the accompanying financial statements set out on pages 1 to 34 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 31 October 2025 and of its financial performance, changes in net assets attributable to unitholders and cash flows for the financial year ended 31 October 2025 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  
23 December 2025



Deutsche Trustees Malaysia Berhad  
Registration No: 200701005591 (763590-H)

Level 20, Menara IMC  
8 Jalan Sultan Ismail  
50250 Kuala Lumpur

Tel +603 2053 7522  
Fax +603 2053 7526

## 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 year ended 31 October 2025 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 year covered by these financial statements in accordance with the following:-

1. Limitations imposed on the investment powers of the management company under the deed, securities laws and the Guidelines on Unit Trust Funds;
2. Valuation and pricing is carried out in accordance with the deed; and
3. 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

  
Ng Hon Leong  
Head, Fund Operations

  
Sylvia Beh  
Chief Executive Officer

Kuala Lumpur

23 DEC 2025

**SHARIAH ADVISER'S REPORT**

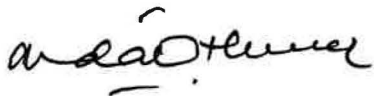
TO THE UNIT HOLDERS OF  
NOMURA i-INCOME FUND 2

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 financial year 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

The assets of the Fund comprise instruments that have been classified as Shariah compliant by the Shariah Advisory Council ("SAC") of the Securities Commission Malaysia. As for the instruments which are not classified as Shariah compliant by the SAC of the Securities Commission Malaysia, we have reviewed the said instruments and confirmed that these instruments are Shariah compliant.

For ZICO Shariah Advisory Services Sdn Bhd

A handwritten signature in black ink, appearing to read "Aida Othman", with a horizontal line underneath the name.

DR. AIDA OTHMAN  
Designated Person Responsible for Shariah Matters Relating to the Fund

Kuala Lumpur

23 DEC 2025



INDEPENDENT AUDITORS' REPORT  
TO THE UNITHOLDERS OF NOMURA I-INCOME FUND 2

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Nomura i-Income Fund 2 ("the Fund") give a true and fair view of the financial position of the Fund as at 31 October 2025, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

What we have audited

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 31 October 2025, and the statement of comprehensive income, statement of changes in net assets attributable to unitholders and statement of cash flows for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 1 to 34.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Independence and other ethical responsibilities*

We are independent of the Fund in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information other than the financial statements and auditors' report thereon

The Manager of the Fund is responsible for the other information. The other information comprises the Manager's Report, but does not include the financial statements of the Fund and our auditors' report thereon.

Our opinion on the financial statements of the Fund does not cover the other information and we do not express any form of assurance conclusion thereon.

.....  
PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), Chartered Accountants, Level 10, Menara TH 1 Sentral, Jalan Rakyat, Kuala Lumpur Sentral, P.O. Box 10192, 50706 Kuala Lumpur, Malaysia  
T: +60 (3) 2173 1188, F: +60 (3) 2173 1288, [www.pwc.com/my](http://www.pwc.com/my)



## INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF NOMURA I-INCOME FUND 2 (CONTINUED)

In connection with our audit of the financial statements of the Fund, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Fund or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Manager for the financial statements

The Manager of the Fund is responsible for the preparation of the financial statements of the Fund that give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Manager is also responsible for such internal control as the Manager determines is necessary to enable the preparation of financial statements of the Fund that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Fund, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Fund or to terminate the Fund, or has no realistic alternative but to do so.

### Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Fund as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



**INDEPENDENT AUDITORS' REPORT  
TO THE UNITHOLDERS OF NOMURA I-INCOME FUND 2 (CONTINUED)**

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- (d) Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Fund, including the disclosures, and whether the financial statements of the Fund represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



INDEPENDENT AUDITORS' REPORT  
TO THE UNITHOLDERS OF NOMURA I-INCOME FUND 2 (CONTINUED)

OTHER MATTERS

This report is made solely to the unitholders of the Fund and for no other purpose. We do not assume responsibility to any other person for the content of this report.

A handwritten signature in black ink, appearing to read "P. L. G. PL7".

PRICEWATERHOUSECOOPERS PLT  
LLP0014401-LCA & AF 146  
Chartered Accountants

Kuala Lumpur  
23 December 2025