

PRESS RELEASE

For immediate release

TA Investment Declares Distribution for Three (3) Funds

Kuala Lumpur, 4th May 2021 – TA Investment Management Berhad (“TAIM”) has declared gross income distributions for three funds under its management in April 2021. The distributions span across various opportunities ranging from Malaysia-focused equities to Asia Pacific and Asia strategies. The income distributions are 5.00 sen per unit for TA Dana Fokus (“TADF”), 1.5 sen per unit for TA Asia Pacific REITs Income Fund (“TAREITs”), and 4.00 sen/cents per unit for each currency share class of TA Asia Absolute Alpha Fund (“TAAAAF”) to registered unit holders of the funds as of 30th April 2021.

TA Dana Fokus aims to achieve total return over the medium to long-term period by investing in a focused portfolio, mainly equities, that comply with Shariah requirements. Over a one-year period up to 31st March 2021, TADF has delivered substantial total returns of 90.65% to its investors.

TADF’s Fund Manager commented that the down-leg of the recent volatility cycle appears to have shaken market confidence as some highly leveraged investors or funds were caught short of collateral and their holdings force-sold. However, we are comforted that it did not trigger a domino effect that could cause the market to spiral down. This is a good sign as the market seems to be able to absorb all the selling pressures triggered by intensive forced selling and partially by rising interest rate expectations. While the FBM KLCI is expected to take the cue from global markets, it is tempered by domestic political developments, hence Malaysia may be a laggard in this recovery. TADF’s Fund Manager continues to see opportunities in the technology sector, taking opportunities in the current market weakness to buy at attractive valuations. The general recovery theme is also appealing and we maintain significant holdings to potentially participate in the wider market recovery once restrictions are lifted.

TA Asia Pacific REITs Income Fund aims to maximize the total investment return consisting of regular income* and capital appreciation over the medium to long term by investing in Asia Pacific Real Estate Investment Trusts (“REITs”) and a portfolio of high dividend yield equity securities. Over a one-year period up to 31st March 2021, TAREITs has delivered strong total returns of 24.71%.¹ TAREITs has consistently distributed at least 3 sen per unit of regular income* per year since its inception.

According to TAREITs’ Fund Manager, the rise in the long-term United States (“US”) treasury yields should not be a surprise to market participants and is in line with the general sentiment that the global economy is starting to normalise after a long year of “COVID-19 restrictions. Once the market gets over this interest rate blip and 10-year US Treasury yields stabilise, we believe that the market should resume its uptrend. Malaysia’s manufacturing Purchasing Managers’ Index (“PMI”) has risen to 49.9 in March 2021, the country’s best PMI reading since July 2020. Furthermore, producers’ optimism for the next 12 months has risen to its highest level in six months amid confidence that a recovery in domestic and external demand will underpin production levels and sales.

The recovering economy is expected to be a boon for Malaysian REITs especially industrial REITs (portfolios with warehouses, logistics centres, factories, data centres and business parks). In particular, industrial properties in the right locations including those near to airports or seaports are in high demand, partly boosted by foreign companies looking to relocate due to the US-China trade tensions and the boom in e-commerce businesses induced by the COVID-19 pandemic. Heavily sold down REIT segments such as retail, hospitality and even office will continue to recover as consumer spending picks up, domestic tourism recovers and companies re-configure their offices post-pandemic. Rental incomes will recover along with higher occupancies without a drop in rent. As such, the Fund Manager will continue to be selective on the REIT segment and stocks within a particular REIT segment. At current levels, REITs command an attractive yield of 5% to 7% relative to other asset classes amid the current low interest rate environment.

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TA Asia Absolute Alpha Fund aims to generate long-term positive return, which includes both capital appreciation and income by investing primarily in equities and equity-related securities in Asia. Over the period since its inception on 12 May 2020, the Fund has generated encouraging returns of 42.06% as of 31st March 2021.

TAAAF's External Investment Managers maintain their constructive view on Asian Equities as both growth and Return on Equity ("ROE") recovery are supportive. The strong Gross Domestic Product ("GDP") growth rebound in 2021 should be positive for markets whereas supply chain and trade shifts also seem to have been positive for the Asian economies, as intra-Asian trade has already rebounded significantly (back to its rising trend share of total Asian exports). Strong domestic consumption in China, the favorable semi-conductor cycle as well as a recovery in hardest hit economies in South Asia towards the second half of 2021 underpin the earnings recovery narrative for Asia.

Valuations have pulled back from recent highs but still remain more than 1 standard deviation above 5-year and 10-year levels. Further, the recent rise in bond yields implies that the scope for valuations to re-rate from current levels is fairly limited. Thus, market upside is likely to come mainly from earnings growth which is still robust. FactSet consensus estimates indicate a healthy 28% Year-on-Year ("YoY") earnings growth for the MSCI Asia ex-Japan for 2021.

Monetary tightening in China in the form of any premature withdrawal of liquidity support as well as the COVID-19 trajectory are also key risks to Asian equities. Tensions between the US and China also remain a key risk to Asia's supply chain. In addition, while inflation and the ensuing increase in bond yields have been concerns for the market, moderate inflation does not need to be a negative if it is accompanied by earnings and economic recovery. Furthermore, long-term structural themes such as digitalization and decarbonization remain intact and will support a bounce back in growth equities. Short-term volatility however is likely to remain high as markets grapple with competing forces such as growth resurgence, inflation scare and high valuations.

Against the above backdrop, the External Investment Managers continue to focus on their bottom up-driven total return investment philosophy which entails preserving capital by investing in a very disciplined manner. They focus on high-quality companies with strong balance sheets as well as exercise tight risk management which includes raising cash if required. Additionally, they have diversified the portfolio across different risk clusters and alpha drivers, including both structural and cyclical growth stocks. They are also utilizing market dislocations to invest in high quality growth stocks where fundamentals are still intact.

Specifically, they have reduced exposure to China and diversified to other markets in the region such as Korea, Taiwan, India as well as non-Asia countries. By sector, the External Investment Managers of TAAAF increased exposure in Financials and Consumer names that they believe will benefit from the normalisation of economic activity. Bottom-up wise, they are incrementally seeing more opportunities in semi-conductors, internet or gaming as well as healthcare.

Source: TA Investment Management Berhad, Fullerton Fund Management Company Ltd (External Investment Managers of TAAAF), as at 30 April 2021

¹Lipper for Investment Management, as at 31 March 2021.

*The regular income could be in the form of units or cash.

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Profile of TA Investment Management Berhad

TA Investment Management Berhad (TAIM), a subsidiary of TA Securities Holdings Berhad (TASH), was incorporated on 17 April 1995 and commenced operations on 1 July 1996. As of 31 March 2021, TAIM has total assets of RM7.43 billion, being a combination of unit trust funds and direct mandate portfolios under its management.

TAIM has more than twenty years (“20”) years of experience in managing unit trust funds with a total of thirty-seven (“37”) funds currently under its management, of which eight (“8”) are Shariah-compliant funds and twenty-nine (“29”) are conventional funds. Its investment portfolio comprises a wide spectrum of funds ranging from low to high risk and caters to the different financial needs and objectives of investors.

TAIM funds are invested in both the local and international markets by an experienced investment team. These unit trust funds are distributed directly to customers as well as through appointed Institutional Unit Trust Advisers (IUTAs) and authorised consultants.

For more information, please call 1-800-38-7147 or visit our website at www.tainvest.com.my.

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