



26 October 2022

Dear Valued Unit Holder,

**TA SPECTRUM FUND (“the Fund”)
NOTICE OF 1st ANNUAL OBSERVATION – 12 OCTOBER 2022**

Thank you for your continued support to invest in our Fund.

Based on the Prospectus dated 18 August 2021, on each annual Observation Date, if the payout of the option and/or structured warrants is more than zero, Unit Holders will receive an income distribution on that Observation Date. If the payout of the option and/or structured warrants is less than or equal to zero, Unit Holders will not receive any income distribution on that Observation Date.

During the observation date on 12 October 2022, the underlying assets of the Fund did not perform due to adverse events and a substantial drop in world markets across most asset classes. Therefore, the Fund is unable to give any payout for the 1st observation.

The next annual observation will be on 12 October 2023.

The write-up on the performance and market review is attached.



TA Spectrum Income Fund

Information as at 12 October 2022

TA Spectrum Income Fund (“TASPEC” or “the Fund”) is a close-ended income fund which invests at least 85% of the Fund’s Net Asset Value (NAV) in Fixed Income Instruments and up to 15% of the Fund’s NAV will be invested in options / structured warrants linked to the performance of the Underlying Assets to generate a return. The Fund features Dynamic Asset Allocation¹ based on Market Movements to swing to the favourable asset class to provide potential returns with an annual payout².

Market Review for the 1st Observation

Markets remained volatile across 2021 driven by a sell-off in China following crackdowns by Chinese authorities on the education, gaming and technology sectors as Asian bourses were further rattled by uncertainties surround the Evergrande crisis. In the United States (US), markets remain buoyed by President Biden’s spending deal and optimism over sufficiently high vaccination rates worldwide. Inflation fears also weighed on sentiment, as analysts retired the ‘transitory’ term as the US Federal Reserve (Fed) began dialling-back asset purchases towards the end of 2021.

2022 saw stocks gyrating wildly as the Fed’s meeting marked a major shift from a zero-rates policy and it announced that rates would start to rise starting in March 2022, causing investors to reassess valuations across the entire stock market. This was exacerbated by geopolitical tensions as Russia invaded Ukraine on 24th February 2022, unexpectedly interrupting global recovery from the Coronavirus Disease of 2019 (COVID-19) pandemic which aggravated the shortages and supply chain issues in certain critical goods and key commodities such as crude oil & gas, aluminium, wheat, corn and fertilizers. Markets slipped further across April 2022, plagued by rising interest rates, monetary tightening by the US Federal Reserve, inflation worries and the Ukraine war. Market sentiment has worsened with extreme volatility in US markets over May 2022, with global inflation rates remaining elevated. Oil benchmarks marched steadily higher as Russian shipments were squeezed by European Union (EU) and US sanctions, and as China ended its COVID-19 lockdown in Shanghai, bolstering demand in an already tight market. After a flat month (June 2022) with wild swings, US markets rebounded in July 2022 as investors’ fears about the aggressive pacing of Fed interest rate hikes waned.

Markets slumped in August 2022, weighed down by hawkish comments from Fed officials signalling that interest rate hikes are not going away anytime soon, leading to markets tumbling in September 2022 with the Dow Jones (-8.8%) in the US closing below 29,000 for the first time since November 2020 amidst lower-than-expected consumer sentiment and the Fed’s fifth interest rate hike of 2022, pushing its benchmark rate to a range of 3%-3.25%.

Due to adverse market conditions including a sharp decline across most asset classes, no payout is available for the first observation of TA Spectrum Income Fund on 12th October 2022. Despite the substantial decline in global markets, the Fund was able to mitigate the downside risk through its 100% Capital Preservation³ feature, as losses would otherwise have been substantial with the underlying assets’ significant declines, as indicated in equities by the MSCI All Countries World Index (-20.09%), S&P 500 (-16.53%), pan-European Stoxx 600 index (-12.74%) and fixed income as tracked by the Bloomberg US Aggregate Index (-14.82%) over the one-year period up to 12 October 2022. Subsequent payouts are still possible in the subsequent observation dates, with the 2nd observation on 12th October 2023.

Source: * Bloomberg Terminal, TA Investment Management Berhad, over the one-year period from 12 October 2021 to 12 October 2022.

Note: ¹ Three Underlying Assets where the option / structured warrant is based on.

² To observe annually the actual performance of underlying assets for optional portfolio allocations, if the performance for the Underlying Assets is more than zero, Unit Holders will receive an income distribution based on the payout of the Rainbow Basket.

³ Provided that no fixed income instrument defaults during the tenure of 3 years. The Fund is neither a capital guaranteed nor a capital protected fund.



TA Spectrum Income Fund

Information as at 12 October 2022

The performance of the underlying assets of the Fund are as follows:-

TA Spectrum Fund

Underlying	Quote	Initial Price as at 12/10/2021	Price as at 12/10/2022	% Change	% Weightage (60-40)	Total Return
Allianz Strategy 15	ALS15CE LX	166.98	146.13	-12.487	0.40	-4.995
S&P 500 Low Volatility Daily Risk Control 5% USD Excess Return Index	SPLV5UE <Index>	201.04	197.11	-1.956	0.60	-1.174
						-6.168
Currency Conversion Factor on Investment Start Date (USD/MYR):			4.1695			
Currency Rate (USD/MYR) BNM:			4.6825	As at	12/10/2022	(middle rate, for 1700 session)
Currency Appreciated:			-12.3%			
Potential returns (%) :			-5.41	Over	1 year(s)	

(Source: TA Investment Management, Bloomberg Terminal, as of 12 October 2022)

Allianz Strategy 15

As of 12 October 2022, the fund declined by -12.5% over a one-year period. The global rally in July 2022 came to an abrupt end as hawkish comments from the US Federal Reserve (Fed) and European Central Bank (ECB) dashed hopes that central banks would start to reduce the pace of monetary tightening.

The equity portion of the portfolio was increased to 6.39% as of end-September 2022, with the bond sleeve also rising to 41.42%, resulting in a smaller cash allocation of 52.19%. Within the bond sleeve, the effective duration is 5.24 years with an average rating of AA-. The measured 5-years volatility of the fund is above 4%, with quantitative signals (market cycle) of our investment processes still negative for global equities. The overall portfolio strives to achieve a return that is comparable to the return of a mixed portfolio investing 15% in international stocks and 85% in medium-term euro bonds.

(Source: Allianz Global Investors, portfolio data as of 30 September 2022)

S&P 500 Low Volatility Daily Risk Control 5% Index

The underlying index closed the year up to 12 October 2022 lower by -2.0%, representing a portfolio of the S&P 500 through a multi-layered approach that starts with the S&P 500 and ends with a risk control overlay. The index is designed to track the 100 least-risky stocks in the S&P 500, which is widely regarded as the best single gauge of large-cap U.S. equities. Once these stocks are selected, the index then goes a step further to limit volatility by using a weighting scheme that favours the least-volatile stocks.

(Source: S&P Global, as of 30 September 2022)

Past performance is not an indicator of future performance. Information provided related to the underlying assets is as of 30 September 2022 unless stated otherwise.



TA Spectrum Income Fund

Information as at 12 October 2022

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