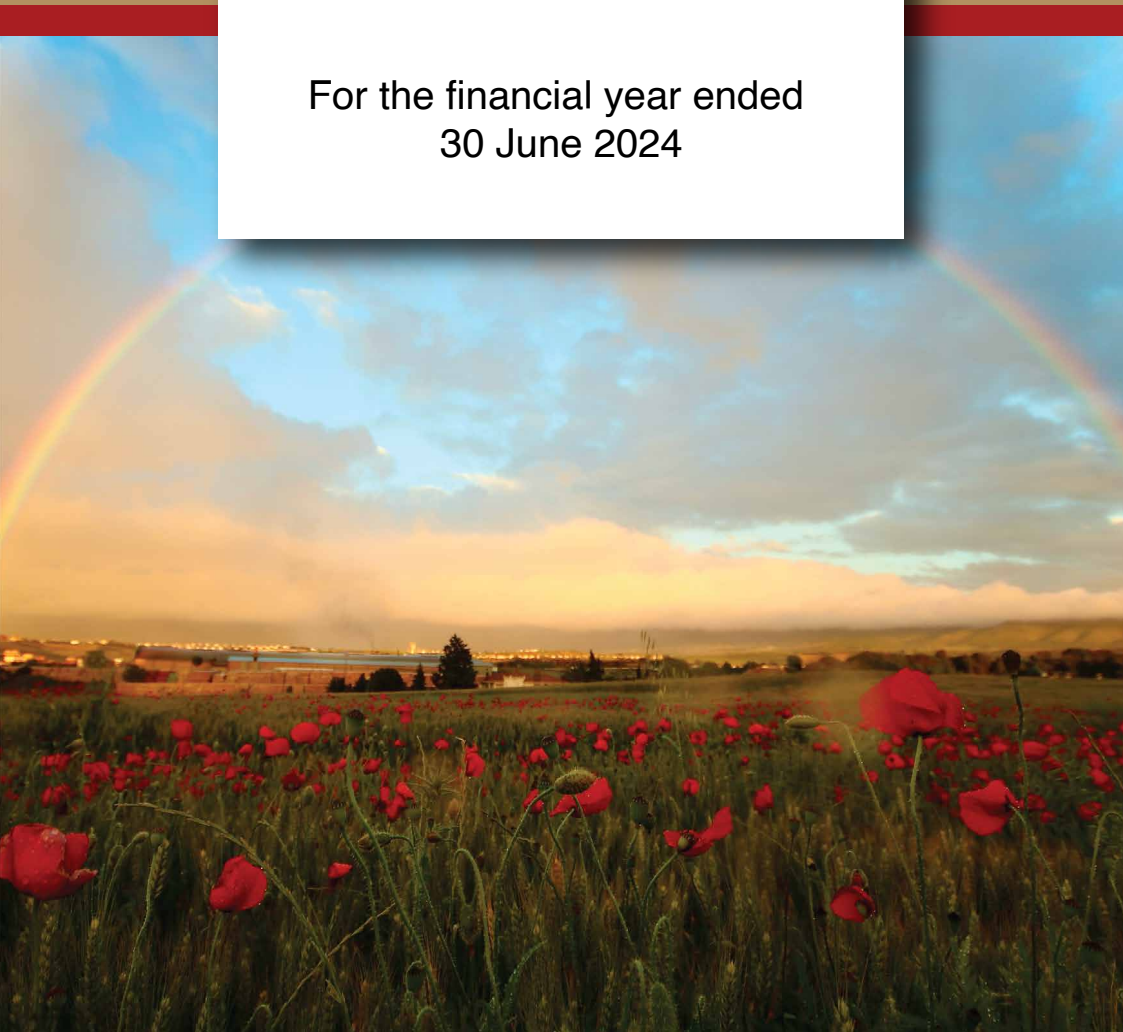


ANNUAL REPORT

TA RAINBOW INCOME FUND 12

For the financial year ended
30 June 2024



TA INVESTMENT

A MEMBER OF THE TA GROUP

199501011387 (340588-T)

TA Rainbow Income Fund 12
(For the financial year ended 30 June 2024)

Contents

Contents	1
Key Performance Data	2
Manager's Report	4
Market Review	7
Market Outlook And Investment Strategy	9
Soft Commission	9
State Of Affairs Of The Fund	10
Trustee's Report	11
Statement By The Manager	12
Independent Auditors' Report	13
Statement Of Comprehensive Income	16
Statement Of Financial Position	17
Statement Of Changes In Net Asset Value	18
Statement Of Cash Flows	19
Notes To The Financial Statements	20
Corporate Information	44

TA Rainbow Income Fund 12

(For the financial year ended 30 June 2024)

Key Performance Data

	Financial Year Ended 30/06/2024	Since the Fund Launch 27/04/22 to 30/06/23
PORTFOLIO COMPOSITION (% OF NAV)		
Fixed Income Instruments (ZNIDs and Bond)	89.01	89.39
Structured Product	2.50	3.77
Cash (Net of Liabilities)	8.49	6.84
Total Investment	100.00	100.00

Total Net Asset Value (RM'000)	87,452	86,743
Units In Circulation (Units '000)	82,168	85,940
Net Asset Value Per Unit (RM)	1.0641	1.0093
Total Expense Ratio (TER) (%)	0.06	0.07
Portfolio Turnover Ratio (PTR) (times)	Nil	0.52

* The current financial period under review is from 1 July 2023 to 30 June 2024, thus the TER & PTR are not comparable with the previous financial period.

UNIT PRICES

NAV Per Unit (RM)	1.0641	1.0093
Highest NAV Per Unit for the Period (RM)	1.0656	1.0141
Lowest NAV Per Unit for the Period (RM)	1.0014	0.9541

TOTAL RETURN (%)

Capital Return	5.43	0.93
Income Return	-	-
Total Return of Fund	5.43	0.93
Total Return of the Benchmark	2.93	3.11

AVERAGE TOTAL RETURN (%)

	Fund	Benchmark
Period		
1 Year (30/06/2023 - 30/06/2024)	5.43	2.93
Since Inception (27/04/2022 to 30/06/2024)	2.89	2.77

ANNUAL TOTAL RETURN (%)

	Fund	Benchmark
Period		
30/06/2023 - 30/06/2024	5.43	2.93
Since Inception (27/04/2022 to 30/06/2023)	0.93	3.11

Source : Lipper for Investment Management

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

TA Rainbow Income Fund 12

(For the financial year ended 30 June 2024)

The basis of calculating and assumption made in calculating the returns:

$$\text{Percentage Growth} = \frac{N^1 - N^2}{N^2} \times 100$$

N^1 = NAV on the end of the period

N^2 = NAV on the beginning of the period

$$\text{* Average Total Return} = \frac{\text{Total Sub Period Returns}}{\text{Number of Sub Periods}}$$

$$\text{** Annual Total Return} = (1 + \text{Cumulative Return})^{\frac{1}{N^3}} - 1$$

N^3 = Number of periods per year

N^4 = Total number of periods

Factor in for unit splits and distributions paid out (if any during the period)

TA Rainbow Income Fund 12

(For the financial year ended 30 June 2024)

Manager's Report

TA Rainbow Income Fund 12

Fund Category/Type	Fixed Income (Close-ended) / Income
Fund Objective	<p>The Fund aims to provide income* whilst preserving capital** on Maturity Date.</p> <p><i>*The Fund will invest in Derivatives which enable the Fund's performance to be exposed to the performance of the Rainbow Basket for potential annual payouts. Income distribution will be paid to you by way of cash deposit to a bank account held in your own name.</i></p> <p><i>**Investors are advised that this Fund is neither a capital guaranteed nor a capital protected fund. The capital will be preserved by investments in Fixed Income Instruments. Consequently, the return of capital is SUBJECT TO the credit and default risk and currency risk associated with the investments in Fixed Income Instruments.</i></p>
Performance Benchmark	Maybank 12 months fixed deposit rate as at the Commencement Date of the Fund.
Tenure	3 Years (Close-ended)
Maturity Date	23 June 2025
Fund's Distribution Policy	Subject to the availability of income, distribution will be made once a year.
Fund's Performance and Investment Strategies Employed	<p>The Fund was managed within its investment objective for the financial period under review up to 30 June 2024.</p> <p>Over the financial period under review, the Fund had a total return of 5.43%, outperforming the benchmark which had a performance of 2.93% over the same period.</p> <p>The Fund invested in structured products issued by BNP Paribas S.A. linked to the performance of the following underlying assets:</p> <ul style="list-style-type: none">• BlueBay Investment Grade Euro Aggregate Bond Fund – EUR [BBIGEIB LX]• Amiral Gestion Sextant Grand Large [AMSEGLA FP]• S&P 500 Daily Risk Control 5% Excess Return (USD) Index [SPXT5UE] <p>The Fund's payout is based on a weightage (45-30-25)</p>

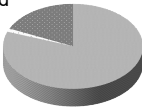
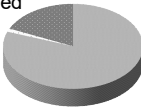
TA Rainbow Income Fund 12

(For the financial year ended 30 June 2024)

</

TA Rainbow Income Fund 12

(For the financial year ended 30 June 2024)

Distribution/Unit Split	None were declared for the financial year under review 30 June 2024.	
Asset Allocation	30/06/24	30/06/23
	<p>Cash (Net of Liabilities) 8.49%</p> <p>Structured Product 2.50%</p>  <p>Fixed Income Instruments (ZNIDs and Bond) 89.01%</p>	<p>Cash (Net of Liabilities) 6.84%</p> <p>Structured Product 3.77%</p>  <p>Fixed Income Instruments (ZNIDs and Bond) 89.39%</p>
	<p>The Fund was primarily invested in Fixed Income Instruments (89.01%), Structured Product issued by BNP Paribas S.A. (2.50%), and the remainder in Money Market/Cash.</p>	
Top Investment	As at 30/06/24	% NAV
	Fixed Income Instruments (ZNIDs and Bond)	89.01
	Structured Product	2.50
	As at 30/06/23	% NAV
	Fixed Income Instruments (ZNIDs and Bond)	89.39
	Structured Product	3.77

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

TA Rainbow Income Fund 12

(For the financial year ended 30 June 2024)

Market Review

Since the second half of 2023, slowing inflation and restrictive monetary policy have built global economic resilience, further supported by strong consumption. Developed countries including the United States (US) and euro area experienced slower growth compared to emerging markets due to higher interest rates, resulting in weakened foreign demand. The global economy is approaching a soft-landing scenario, associated with a steady decline in inflation and resilient growth. As a result of central bank policy and the gradual recovery from recession, core inflation is experiencing downward pressure which reaccelerates economic activity and trade.

The continuous rate-hike exercises by the central banks have slowed down, and there are expectations of interest rate cuts in 2024. The US Federal Reserve (Fed) maintained a range of 5.25% to 5.50% since August 2023 and is projected to reduce the Fed Funds Rate (FFR) after the economy is tracked on a disinflationary path. In June 2024, the European Central Bank (ECB) cut its rate by 25 basis points (bps) from 4.50% to 4.25% for the first time after consecutive ECB rate hikes over two years. In emerging markets, most central banks are set to hold or reduce their interest rates with milder rate moves due to improving policy frameworks and currency reserves to endure interest rate volatility and global inflation. However, the outbreak of the Israel-Hamas war in the fourth quarter of 2023 drove commodity prices up, especially within global energy markets. For economies such as Germany, which have just begun to recover from the Russian-Ukraine supply chain disruptions, this geopolitical conflict forced them to confront further systemic and economic challenges.

The Fund reached its second observation on 21 June 2024. Due to prevailing market conditions and the soft-landing situation with relatively loosening policies, the Fund's underlying assets have achieved positive returns. As a result, the Fund's second year observation payout is 2.70%.

Currently, the ongoing geopolitical shocks have had an adverse impact on macroeconomic conditions. The Red Sea situation intensified in the first half of 2024 (since December 2023), drawing uncertainties in global supply chains due to the longer transportation times and limited cargo capacities. Starting from June 2024, the political events occurring in developed countries (including the US and France) still lacks clear direction as to how the results will affect global diplomacy and market-relevant policies. Nevertheless, the potential for a further payout on the third observation on 23 June 2025 is still possible, taking advantage of stabilising yields and market conditions.

The performance of the underlying assets of the Fund during the second observation on 21 June 2024 is as follows:

TA Rainbow Income Fund 12

(For the financial year ended 30 June 2024)

TA Rainbow Income Fund 12 - Second Observation

Underlying	Quote	Average Strike Level	Q1 Price at	Q2 Price at	Q3 Price at	Price as at	Average Quarterly Price Level	Performance (%)	Weight	Weight x Performance (%)	Payout before Conversion Factor (%)
			21/09/2023	21/12/2023	21/03/2024	21/06/2024					
BlueBay Investment Grade Euro Aggregate Bond Fund - EUR	BBIGREIB LX	164.63	159.82	169.50	169.52	169.73	167.1425	1.5261	0.25	0.3815	
Amiral Gestion Sextant Grand Large	ANSEGLA FP	443.87	465.78	472.77	473.16	470.31	470.5050	6.0006	0.30	1.8002	
S&P 500 Daily Risk Control 5% Excess Return (USD) Index	SPKTSUE	158.59	161.16	166.03	172.73	174.85	168.6925	6.3702	0.45	2.8666	
										5.0483	2.5242

Currency Rate at Start (USD/MYR):	4.4015
Currency Rate (USD/MYR):	4.710
Conversion Factor:	1.070
Payout after Conversion Factor (%):	2.70
Distribution Rate (sen):	2.78

$$\text{Payout before Conversion Factor (T)} = \frac{\text{Participation Rate}}{T} \times \text{Max} \left[0, \sum_{i=1}^n (\text{Weight}(i) \times \text{Performance}(i, T)) \right]$$

$$\text{Payout after Conversion Factor (T)} = \frac{\text{Participation Rate}}{T} \times \text{Conversion Factor (T')} \times \text{Max} \left[0, \sum_{i=1}^n (\text{Weight}(i) \times \text{Performance}(i, T)) \right]$$

Note: When T=2, indicating the Second Observation for the Fund, the performance for that period reflects the cumulative performance over the two-year span from the commencement date of the Fund. Hence, the second year's performance is divided by 2.

(Source: TA Investment Management, as at 21 June 2024)

BlueBay Investment Grade Euro Aggregate Bond Fund

The fund rose by 6.18% over the one-year period as of 30 June 2024. Relative to its benchmark, the Bloomberg Euro Aggregate Index, the fund's sector spread duration contribution was overweight on Sovereigns (+0.79), Banking (+0.53) and Supranational (+0.28) and underweight Treasuries (-0.82), Mortgage Assets (-0.27) and Local Authorities (-0.21).

The weighted rating of the fund is "A" compounded from 93 issuers and 231 instruments invested because majority of the fund (90.02%) is allocated in investment-grade instruments¹ based on the credit quality breakdown. In particular, the credit quality was spread over BBB (39.54%), AAA (18.91%), A (16.92%), AA (14.65%), and BB (5.10%) with the remainder in cash and derivatives. This is in line with the fund's investment strategy to allocate at least two-thirds of its investments in fixed income bonds rated investment grade, and restrictions to investing more than 15% in lower-than-investment grade bonds. Based on the interest rate duration distribution by maturity, a minor portion of the fund (22.25%) is allocated to instruments with long-term maturity (at least 10 years).

Note: ¹ Instruments rated at least Baa3/BBB-.

(Source: Bloomberg Terminal, BlueBay Asset Management as at June 2024)

Amiral Gestion Sextant Grand Large

This diversified portfolio's asset allocation depends on the long-term valuation of the global equity markets. Over the one-year period as of 30 June 2024, the fund rose 1.34%. As of June 2024, the fund had allocations across asset classes, being gross equity exposure (54.7%), bonds (23.6%), and money market instruments (21.7%). At the same time, the fund spreads single industry risk across sectors by holding positions in more than 10 sectors within the portfolio. The top 5 sectors were Business Services (20.0%), Equity funds (13.4%), Finance (12.5%), Technology (11.9%), and Media / Internet (7.1%).

TA Rainbow Income Fund 12

(For the financial year ended 30 June 2024)

Its top 5 holdings are Viel & cie (2.2%), Kontron (2.1%), Vivendi (2.1%), Open Up (2.0%), and S Quality Focus Z (2.0%). The fund is also diversified across various geographies, the breakdown by country within the equity portion was primarily in France (37.7%), Multi-country (9.9%), Japan (7.9%), United Kingdom (6.9%), and China (6.1%). For its fixed-income component, the fund invests 45.5% in high-yield instruments, 26.6% in investment-grade instruments, and the remaining is not rated.

(Source: Bloomberg Terminal, Amiral Gestion S.A. as at June 2024)

S&P 500 Daily Risk Control 5% Excess Return Index

The index had a return of 6.60% over the one-year period up to 30 June 2024. The index relies on S&P 500 methodology and overlays mathematical algorithms to maintain specific volatility targets. Index exposure is dynamically rebalanced based on observed S&P 500 historic volatility to maintain the 5% volatility target. It is rebalanced and reweighted between S&P 500 Total Return Index and borrowing cost component on a daily basis to provide performance benchmark with greater stability and risk reduction.

(Source: Bloomberg Terminal, S&P Global, as at June 2024)

Market Outlook And Investment Strategy

On the fixed income portion, we maintain the view of limited upside risk to Overnight Policy Rate (OPR) (consensus estimate: no change at 3.00% in 2024), given Bank Negara Malaysia (BNM)'s comment at its previous Monetary Policy Committee (MPC) meetings. Meanwhile, the supply-side risk factors on inflation remain with ongoing geopolitical conflicts as well as planned rollout of the Government's subsidies rationalisation initiatives. We consider the current market valuation of government bonds fair, and would prefer entry at more attractive levels amidst market volatility. On relative valuation basis, we prefer positioning in the front end and belly of the yield curve. In the meanwhile, headline and US Treasury-driven market volatility continue to provide trading opportunities.

In terms of Ringgit Malaysia corporate bonds, we expect the pipeline for primary corporate bond issuances to remain robust with strong demand seen in the market. We reiterate our recommendation for neutral duration positioning, selective primary issuances participation and/or entry at times of market weakness. We prefer credits with strong balance sheets, proven execution capability, and financial discipline amidst uncertain macroeconomic prospect.

Soft Commission

The Manager retains soft commissions received from brokers only if the goods and services are of demonstrable benefits to the Unitholders as allowed under the Securities Commission's Guidelines on Unit Trust Funds. The soft commission received include research and advisory services which are used to support the investment decision making process and are of demonstrable benefit to the Unitholders of the Fund and there was no churning of trades.

TA Rainbow Income Fund 12

(For the financial year ended 30 June 2024)

State Of Affairs Of The Fund

There has been neither significant changes to the state of affair of the Fund nor any circumstances that materially affect any interests of the Unitholders during the financial period under review.

TA Rainbow Income Fund 12

(For the financial year ended 30 June 2024)

TRUSTEE'S REPORT

TO THE UNIT HOLDERS OF TA RAINBOW INCOME FUND 12 ("Fund")

We have acted as Trustee of the Fund for the financial year ended 30 June 2024 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, **TA Investment Management Berhad** 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.

For and on behalf of
CIMB Commerce Trustee Berhad

Datin Ezreen Eliza binti Zulkiplee
Chief Executive Officer

Kuala Lumpur, Malaysia

Date: 28 August 2024

TA Rainbow Income Fund 12

(For the financial year ended 30 June 2024)

STATEMENT BY THE MANAGER

We, CHOO SWEE KEE and MOHAMMED A'REEFF BIN ABDUL KHALID, being two of the Directors of TA INVESTMENT MANAGEMENT BERHAD, do hereby state that, in the opinion of the Manager, the accompanying financial statements set out on pages 16 to 43, are drawn up so as to give a true and fair view of the financial position of TA RAINBOW INCOME FUND 12 as at 30 June 2024 and of its financial performance and cash flows for the financial year ended on that date in accordance with MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board ("MFRS Accounting Standards") and IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

On behalf of the Manager,

CHOO SWEE KEE

MOHAMMED A'REEFF BIN ABDUL KHALID

Kuala Lumpur, Malaysia

Date: 28 August 2024

TA Rainbow Income Fund 12

(For the financial year ended 30 June 2024)

INDEPENDENT AUDITORS' REPORT

TO THE UNITHOLDERS OF TA RAINBOW INCOME FUND 12

(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of TA Rainbow Income Fund 12 (hereinafter referred as "the Fund"), which comprise the statement of financial position as at 30 June 2024, and the statement of comprehensive income, statement of changes in net asset value and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 16 to 43.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 30 June 2024, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards and IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

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 auditors' 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 and Manager 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 information included in the Fund Annual 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.

TA Rainbow Income Fund 12

(For the financial year ended 30 June 2024)

Information Other than the Financial Statements and Auditors' Report Thereon (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 the other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager and Trustee for the Financial Statements

The Manager of the Fund is responsible for the preparation of 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. The Trustee is responsible for ensuring that the Manager maintains proper accounting and other records as are necessary to enable true and fair presentation of the financial statements.

In preparing the financial statements of the Fund, the Manager is responsible for assessing the ability of the Fund 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 intend to liquidate the Fund or to cease operations, or have 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.

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:

- 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.

TA Rainbow Income Fund 12

(For the financial year ended 30 June 2024)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- 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 internal control of the Fund.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- 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 ability of the Fund 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.
- 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 gives a true and fair view.

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.

Other Matter

This report is made solely to the unit holders of the Fund, as a body, and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Petaling Jaya, Selangor

Date: 28 August 2024

Chan Kah Mun
Approval Number: 03350/01/2026 J
Chartered Accountant

TA Rainbow Income Fund 12

(For the financial year ended 30 June 2024)

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

		01.07.2023 to 30.06.2024 RM	27.04.2022 to 30.06.2023 RM
	Note		
INCOME			
Interest income		3,147,344	3,238,230
Other income		117,038	3,836
Net income/(loss) on financial assets at fair value through profit or loss ("FVTPL")	8	<u>1,399,526</u>	<u>(2,385,585)</u>
		<u>4,663,908</u>	<u>856,481</u>
EXPENSES			
Trustee's fee	5	34,537	37,724
Auditors' remuneration		10,000	10,000
Tax agent's fee		4,500	4,250
Administrative fees and expenses		<u>5,119</u>	<u>849</u>
		<u>54,156</u>	<u>52,823</u>
Net income before tax		4,609,752	803,658
Income tax expense	7	<u>(28,770)</u>	<u>-</u>
Net income after tax, representing total comprehensive income for the financial year/period		<u>4,580,982</u>	<u>803,658</u>
Net income after tax is made up of the following:			
Net realised income		3,526,972	1,490,706
Net unrealised reserve/(loss)		<u>1,054,010</u>	<u>(687,048)</u>
		<u>4,580,982</u>	<u>803,658</u>

The accompanying notes form an integral part of the financial statements.

TA Rainbow Income Fund 12

(For the financial year ended 30 June 2024)

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024

	Note	30.06.2024 RM	30.06.2023 RM
ASSETS			
Investments	8	80,026,135	80,806,774
Deposit with financial institutions	9	4,636,642	5,475,918
Amount due from a stockbroker		2,298,196	-
Interest receivable		512,727	503,351
Cash at bank		23,491	22,341
TOTAL ASSETS		87,497,191	86,808,384
LIABILITIES			
Amount due to the Manager	10	20,670	48,995
Amount due to Trustee		2,678	2,861
Other payables and accruals		22,533	13,250
TOTAL LIABILITIES		45,881	65,106
NET ASSET VALUE ("NAV")			
Unitholders' capital	11(a)	82,066,670	85,939,620
Retained earnings	11(b),(c)	5,384,640	803,658
NAV ATTRIBUTABLE TO UNITHOLDERS		87,451,310	86,743,278
TOTAL NAV AND LIABILITIES		87,497,191	86,808,384
NUMBER OF UNITS IN CIRCULATION	11(a)	82,167,850	85,939,796
NAV PER UNIT		1.0641	1.0093

The accompanying notes form an integral part of the financial statements.

TA Rainbow Income Fund 12

(For the financial year ended 30 June 2024)

STATEMENT OF CHANGES IN NET ASSET VALUE FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

	Unitholders' capital Note 11(a) RM	Retained earnings Note 11(b) and (c) RM	Total NAV RM
At 27 April 2022 (Date of launch)	-	-	-
Total comprehensive income for the financial period	-	803,658	803,658
Creation of units	86,255,039	-	86,255,039
Cancellation of units	(315,419)	-	(315,419)
At 30 June 2023	<u>85,939,620</u>	<u>803,658</u>	<u>86,743,278</u>
At 1 July 2023	85,939,620	803,658	86,743,278
Total comprehensive income for the financial year	-	4,580,982	4,580,982
Cancellation of units	(3,872,950)	-	(3,872,950)
At 30 June 2024	<u>82,066,670</u>	<u>5,384,640</u>	<u>87,451,310</u>

The accompanying notes form an integral part of the financial statements.

TA Rainbow Income Fund 12

(For the financial year ended 30 June 2024)

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

	01.07.2023 to 30.06.2024 RM	27.04.2022 to 30.06.2023 RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES		
Purchases of investments	-	(83,192,359)
Proceeds from sales of investments	134,454	-
Interest received	2,885,483	2,734,879
Other income received	117,038	3,836
Trustee's fee paid	(34,720)	(34,863)
Payments for other fees and expenses	(10,336)	(1,849)
Tax paid	(28,770)	-
Net cash from/(used in) operating and investing activities	<u>3,063,149</u>	<u>(80,490,356)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received from units created	-	86,255,039
Cash paid on units cancelled	<u>(3,901,275)</u>	<u>(266,424)</u>
Net cash (used in)/generated from financing activities	<u>(3,901,275)</u>	<u>85,988,615</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(838,126)	5,498,259
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR/PERIOD	<u>5,498,259</u>	<u>-</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR/PERIOD	<u>4,660,133</u>	<u>5,498,259</u>
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash at bank	23,491	22,341
Deposit with financial institutions	<u>4,636,642</u>	<u>5,475,918</u>
Cash and cash equivalents	<u>4,660,133</u>	<u>5,498,259</u>

The accompanying notes form an integral part of the financial statements.

TA Rainbow Income Fund 12

(For the financial year ended 30 June 2024)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

TA Rainbow Income Fund 12 ("the Fund") was constituted pursuant to the execution of a Deed of Trust ("the deed") dated 31 March 2022 between the Manager, TA Investment Management Berhad and the Trustee, CIMB Commerce Trustee Berhad.

The principal activity of the Fund is to invest in "Permitted Investments" as defined under Clause 7 of the deed, which include derivative products, bonds, Zero-coupon Negotiable Instruments of Deposits ("ZNIDs") and money market instruments. The Fund commenced its operations on 27 April 2022 and will continue its operations until terminated by the Trustee as provided under Clause 12 of the deed. The Fund is a close-ended fund maturing on the third (3rd) anniversary of the Commencement Date.

The Manager, TA Investment Management Berhad, a company incorporated in Malaysia, is a wholly-owned subsidiary of TA Securities Holdings Berhad. Its ultimate holding company is TA Enterprise Berhad. The Manager's principal activities are the establishment and management of unit trust funds and fund management. The Manager is licensed to carry out dealing in securities and fund management activities under the Capital Markets and Services Act 2007.

The financial statements were authorised for issue by the Board of Directors of the Manager in accordance with a resolution on 28 August 2024.

2. BASIS OF PREPARATION

(a) Statement of Compliance

The financial statements of the Fund have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") and IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") collectively known as the "Standards" and the Guidelines on Unit Trust Funds.

The following are accounting standards, amendments and interpretations of the MFRSs framework that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Fund:

MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after 1 January 2024

- Amendments to MFRS 16, *Leases - Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101, *Presentation of Financial Statements - Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 107, *Statement of Cash Flows* and MFRS 7, *Financial Instruments: Disclosures - Supplier Finance Arrangements*

MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after 1 January 2025

- Amendments to MFRS 121, *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*

TA Rainbow Income Fund 12

(For the financial year ended 30 June 2024)

2. BASIS OF PREPARATION (CONTD.)

(a) Statement of Compliance (contd.)

MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after 1 January 2026

- Amendments to MFRS 9, *Financial Instruments* and MFRS 7, *Financial Instruments: Disclosures – Classification and Measurement of Financial Instruments*

MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after 1 January 2027

- MFRS 18, *Presentation and Disclosure in Financial Statements*
- MFRS 19, *Subsidiaries without Public Accountability: Disclosures*

MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Fund plans to adopt the abovementioned accounting standards, interpretations and amendments:

- from the annual period beginning on 1 July 2024 for the amendments that are effective for annual periods beginning on or after 1 January 2024, except for amendments to MFRS 16 which is not applicable to the Fund.
- from the annual period beginning on 1 July 2025 for the amendments that are effective for annual periods beginning on or after 1 January 2025.
- from the annual period beginning on 1 July 2026 for those amendments that are effective for annual periods beginning on or after 1 January 2026.
- From the annual period beginning on 1 July 2027 for the accounting standard that is effective for annual periods beginning on or after 1 January 2027.

The initial application of the abovementioned accounting standards, interpretations or amendments is not expected to have any material financial impact to the financial statements of the Fund.

(b) Basis of measurement

The financial statements of the Fund have been prepared on the historical cost basis except for financial assets at fair value through profit or loss ("FVTPL").

(c) Functional and presentation currency

The financial statements are presented in Ringgit Malaysia ("RM"), which is the Fund's functional currency.

TA Rainbow Income Fund 12

(For the financial year ended 30 June 2024)

2. BASIS OF PREPARATION (CONTD.)

(d) Significant Accounting Estimates and Judgments

The preparation of the Fund's financial statements requires the Manager to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability in the future.

No major judgments have been made by the Manager in applying the Fund's accounting policies. There are no key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities.

3. MATERIAL ACCOUNTING POLICIES

(a) Material accounting policies information

The Fund adopted amendments to MFRS 101, *Presentation of Financial Statements* and MFRS Practice Statement 2 - *Disclosures of Accounting Policies* from 1 January 2023. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Although the amendments did not result in any changes to the Fund's accounting policies, it impacted the accounting policy information disclosed in the financial statements. The material accounting policy information is disclosed in the respective notes to the financial statements where relevant.

(b) Income recognition

Income is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the income can be reliably measured. Income is measured at the fair value of consideration received or receivable.

Dividend income is recognised when the Fund's right to receive payment is established.

Interest income is recognised using the effective interest rate method.

TA Rainbow Income Fund 12

(For the financial year ended 30 June 2024)

4. MANAGER'S FEE

No manager's fee is imposed on this Fund.

5. TRUSTEE'S FEE

Trustee's fee is computed on a daily basis at 0.04% (2023: 0.04%) per annum of the NAV of the Fund, subject to minimum of RM6,000 (2023: RM 6,000) per annum.

6. REDEMPTION CHARGE (EXIT FEE)

A charge of 3% (2023: 3%) of the NAV of the Fund for early redemption by unitholders before the Fund's maturity date.

7. INCOME TAX EXPENSE

Domestic income tax expense for the year is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the financial year. Foreign source income is subject to tax after 1 January 2022 and a transitional tax rate of 3% is accorded on the gross amount remitted from 1 January 2022 to 30 June 2022. Thereafter, it is subject to tax at the tax rate of 24%.

In accordance with Schedule 6 of the Income Tax Act 1967, interest income earned by the Fund is exempted from Malaysian tax, except for interest paid or credited to a unit trust that is a wholesale fund which is a money market fund.

A reconciliation of income tax expense applicable to net income before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Fund is as follows:

	01.07.2023 to 30.06.2024 RM	27.04.2022 to 30.06.2023 RM
Net income before tax	4,609,752	803,658
Taxation at Malaysian statutory rate of 24%	1,106,340	192,878
Effects of interest and other income not subject to tax	(1,091,248)	(778,096)
Effects of expenses not deductible for tax purpose	10,597	582,818
Restriction on tax deductible expenses for unit trust funds	2,400	2,400
Underprovision of prior year	681	-
Income tax expense for the financial year/period	28,770	-

TA Rainbow Income Fund 12

(For the financial year ended 30 June 2024)

8. INVESTMENTS

	Note	30.06.2024 RM	30.06.2023 RM
Financial assets at FVTPL:			
Unquoted structured products outside Malaysia	(a)	2,185,485	3,269,694
Unquoted bonds in Malaysia	(b)	63,426,400	63,717,280
Unquoted Zero-coupon Negotiable Instrument of Deposits ("ZNID") in Malaysia	(c)	14,414,250	13,819,800
		<u>80,026,135</u>	<u>80,806,774</u>
Net income/(loss) on financial assets at FVTPL comprises:			
Net realised gain/(loss) on disposals		345,516	(1,698,537)
Net unrealised gain/(loss) on changes in fair value		<u>1,054,010</u>	<u>(687,048)</u>
		<u>1,399,526</u>	<u>(2,385,585)</u>

Financial assets at FVTPL as at 30 June 2024 are as detailed below:

(a) Unquoted structured products outside Malaysia

Name of Structured Products	Quantity Unit	Cost RM	Fair Value RM	% of NAV %
BNP Paribas 3Y USD Warrant Basket of Funds and Index	4,792	1,960,930	2,185,485	2.50
Total unquoted structured products outside Malaysia	<u>4,792</u>	<u>1,960,930</u>	<u>2,185,485</u>	<u>2.50</u>

TA Rainbow Income Fund 12

(For the financial year ended 30 June 2024)

8. INVESTMENTS (CONTD.)

Financial assets at FVTPL as at 30 June 2024 are as detailed below:

(b) Unquoted bonds in Malaysia

Name of Bonds' Issuers	Quantity Unit	Cost RM	Fair Value RM	% of NAV %
Benih Restu IMTN 4.62% 05/06/2025	10,000,000	10,044,222	10,084,600	11.53
Malaysia Government Sukuk 1/2018 3.882% 14/03/2025	13,000,000	13,034,929	13,054,600	14.93
Pengurusan Air SPV Berhad PASB IMTN (GG) 4.56% 6/6/2025 Issue No.35	15,000,000	15,100,824	15,155,100	17.33
Public MTN 2557D 09/04/2025	10,000,000	10,048,644	10,074,000	11.52
Toyota Cap MTN 1827D 27/02/2025	5,000,000	4,981,551	4,995,400	5.71
Westports IMTN 4.43% 01/04/2025	10,000,000	10,041,636	10,062,700	11.51
Total unquoted bonds in Malaysia	63,000,000	63,251,806	63,426,400	72.53

(c) Unquoted Zero-coupon Negotiable Instrument of Deposits ("ZNID") in Malaysia

Issuer Bank	Notional Amount RM	Cost RM	Fair Value RM	% of NAV %
Hong Leong Bank Bhd (23/06/2025)	15,000,000	14,451,000	14,414,250	16.48
Total ZNID in Malaysia	15,000,000	14,451,000	14,414,250	16.48
TOTAL FINANCIAL ASSETS AT FVTPL		79,663,736	80,026,135	91.51
EXCESS OF FAIR VALUE OVER COST			362,399	

TA Rainbow Income Fund 12

(For the financial year ended 30 June 2024)

8. INVESTMENTS (CONTD.)

Financial assets at FVTPL as at 30 June 2023 are as detailed below:

(a) Unquoted structured products outside Malaysia

Name of Structured Products	Quantity Unit	Cost RM	Fair Value RM	% of NAV %
BNP Paribas 2Y USD Warrant Basket of Funds and Index	5,000	2,001,759	1,475,121	1.70
BNP Paribas 3Y USD Warrant Basket of Funds and Index	5,000	2,046,045	1,794,573	2.07
Total unquoted structured products outside Malaysia	10,000	4,047,804	3,269,694	3.77

(b) Unquoted bonds in Malaysia

Name of Bonds' Issuers	Quantity Unit	Cost RM	Fair Value RM	% of NAV %
Benih Restu IMTN 4.62% 05/06/2025	10,000,000	10,090,146	10,138,900	11.69
Malaysia Government Sukuk 1/2018 3.882% 14/03/2025	13,000,000	13,083,545	13,101,530	15.10
Pengurusan Air SPV Berhad PASB IMTN (GG) 4.56% 6/6/2025 Issue No.35	15,000,000	15,205,248	15,253,500	17.59
Public MTN 2557D 09/04/2025	10,000,000	10,109,937	10,139,600	11.69
Toyota Cap MTN 1827D 27/02/2025	5,000,000	4,954,771	4,976,950	5.74
Westports IMTN 4.43% 01/04/2025	10,000,000	10,095,673	10,106,800	11.65
Total unquoted bonds in Malaysia	63,000,000	63,539,320	63,717,280	73.46

TA Rainbow Income Fund 12

(For the financial year ended 30 June 2024)

8. INVESTMENTS (CONTD.)

Financial assets at FVTPL as at 30 June 2023 are as detailed below:

(c) Unquoted Zero-coupon Negotiable Instrument of Deposits ("ZNID") in Malaysia

Issuer Bank	Notional Amount RM	Cost RM	Fair Value RM	% of NAV %
Hong Leong Bank Bhd (23/06/2025)	15,000,000	13,911,000	13,819,800	15.93
Total ZNID in Malaysia	15,000,000	13,911,000	13,819,800	15.93
TOTAL FINANCIAL ASSETS AT FVTPL		81,498,124	80,806,774	93.16
EXCESS OF COST OVER FAIR VALUE			691,350	

9. DEPOSIT WITH FINANCIAL INSTITUTIONS

	30.06.2024 RM	30.06.2023 RM
Placements with licensed banks	4,636,642	5,475,918

The weighted average effective interest rate ("WAEIR") per annum ("p.a.") and average remaining maturity of deposit with financial institutions as at the reporting date are as follows:

	WAEIR (% p.a.)		Average Remaining Maturity (Days)	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
Short-term placements	3.46	3.20	42	16

10. AMOUNT DUE TO THE MANAGER

Amount due to the Manager relates to the amount payable to the Manager arising from cancellation of units amounting to RM20,670 (2023: RM48,995) at the end of the financial year.

The normal credit term for cancellation of units is 7 days (2023: 7 days) and the normal credit term for Manager's fee is 30 days (2023: 30 days).

TA Rainbow Income Fund 12

(For the financial year ended 30 June 2024)

11. NET ASSET VALUE ATTRIBUTABLE TO UNITHOLDERS

	Note	30.06.2024 RM	30.06.2023 RM
Unitholders' capital	(a)	82,066,670	85,939,620
Retained earnings			
- Realised reserve	(b)	5,017,678	1,490,706
- Unrealised reserve/(loss)	(c)	366,962	(687,048)
		<u>87,451,310</u>	<u>86,743,278</u>

(a) Unitholders' capital

	30.06.2024		30.06.2023	
	No of units	RM	No of units	RM
At beginning of the financial year/period	85,939,796	85,939,620	-	-
Creation of units	-	-	86,255,039	86,255,039
Cancellation of units	(3,771,946)	(3,872,950)	(315,243)	(315,419)
At end of the financial year/period	<u>82,167,850</u>	<u>82,066,670</u>	<u>85,939,796</u>	<u>85,939,620</u>

The unitholders' capital of the Fund is classified as an equity instrument.

(b) Realised reserve

	30.06.2024 RM	30.06.2023 RM
At beginning of the financial year/period	1,490,706	-
Net realised income for the financial year/period	<u>3,526,972</u>	<u>1,490,706</u>
At end of the financial year/period	<u>5,017,678</u>	<u>1,490,706</u>

Realised gains and losses on disposal of financial instruments classified as part of 'net gain/loss on financial instruments at FVTPL' are calculated using weighted average method. They represent the difference between an instrument's initial carrying amount, determined on a weighted average cost basis and disposal amount.

(c) Unrealised reserves/(loss)

	30.06.2024 RM	30.06.2023 RM
At beginning of the financial year/period	(687,048)	-
Net unrealised gain for the financial year/period	<u>1,054,010</u>	<u>(687,048)</u>
At end of the financial year/period	<u>366,962</u>	<u>(687,048)</u>

Unrealised gains and losses comprise changes in the fair value of financial instruments for the financial year and from reversal of prior year's unrealised gains and losses for financial instruments which were realised (i.e. sold, redeemed or matured) during the financial year.

TA Rainbow Income Fund 12

(For the financial year ended 30 June 2024)

12. TRANSACTIONS WITH BROKERS OR DEALERS

Details of transactions with the brokers or dealers during the financial year/period are as follows:

Name of investment bank/ brokers	01.07.2023 to 30.06.2024		27.04.2022 to 30.06.2023	
	Value of trade RM	Percentage to total value of trade %	Value of trade RM	Percentage to total value of trade %
Hong Leong Bank Bhd	-	-	49,233,220	59.04
RHB Bank Bhd	-	-	15,148,648	18.16
CIMB Bank Bhd	-	-	13,284,964	15.93
BNP Paribas Issuance B.V	168,389	100.00	5,730,698	6.87
	<u>168,389</u>	<u>100.00</u>	<u>83,397,530</u>	<u>100.00</u>

The above transaction do not involve any fees and commission payable to the investment bank/broker.

13. TOTAL EXPENSE AND PORTFOLIO TURNOVER RATIOS

(a) Total Expense Ratio

The total expense ratio for the financial year ended 30 June 2024 was 0.06% (2023: 0.07%). This ratio represents total expenses expressed as an annualised percentage of the Fund's average NAV, calculated on a daily basis.

(b) Portfolio Turnover Ratio

The portfolio turnover ratio for the financial year ended 30 June 2024 was NIL (2023: 0.52 times). This ratio represents the average of the total acquisitions and disposals of the Fund for the period over the average NAV of the Fund for the financial year calculated on a daily basis.

14. SEGMENT INFORMATION

The Manager and the Investment Committee of the Fund are responsible for allocating resources available to the Fund in accordance with the overall investment strategies as set out in the Investment Policy of the Fund. The Fund is managed by two segments:

- A portfolio of unquoted structured products and unquoted bonds; and
- A portfolio of unquoted ZNIDs and money market instruments.

The investment objective is to provide potential annual returns over the medium-term of the underlying investment instruments.

TA Rainbow Income Fund 12

(For the financial year ended 30 June 2024)

14. SEGMENT INFORMATION (CONTD.)

The segment information is presented below:

	Unquoted structured products and unquoted bonds RM	Money market intstruments RM	Total RM
Year from 01.07.2023 to 30.06.2024			
Interest income	2,988,756	158,588	3,147,344
Net income on financial assets at FVTPL	1,399,526	-	1,399,526
Total segment operating income for the financial year	4,388,282	158,588	4,546,870
Period from 27.04.2022 to 30.06.2023			
Interest income	3,013,968	224,262	3,238,230
Net loss on financial assets at FVTPL	(2,385,585)	-	(2,385,585)
Total segment operating income for the financial period	628,383	224,262	852,645
	Unquoted structured products and unquoted bonds RM	Unquoted ZNIDs and money market instruments RM	Total RM
As at 30.06.2024			
Investments	65,611,885	14,414,250	80,026,135
Deposit with financial institutions	-	4,636,642	4,636,642
Interest receivable	502,448	10,279	512,727
Total segment assets	66,114,333	19,061,171	85,175,504
Other liabilities	-	-	-
Total segment liabilities	-	-	-
As at 30.06.2023			
Investments	66,986,974	13,819,800	80,806,774
Deposit with financial institutions	-	5,475,918	5,475,918
Interest receivable	501,712	1,639	503,351
Total segment assets	67,488,686	19,297,357	86,786,043
Other liabilities	-	-	-
Total segment liabilities	-	-	-

There was no transaction between operating segments during the financial year/period.

TA Rainbow Income Fund 12

(For the financial year ended 30 June 2024)

14. SEGMENT INFORMATION (CONTD.)

Expenses of the Fund are not considered part of the performance of any operating segment. The following table provides a reconciliation between the net reportable segment income and operating income:

	01.07.2023 to 30.06.2024 RM	27.04.2022 to 30.06.2023 RM
Net reportable segment operating income	4,546,870	852,645
Other non-reportable segment operating income	117,038	3,836
Expenses	(54,156)	(52,823)
Net income before tax	4,609,752	803,658
Income tax expense	(28,770)	-
Net income after tax	4,580,982	803,658

In addition, certain assets and liabilities are not considered to be part of the total assets or liabilities of the operating segments. The following table provides a reconciliation between the reportable total segment assets and total segment liabilities and total assets and total liabilities of the Fund:

	30.06.2024 RM	30.06.2023 RM
Total segment assets	85,175,504	86,786,043
Amount due from a stockbroker	2,298,196	-
Cash at bank	23,491	22,341
Total assets of the Fund	87,497,191	86,808,384
Amount due to the Manager	20,670	48,995
Amount due to Trustee	2,678	2,861
Other payables and accruals	22,533	13,250
Total liabilities of the Fund	45,881	65,106

TA Rainbow Income Fund 12

(For the financial year ended 30 June 2024)

15. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

The Fund's financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost based on their respective classification. The following table analyses the financial assets and financial liabilities of the Fund in the statement of financial position as at the end of reporting period by the class of financial instrument to which they are assigned, and therefore by the measurement basis.

As at 30.06.2024	Financial assets at FVTPL RM	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
Assets				
Investments	80,026,135	-	-	80,026,135
Deposit with financial institutions	-	4,636,642	-	4,636,642
Amount due from a stockbroker	-	2,298,196	-	2,298,196
Interest receivable	-	512,727	-	512,727
Cash at bank	-	23,491	-	23,491
Total financial assets	80,026,135	7,471,056	-	87,497,191
Liabilities				
Amount due to the Manager	-	-	20,670	20,670
Amount due to Trustee	-	-	2,678	2,678
Other payables and accruals	-	-	22,533	22,533
Total financial liabilities	-	-	45,881	45,881
Year from 01.07.2023 to 30.06.2024				
Income, expenses, gains and losses				
Interest income	2,988,756	158,588	-	3,147,344
Other income	-	117,038	-	117,038
Net income on financial assets at FVTPL	1,399,526	-	-	1,399,526

TA Rainbow Income Fund 12

(For the financial year ended 30 June 2024)

15. FINANCIAL INSTRUMENTS (CONTD.)

(a) Classification of financial instruments (contd.)

As at 30.06.2023	Financial assets at FVTPL RM	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
Assets				
Investments	80,806,774	-	-	80,806,774
Deposit with financial institutions	-	5,475,918	-	5,475,918
Interest receivable	-	503,351	-	503,351
Cash at bank	-	22,341	-	22,341
Total financial assets	-	22,341	-	86,808,384
Liabilities				
Amount due to the Manager	-	-	48,995	48,995
Amount due to Trustee	-	-	2,861	2,861
Other payables and accruals	-	-	13,250	13,250
Total financial liabilities	-	-	65,106	65,106
Period from 27.04.2022 to 30.06.2023				
Income, expenses, gains and losses				
Interest income	3,013,968	224,262	-	3,238,230
Other income	-	3,836	-	3,836
Net loss on financial assets at FVTPL	(2,385,585)	-	-	(2,385,585)

(b) Financial instruments that are carried at fair value

The Fund's financial assets at FVTPL are carried at fair value.

Unquoted structured products outside Malaysia

For unquoted structured products, the fair value was determined by reference to their Net Present Value (NPV) of nominal amount derived from Monte Carlo Model, at the end of the reporting period obtained from the issuer of the investment.

TA Rainbow Income Fund 12

(For the financial year ended 30 June 2024)

15. FINANCIAL INSTRUMENTS (CONTD.)

(b) Financial instruments that are carried at fair value (contd.)

Unquoted Zero-coupon Negotiable Instrument of Deposits ("ZNIDs") in Malaysia

For unquoted Zero-coupon Negotiable Instrument of Deposits ("ZNIDs"), the values were determined by reference to the indicative price obtained from the issuer of the investment.

Unquoted bonds in Malaysia

Fair values was determined directly by reference to their marked to market price at the financial position date, quoted by Bond Pricing Agency Malaysia.

(c) Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts approximate the fair values due to their short term nature:

- Deposit with financial institutions
- Amount due from a stockbroker
- Interest receivable
- Cash at bank
- Amount due to the Manager
- Amount due to Trustee
- Other payables and accruals

(d) Fair value hierarchy

The Fund uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted prices (unadjusted) in active markets 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 (i.e. prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

TA Rainbow Income Fund 12

(For the financial year ended 30 June 2024)

15. FINANCIAL INSTRUMENTS (CONTD.)

(d) Fair value hierarchy (contd.)

Financial assets at FVTPL:	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
As at 30.06.2024				
Unquoted structured products outside Malaysia	-	-	2,185,485	2,185,485
Unquoted bonds in Malaysia	-	63,426,400	-	63,426,400
Unquoted Zero-coupon Negotiable Instrument of Deposit ("ZNID") in Malaysia	-	14,414,250	-	14,414,250
	-	77,840,650	2,185,485	80,026,135

As at 30.06.2023

Unquoted structured products outside Malaysia	-	-	3,269,694	3,269,694
Unquoted bonds in Malaysia	-	63,717,280	-	63,717,280
Unquoted Zero-coupon Negotiable Instrument of Deposit ("ZNID") in Malaysia	-	13,819,800	-	13,819,800
	-	77,537,080	3,269,694	80,806,774

15.1 Level 3 fair value

Type	Description of technique and input used	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Unquoted structured products	The fair value of the unquoted structured products is derived based on the Monte Carlo model.	• Equity correlation	<ul style="list-style-type: none"> • The estimated fair value would increase/(decrease) if the assets correlation were (lower)/higher • The estimated fair value would increase/(decrease) if the asset volatility were higher/(lower)

Sensitivity analysis

Management believes that the changing in one or more of the unobservable inputs would not be material. The sensitivity of the fair value measurements to changes in unobservable inputs are therefore not presented.

TA Rainbow Income Fund 12

(For the financial year ended 30 June 2024)

16. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES

(a) Introduction

The Fund maintains investment portfolio in a variety of financial instruments as dictated by its Trust Deed and investment management strategy.

The Fund is exposed to a variety of risks including market risk (which includes interest rate risk), credit risk/counterparty risk and liquidity risk. Whilst these are the most important types of financial risks inherent in each type of financial instruments, the Manager and the Trustee would like to highlight that the list does not purport to constitute an exhaustive list of all the risks inherent in an investment in the Fund.

The Fund's objective in managing risks is the creation and protection of unitholders' value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring of risk. Financial risk management is also carried out through sound internal control systems and adherence to the investments restrictions as stipulated in the deed, the Securities Commission's Guidelines on Unit Trust Funds and the Capital Markets and Services Act 2007.

(b) Risk management structure

The Fund's Manager is responsible for identifying and managing risks. The Board of Directors of the Manager are ultimately responsible for the overall risk management approach within the Fund.

(c) Risk measurement and reporting system

Risk monitoring and controlling mechanism are primarily set up and to be performed based on limits established by the Manager and the Trustee. These limits reflect the investment strategy and market environment of the Fund as well as the level of the risk that the Fund is willing to accept. In addition, the Fund monitors and measures the overall risk bearing capacity in relation to aggregated risk exposures across all risks type and activities.

(d) Risk mitigation

The Fund has investment policy that set out its overall business strategies, its tolerance for risk and its general risk management philosophy. The Manager also has a Compliance Department to ensure that the Fund complies with the various regulations and guidelines as stipulated in its deed, the Securities Commission's Guidelines on Unit Trust Funds and the Capital Markets and Services Act 2007.

TA Rainbow Income Fund 12

(For the financial year ended 30 June 2024)

16. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

(e) Excessive risk concentration

Risk concentration indicates the relative exposure of the Fund's performance to developments affecting a particular industry or geographical location. Concentration of risk arises when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their abilities to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of foreign exchange risk may arise if the Fund has a significant net position in a single foreign currency, or aggregate net position in several currencies that tend to move together.

In order to avoid excessive concentration of risk, the Fund's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio in accordance with the deed, investment management's guidelines and the Securities Commission's Guidelines on Unit Trust Funds. Portfolio diversification across a number of sectors and industries minimises the risk not only of any single company's securities becoming worthless but also all holdings suffering uniformly adverse business conditions. Specifically, the deed and Securities Commission's Guidelines on Unit Trust Funds limit the Fund's exposure to a single entity/industry sector to a certain percentage of its NAV.

(f) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rate. The maximum risk resulting from financial instruments equals their fair values at the reporting date.

(i) Interest rate risk

In general, when interest rates rise, prices of unquoted fixed income securities will tend to fall or vice versa. Therefore, the NAV of the Fund may also tend to fall when interest rates rise or are expected to rise. However, investors should be aware that should the Fund hold an unquoted fixed income security until maturity, such price fluctuations would dissipate as it approaches maturity, and the NAV shall not be affected at maturity.

TA Rainbow Income Fund 12

(For the financial year ended 30 June 2024)

16. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

(f) Market risk (contd.)

(i) Interest rate risk (contd.)

Interest rate risk sensitivity

The table below summarises the sensitivity of the Fund's net income after taxation and NAV to movements in prices of unquoted bonds and ZNID held by the Fund as a result of movement in interest rate. The analysis is based on the assumptions that the interest rate increase and decrease by 1% with all other variables held constant.

	Change in interest rates %	Impact on profit after tax/NAV RM
Financial assets at FVTPL	-1	(800,261)
	+1	800,261

The Fund's exposure to interest rate risk associated with deposit with licensed financial institutions is not material at FVTPL. Therefore, a change in investment rate at the end of the reporting period would not affect profit or loss.

Interest rate risk exposure

The following table analyses the Fund's interest rate risk exposure.

	Interest bearing instruments RM	Non-interest bearing instruments RM	Total RM	WAEIR %
As at 30.06.2024				
Assets				
Investment	77,840,650	2,185,485	80,026,135	
Deposit with financial institutions	4,636,642	-	4,636,642	3.46
Amount due from a stockbroker	-	2,298,196	2,298,196	
Interest receivable	-	512,727	512,727	
Cash at bank	-	23,491	23,491	
Total assets	82,477,292	5,019,899	87,497,191	
Liabilities				
Other liabilities	-	45,881	45,881	
Total liabilities	-	45,881	45,881	
Total interest rate sensitivity gap	82,477,292	4,974,018	87,451,310	

TA Rainbow Income Fund 12

(For the financial year ended 30 June 2024)

16. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

(f) Market risk (contd.)

(i) Interest rate risk (contd.)

Interest rate risk exposure (contd.)

	Interest bearing instruments RM	Non-interest bearing instruments RM	Total RM	WAEIR
As at 30.06.2023				
Assets				
Investment	77,537,080	3,269,694	80,806,774	
Deposit with financial institutions	5,475,918	-	5,475,918	3.20
Interest receivable	-	503,351	503,351	
Cash at bank	-	22,341	22,341	
Total assets	<u>83,012,998</u>	<u>3,795,386</u>	<u>86,808,384</u>	
Liabilities				
Other liabilities	-	65,106	65,106	
Total liabilities	<u>-</u>	<u>65,106</u>	<u>65,106</u>	
Total interest rate sensitivity gap	<u>83,012,998</u>	<u>3,730,280</u>	<u>86,743,278</u>	

(g) Credit risk

Credit risk relates to creditworthiness of the issuers of fixed income instruments and its expected ability to make timely payments of interest and/or principal. Investing in non-investment grade and unrated fixed income instruments may result in the Fund being highly exposed to risk of non-payment or untimely payment of interest and/or principal that may cause greater volatility on the Fund's value.

Counterparty risk concerns the Fund's investment in unquoted bonds, unquoted Zero-coupon Negotiable Instrument of Deposits ("ZNIDs") and unquoted structured products. Counterparty risk is prevalent as the potential returns derived from unquoted bonds, unquoted ZNIDs and unquoted structured products are dependent on the ongoing ability and willingness of the issuer i.e. a financial institution to fulfill its financial commitments to the Fund in a timely manner. Bankruptcy, fraud or regulatory non-compliance arising out of and/or in connection with the issuer may impair the operations and/or the performance of the Fund.

Financial assets that are either past due or impaired

There are no financial assets that are either past due or impaired at the end of the reporting period.

TA Rainbow Income Fund 12

(For the financial year ended 30 June 2024)

16. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

(g) Credit risk (contd.)

Credit risk exposure

As at the end of reporting period, the Fund's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position.

Credit quality of financial assets

	Rating by RAM/MARC of Malaysia P1/A+ RM	Unrated RM	Total RM
As at 30.06.2024			
Credit rating of financial assets at FVTPL			
Financial assets at FVTPL	77,840,650	2,185,485	80,026,135
Short term credit rating of financial assets not at FVTPL			
Deposit with a financial institutions	4,636,642	-	4,636,642
Amount due from a stockbroker	-	2,298,196	2,298,196
Interest receivable	512,727	-	512,727
Cash at bank	23,491	-	23,491
	5,172,860	2,298,196	7,471,056
As at 30.06.2023			
Credit rating of financial assets at FVTPL			
Financial assets at FVTPL	49,182,050	31,624,724	80,806,774
Short term credit rating of financial assets not at FVTPL			
Deposit with a financial institutions	5,475,918	-	5,475,918
Interest receivable	503,351	-	503,351
Cash at bank	22,341	-	22,341
	6,001,610	-	6,001,610

TA Rainbow Income Fund 12

(For the financial year ended 30 June 2024)

16. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

(h) Liquidity risk

Liquidity risk is defined as the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Exposure to liquidity risk arises because of the possibility that the Fund could be required to pay its liabilities or redeem its units earlier than expected. The Fund is exposed to the risk of cash redemption of its units on a regular basis. Units sold to unitholders by the Manager are redeemable at the unitholder's option based on the Fund's NAV per unit at the time of redemption calculated in accordance with the deed.

It is the Fund's policy that the Manager monitors the Fund's liquidity position on a daily basis. The Fund also manages its obligation to pay for redemption of units when required to do so and its overall liquidity risk by requiring a 3-day notice period before redemption.

The Manager's policy is to always maintain a prudent and sufficient level of liquid assets so as to meet normal operating requirements and expected redemption requests by unitholders.

The following table summarises the maturity profile of the Fund's financial assets and financial liabilities. The table also analyses the maturity profile of the Fund's financial assets against the Fund's contractual commitments to provide an overview of the Fund's liquidity.

	Less than 1 year RM	1-2 years RM	Total RM
As at 30.06.2024			
Assets			
Investments	80,026,135	-	80,026,135
Deposit with financial institutions	4,636,642	-	4,636,642
Amount due from a stockbroker	2,298,196	-	2,298,196
Interest receivable	512,727	-	512,727
Cash at bank	23,491	-	23,491
Total undiscounted financial assets	87,497,191	-	87,497,191
Liabilities			
Other liabilities	45,881	-	45,881
Total undiscounted financial liabilities	45,881	-	45,881
Equity	87,451,310	-	87,451,310
Liquidity gap	-	-	-

TA Rainbow Income Fund 12

(For the financial year ended 30 June 2024)

16. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

(h) Liquidity risk (contd.)

	Less than 1 year RM	1-2 years RM	Total RM
As at 30.06.2023			
Assets			
Investments	1,475,121	79,331,653	80,806,774
Deposit with financial institutions	5,475,918	-	5,475,918
Interest receivable	503,351	-	503,351
Cash at bank	22,341	-	22,341
Total undiscounted financial assets	<u>7,476,731</u>	<u>79,331,653</u>	<u>86,808,384</u>
Liabilities			
Other liabilities	<u>65,106</u>	<u>-</u>	<u>65,106</u>
Total undiscounted financial liabilities	<u>65,106</u>	<u>-</u>	<u>65,106</u>
Equity	<u>86,743,278</u>	<u>-</u>	<u>86,743,278</u>
Liquidity gap	<u>(79,331,653)</u>	<u>79,331,653</u>	<u>-</u>

Notes:

(i) Financial assets

Analysis of financial assets at FVTPL into maturity groupings is based on the expected date on which these assets can be realised. The analysis into maturity grouping is based on the remaining period from the end of the reporting date to the contractual maturity date or if earlier, the expected date on which the assets will be realised.

(ii) Financial liabilities

The maturity grouping is based on the remaining period from the end of the reporting date to the contractual maturity date. When a counterparty has a choice of when the amount is to be paid, the liability is allocated to the earliest period in which the Fund can be expected to pay.

(iii) Equity

As unitholders can request for redemption on their units by giving the Manager a 3 days notice period, equity is categorised as having a maturity of "Less than 1 year". However, the Fund believes that it will be able to liquidate all its investments should the need arise to satisfy all the redemption requirements of the Fund.

TA Rainbow Income Fund 12

(For the financial year ended 30 June 2024)

16. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

(i) Structured product risk

This risk arises from investments in a structured product which is structured by a third party. The product is linked to the performance of its underlying investments, hence exposing the Fund to the risk of the underlying investment, for example, investments in a structured product which is linked to the performance of a collective investment scheme, will expose the Fund to the risk of the collective investment scheme. As such, the price of the structured product will be dependent on the price of its underlying, where a drop in the price of the collective investment scheme that the structured product is linked to, will also result in a drop in the price of the structured product. As the structured product is structured by a third party, the Fund will also be exposed to counterparty risk and default risk arising from the third party's inability to meet the agreed terms.

17. CAPITAL MANAGEMENT

The primary objective of the Fund's capital management is to ensure that it maximises unitholder's value by expanding its fund size to benefit from economies of scale and achieving growth in NAV from the performance of its investments.

The Fund manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Fund may issue new or bonus units, make distribution payment, or return capital to unitholder by way of redemption of units.

No changes were made in the objectives, policies or processes during the financial year ended 30 June 2024.

TA Rainbow Income Fund 12

(For the financial period ended 30 June 2024)

Corporate Information

Manager	TA Investment Management Berhad (340588-T)
Registered Office	34th Floor, Menara TA One 22 Jalan P. Ramlee 50250 Kuala Lumpur
Board of Directors	En. Mohammed A'reeff Bin Abdul Khalid (Non-Independent / Executive Director) Mr. Choo Swee Kee (Non-Independent / Executive Director) Puan Zainab Binti Ahmad (Non-Independent / Non-Executive Director) Puan Nor Asma Binti Mohamed (Non-Independent / Non-Executive Director) Mr. Chew Chin Guan (Independent / Non-Executive Director) Mr. Ngiam Kee Tong (Independent / Non-Executive Director)
Investment Committee Members	Kaladher A/L Govindan (Non-Independent) Dato' Tay Kian Chuan (Independent) Ngiam Kee Tong (Independent)
Trustee of the Fund	CIMB Commerce Trustee Berhad (Registration Number: 199401027349 (313031-A)) Level 13, Menara CIMB Jalan Stesen Sentral 2 Kuala Lumpur Sentral 50470 Kuala Lumpur
Auditor of the Manager and the Fund	KPMG PLT Chartered Accountants Level 10, KPMG Tower 8 First Avenue, Bandar Utama 47800 Petaling Jaya Selangor
Banker	Malayan Banking Bhd Ground Floor, Wisma Genting Jalan Sultan Ismail 50250 Kuala Lumpur
Secretaries	Khoo Poh Kim @ Kimmy (LS0010314)

TA Rainbow Income Fund 12

(For the financial period ended 30 June 2024)

Corporate Information (cont'd)

Management Staff	Wong Mien Chief Executive Officer	Ch'ng Soon Kim Compliance Officer
	Tee Ling Ling Deputy Chief Executive Officer	Alicia Khor Head of Operations
	Sammi Lim Shuey Shya Head of Product Research & Development	Lee Shi Chuan Head of IUTA
	Ranizaz Bin Mohd Razali Head of Agency	Rachel Lew Yen Peng Head of Corporate & Institutional Business
	Lucy Magdalene Lourdes Head of Customer Service & Communications	
Investment Team	Choo Swee Kee Chief Investment Officer	John Ng Jiunn Yuan Head of Fixed Income
	Vivien Loh Jee Wae Assistant Vice President	Mohammad Hafiz Bin Mahmud Fund Manager
	Lam Chee Mun Fund Manager	
Head Office	23rd Floor, Menara TA One 22 Jalan P. Ramlee 50250 Kuala Lumpur Toll Free: 1-800-38-7147 Tel: (603) 2031 6603 Fax: (603) 2031 4479 Website: http://www.tainvest.com.my E-mail: investor.taim@ta.com.my	

Head Office	TA Investment Management Berhad 23rd Floor, Menara TA One 22 Jalan P. Ramlee 50250 Kuala Lumpur Tel: 03-2031 6603 Fax: 03-2031 4479
Melaka Business Centre	57A, Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel: 06-2882 687
Penang Business Centre	15-1-8, Bayan Point Medan Kampung Relau 11900 Pulau Pinang Tel: 04-6459 801 Fax: 04-6119 805
Kota Kinabalu Business Centre	Unit 4-1-02, 1st Floor Block 4, Api-Api Centre Jalan Centre Point 88000 Kota Kinabalu, Sabah Tel: 088-268 023 Fax: 088-248 463
Kuching Business Centre	2nd Floor, Lot 13008, SL26, Block 16 KCLD, Gala City Commercial Centre Jalan Tun Jugah, 93350 Kuching, Sarawak Tel: 082-265 979
Miri Business Centre	Lot 1251, 1st Floor Centrepont Commercial Centre (Phase 1) Jalan Melayu 98000 Miri, Sarawak Tel: 085-430 415
Ipoh Business Centre	29A Jalan Niaga Simee Arena Niaga Simee 31400 Ipoh Perak Tel: 05-5455 222
Johor Bahru Business Centre	37-01, Jalan Molek 1/29 Taman Molek 81100 Johor Bahru Johor Tel: 07-3611 781