

# TA RAINBOW INCOME FUND 16

Date of issuance: 6 October 2022

## RESPONSIBILITY STATEMENT

This Product Highlights Sheet has been reviewed and approved by the directors of TA Investment Management Berhad and they have collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable inquiries, they confirm to the best of their knowledge and belief, that there are no false or misleading statements or omissions of other facts which would make any statement in the Product Highlights Sheet false or misleading.

## STATEMENT OF DISCLAIMER

The Securities Commission Malaysia has authorised the issuance of **TA Rainbow Income Fund 16** and a copy of this Product Highlights Sheet has been lodged with the Securities Commission Malaysia.

The authorisation of the **TA Rainbow Income Fund 16** and lodgement of this Product Highlights Sheet, should not be taken to indicate that the Securities Commission of Malaysia recommends the **TA Rainbow Income Fund 16** or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Product Highlights Sheet.

The Securities Commission Malaysia is not liable for any non-disclosure on the part of the TA Investment Management Berhad responsible for the **TA Rainbow Income Fund 16** and takes no responsibility for the contents of this Product Highlights Sheet. The Securities Commission Malaysia makes no representation on the accuracy or completeness of this Product Highlights Sheet, and expressly disclaims any liability whatsoever arising from, or in reliance upon, the whole or any part of its contents.

This Product Highlights Sheet is an important document:

- It is a summary of the **salient information about the Fund**.
- You **MUST NOT invest in the Fund based on this Product Highlights Sheet alone**. Please read the Prospectus in respect of **TA Rainbow Income Fund 16** dated 6 October 2022 (“Prospectus”) before deciding to make an investment. If you do not have a copy, please contact us to ask for one.
- You should not invest in the Fund if you do not understand it or are not comfortable with the accompanying risks.

This Product Highlights Sheet only highlights the key features and risks of the TA Rainbow Income Fund 16. Investors are advised to request, read and understand the disclosure documents before deciding to invest.

## PRODUCT HIGHLIGHTS SHEET

# TA RAINBOW INCOME FUND 16

### BRIEF INFORMATION OF THE PRODUCT

#### 1. What is this product about?

TA Rainbow Income Fund 16 (the "Fund") aims to provide income whilst preserving capital on Maturity Date.

\*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.

\*\*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.**

Any material change to the investment objective of the Fund would require Unit Holders' approval.

### PRODUCT SUITABILITY

#### 2. Who is this product suitable for?

The Fund is suitable for investors who:-

- seek Medium Term investment horizon;
- have low to moderate risk profile; and
- seek capital preservation\*.

\*This Fund is neither a capital guaranteed nor a capital protected fund.

### KEY PRODUCT FEATURES

#### 3. What am I investing in?

<b>Fund Category</b>	Fixed Income (Close-ended).
<b>Launch Date</b>	6 October 2022.
<b>Fund Type</b>	Income.
<b>Base Currency</b>	Ringgit Malaysia.
<b>Offer Price</b>	RM1.0000.
<b>Asset Allocation</b>	<ul style="list-style-type: none"> <li>• Minimum of 85% of the Fund's NAV in Fixed Income Instruments.</li> <li>• Maximum of 10% of the Fund's NAV in Derivatives.</li> <li>• Maximum of 5% of the Fund's NAV in deposits for liquidity purposes.</li> </ul>
<b>Performance Benchmark</b>	Maybank 12 months fixed deposit rate as at the Commencement Date of the Fund.
<b>Investment Policy &amp; Strategy</b>	<p>The Fund seeks to achieve its investment objective by investing at least 85% of its NAV in Fixed Income Instruments to repay the initial investment of investors at Maturity Date (including sales charge). Up to 10% of the Fund's NAV will be invested in Derivatives linked to the performance of the Rainbow Basket to generate return.</p> <p>The Fund intends to invest in deposits and/or money market instruments issued by Malaysian financial institutions rated at least "A" by RAM or equivalent rating by other domestic rating agencies. Whereas for investment in Bonds, the Bonds will be rated at least "A" by RAM or its equivalent rating by other domestic rating agencies and/or any global rating agencies. The Fund may invest up to 50% of its NAV in foreign Bonds should the Manager finds it appropriate to do so. The tenure of the Bonds will match (i.e.: 3 years) or will be similar (i.e.: shorter than 3 years) to the Tenure of the Fund.</p> <p>The Fund may enter into derivative contracts which include, but are not limited to foreign exchange forward contracts and swap for the purposes of hedging and not for speculative purposes. Foreign exchange forward contracts and other currency derivatives may be used to hedge the returns and principal of all foreign denominated Bonds back to the Base Currency.</p> <p>As the Fund is a close-ended fixed income fund, the Fund will be managed on a semi-active basis by the Manager. At the Maturity Date, issuers of the Fixed Income Instruments held by the Fund will be obligated to pay the notional amount provided there is no occurrence of credit default by the issuers. In order to mitigate credit and default risk, the selection will be based on stringent credit research and analysis. Semi-active management of the portfolio refers to the possibility that securities in the portfolio may be traded and rebalanced if needed to address default risk and/or uptrend interest rate concerns.</p>

<b>Minimum Initial Investment</b>	RM1,000 or such lower amount as we may from time to time decide.
<b>Minimum Additional Investment</b>	RM1,000 or such lower amount as we may from time to time decide.
<b>Minimum Redemption</b>	1,000 Units or such other lesser number of Units as we may from time to time decide.
<b>Minimum Holdings</b>	1,000 Units or such other lesser number of Units as we may from time to time decide.
<b>Distribution Policy</b>	Subject to availability of income, distribution will be made once a year.
<b>Maturity Date</b>	A date which falls on the third (3 <sup>rd</sup> ) anniversary of the Commencement Date. If the said date falls on a non-Business Day, the Maturity Date shall be the next Business Day.

*Note:*

Please refer to Chapter 1 and Chapter 3 of the Prospectus for further information.

#### 4. Who am I investing with?

<b>Manager</b>	TA Investment Management Berhad (Registration Number: 199501011387 (340588-T))
<b>Trustee</b>	CIMB Commerce Trustee Berhad (Registration Number: 199401027349 (313031-A))

#### 5. What are the possible outcomes of my investment?

The Fund intends to repay the initial investment of investors at Maturity Date based on the investment in Fixed Income Instruments. For investments in Derivatives, the Fund aims to provide potential returns based on the performance linked to the Underlying Assets. The Fund is neither a capital guaranteed nor a capital protected fund. Investors may not get back the full amount invested and the principal amount invested may be at risk. Annual returns are also not fixed or guaranteed.

### KEY RISKS

#### 6. What are the key risks associated with this product?

##### Specific risks related to the Fund:

<b>Credit and Default Risk</b>	Credit risk relates to the creditworthiness of the issuers of the Fixed Income Instruments and their expected ability to make timely payment of interest and/or principal. Any adverse situations faced by the issuer may impact the value as well as liquidity of the Fixed Income Instruments. In the case of rated Bonds, this may lead to a credit downgrade. Default risk relates to the risk that an issuer of the Fixed Income Instruments either defaulting on payments or failing to make payments in a timely manner which will in turn adversely affect the value of the Fixed Income Instruments. This could adversely affect the value of the Fund. The Manager seeks to mitigate this risk by investing not more than 20% of the Fund's NAV in any single issuer, and only if the Fixed Income Instruments are rated by any global or domestic rating agency to be of the best quality and offer highest safety for timely payment of interest and principal, such single issuer limit may be increased to 30% of the Fund's NAV. Investors are advised that despite any effort by the Manager in the selection of Fixed Income Instruments, the Fund's investments in Fixed Income Instruments are still subject to the credit and default risk of the issuers of the Fixed Income Instruments. As a result of this risk, the Fund's capital is neither guaranteed nor protected.
<b>Currency Risk</b>	As the investments of the Fund in Derivatives may be denominated in currencies other than the Base Currency, any fluctuation in the exchange rate between the Base Currency and the currencies in which the investments are denominated may have an impact on the NAV and annual payout of the Fund. Investors should be aware that if the currencies in which the investments are denominated depreciate against the Base Currency, this will have an adverse effect on the NAV and annual payout of the Fund in the Base Currency and vice versa.  Due to the investment in foreign Bonds may be denominated in currencies other than the Base Currency, the investment in foreign Bonds may also subject to the currency risk. However, the Fund may enter into derivative instruments such as foreign exchange forward contracts and swaps as part of the hedging strategy to mitigate the foreign currency risk for the investment in foreign Bonds. The foreign currency may not be perfectly hedged, there is no guarantee that it will be possible to remove all foreign currency exposures. Hence, if the Fund is unable to fully hedge the foreign currency and the hedging strategy does not meet its intended objective, this may have an adverse impact on the NAV of the Fund and investors may not be able to receive the full amount of capital invested.
<b>Interest Rate Risk</b>	Interest rate risk refers to the impact of interest rate changes on the valuation of Bonds. When interest rates rise, prices generally decline and this may lower the market value of the Bonds. The reverse may apply when interest rates fall. In order to mitigate interest rate risk, the Manager will manage the Bonds to match (i.e.: 3 years) or be similar (i.e.: shorter than 3 years) to the Tenure of the Fund.  For investment in deposits and money market instruments, the rise or fall of interest rates will not affect the value of the Fund if such investments are placed and held until the maturity date of the deposits and money market instruments. However, if the Fund rollovers the investment in deposits and money market instruments with lower interest rate, the Fund may be subject to interest rate risk which may affect the capital preservation at the Maturity Date.

<b>Liquidity Risk</b>	Liquidity risk refers to the ease of liquidating an asset depending on the asset's volume traded in the market. If the Fund holds assets that are illiquid, or are difficult to dispose of, the value of the Fund will be negatively affected when it has to sell such assets at unfavourable prices. To mitigate the liquidity risk, the Manager will invest in Bonds which are rated at least "A" by RAM or its equivalent rating by other domestic rating agencies and/or any global rating agencies. In the event the Bonds may not be able to be liquidated within a specific period of time, or may be sold below their valuation due to insufficient liquidity in the markets for the purposes of meeting redemption request or unwinding due to downgrade of credit rating, where applicable, this will negatively impact the NAV of the Fund and the investments of the Unit Holders.
<b>Country Risk</b>	The Fund may be affected by risks specific to the countries in which it invests in. Such risks may be caused by but not limited to changes in the economic and political climate, restriction on currency repatriation or other developments in the law or regulations of the countries in which the Fund invests in. This may impact the prices of the Fund's investments in those countries and consequently may also adversely affect the Fund's NAV.
<b>Derivatives Risk</b>	<p>The use of Derivatives is to gain exposure to the performance of the Rainbow Basket which will provide income (if any) to Unit Holders on each Observation Date. For instance, if the performance of the Rainbow Basket is more than 0%, Unit Holders will receive an income distribution on that Observation Date. If the performance of the Rainbow Basket is less than or equal to 0%, Unit Holders will not receive any income distribution on that Observation Date.</p> <p>The NAV of the Fund will be impacted by the valuation of the Derivatives. Factors that may impact the valuation of the Derivatives include, but are not limited to, price movement of the Underlying Assets, volatility of the Underlying Assets, interest rate levels and the correlation of the Underlying Assets. Any change in the aforesaid factors would either positively or negatively impact the valuation of the Derivatives hence impacting the NAV of the Fund. As such, the Fund's NAV will be exposed to potential price volatility, which will be dependent on the valuation of the Derivatives that the Fund is invested in. If Unit Holders redeem Units prior to the Maturity Date, the Manager will be forced to unwind an equivalent amount of the Derivatives based on prevailing bid price and in such situation, the Derivatives may be disposed of at a loss which may adversely affect the value of the investments by the Unit Holders.</p>
<b>Counterparty/Issuer Risk</b>	The Fund will be exposed to credit risk of the counterparty/issuer for investments in Derivatives. Any default by the counterparty/issuer would affect the NAV of the Fund. In mitigating this risk, the Manager will carry out a stringent selection process on the counterparty/issuer prior to undertaking investment in Derivatives. The Fund will only invest in the Derivatives that are issued by counterparty/issuer with a minimum long-term credit rating of investment grade (including gradation and subcategories) by an international rating agency. Where the counterparty is not rated, the counterparty must be guaranteed by the parent company of the counterparty which has an investment grade credit rating (including gradation and subcategories). This will ensure that the Fund is able to meet its payment and delivery obligations incurred under transactions in derivative with the counterparty/issuer. In the event where the rating of the counterparty/issuer/guarantor falls below the minimum required, or the counterparty/issuer/guarantor ceases to be rated, analysis will be conducted by the Manager to assess the impact of unwinding the affected trades and replacement cost. The Manager should, within six (6) months or sooner, if the Trustee considers it to be in the best interest of the Unit Holders, take the necessary action to ensure that the requirements are complied with.

*Note:*

Please refer to Chapter 1.17 of the Prospectus for further information on the risk factors.

**Please be advised that if an investor invests in Units through an IUTA which adopts the nominee system of ownership, the investor would not be considered to be a Unit Holder under the Deed and the investor may consequently not have all the rights ordinarily exercisable by a Unit Holder (for example, the right to call for a Unit Holders' meeting and to vote thereat and the right to have the investor's particulars appearing in the register of Unit Holders of the Fund).**

## FEE & CHARGES<sup>1</sup>

### 7. What are the fees and charges involved?

#### Fees and charges related to the Fund:

<b>Sales Charge<sup>2</sup></b>	Up to 3.00% of the NAV per Unit of the Class is imposed either by IUTAs, unit trust consultants or by the Manager.
<b>Redemption Charge<sup>3</sup></b>	3.00% of the NAV per Unit on any redemption of Units made at any point of time before the Maturity Date. The redemption charge will be credited back into the Fund's account for the benefit of the remaining Unit Holders of the Fund.
<b>Switching Fee</b>	No switching is allowed for the Fund. As such, switching fee is not applicable to the Fund.
<b>Transfer Fee</b>	RM5.00 for each transfer.
<b>Annual Management Fee</b>	There is no annual management fee imposed for the Fund.
<b>Annual Trustee Fee</b>	0.04% per annum of the NAV of the Fund subject to a minimum of RM6,000 per annum calculated and accrued daily (excluding foreign custodian fees and charges) and is to be charged to the Fund by the Trustee.

*Notes:*

1. We may for any reason and at any time, waive or reduce: (a) any fees (except the Trustee's fee); (b) other charges payable by you in respect of the Fund; and/or (c) transactional values including but not limited to the Units or amount, for any Unit holder and/or investments made via any distribution channels or platform.

- All sales charge is to be rounded to two (2) decimal points. The Manager reserves the right to waive and/or reduce the sales charge from time to time at its absolute discretion. Investors may negotiate with their preferred distribution channel for a lower sales charge. Investment through the distribution channel shall be subjected to their respective terms and conditions.
- All redemption charge is to be rounded to two (2) decimal points.

Please refer to Chapter 2 of the Prospectus for further information.

**YOU SHOULD NOT MAKE PAYMENT IN CASH TO A UNIT TRUST CONSULTANT OR ISSUE A CHEQUE IN THE NAME OF A UNIT TRUST CONSULTANT.**

### 8. How often are valuations available?

The Fund will be valued on a weekly basis based on the end-of-day price (i.e. every Thursday). If Thursday is not a Business Day, the valuation point will be the following Business Day, Friday.

Unit Holders may obtain the latest price of the Fund from our website at [www.tainvest.com.my](http://www.tainvest.com.my) or FIMM's website.

### 9. How can I exit from this investment and what are the risks and costs involved?

<b>Cooling-off Policy</b>	<ul style="list-style-type: none"> <li>A cooling-off right is only given to an individual investor who is investing in any of the unit trust funds managed by us for the first time but shall not include the following persons:             <ol style="list-style-type: none"> <li>our staff; and</li> <li>a person registered with a body approved by the SC to deal in unit trusts funds.</li> </ol> </li> <li>There is a cooling-off period of six (6) Business Days commencing from the day your application is accepted or deemed to be accepted by the Manager. Within these six (6) Business Days, you have a right to request for withdrawal of the investment. The refund for every Unit held by you pursuant to the exercise of your cooling-off right are as follows:             <ol style="list-style-type: none"> <li>the Offer Price; and</li> <li>the sales charge per Unit originally imposed on the day the Units were purchased.</li> </ol> </li> <li>All such requests must be received or deemed to have been received by us on or before 4.00 p.m. on a Business Day. Requests received or deemed to have been received after 4.00 p.m. will be treated as having been received on the following Business Day. If you submit your payment by cheque, the cooling-off period will accrue from the date on which the Manager receives the cheque and payment for the cooling-off will be made after the cheque has been cleared. The proceeds would generally be refunded to you within seven (7) Business Days of receiving the request for withdrawal.</li> </ul>
<b>Redemption of Units</b>	<ul style="list-style-type: none"> <li>Redemption must be submitted by completing the transaction form available at our head office and business centres or by sending written instructions to any of our offices. Any valid redemption request received by our head office or any of our business centres on every Thursday before 11.00 a.m. will be processed based on the NAV per Unit calculated for the valuation point (i.e. Thursday) of the same week. A redemption request received after 11.00 a.m. will be deemed to have been received on the Thursday of the following week. However, if the Thursday is not a Business Day, Unit Holders may submit a redemption request on a Business Day before Thursday (i.e. Wednesday).</li> <li>Redemption proceeds will be paid to you within seven (7) Business Days from the date we received your redemption request and payment of redemption proceeds shall be based on the selected payment method stated in the transaction form received by our head office.</li> </ul>

Note:

Please refer to Chapter 3 of the Prospectus for further information.

## CONTACT INFORMATION

### 10. Who should I contact for further information or to lodge a complaint?

- For internal dispute resolution, you may contact:
 

Our authorised distributors or our customer service officers on toll free number at 1-800-38-7147 between 9.00 a.m. and 6.00 p.m. (Malaysia time), from Monday to Friday (except public holidays), or you can email us at [investor.taim@ta.com.my](mailto:investor.taim@ta.com.my)
- If you are dissatisfied with the outcome of the internal dispute resolution process, please refer your dispute to the Securities Industry Dispute Resolution Center (SIDREC):
 

(a) via phone to	: 03-2282 2280
(b) via fax to	: 03-2282 3855
(c) via e-mail to	: <a href="mailto:info@sidrec.com.my">info@sidrec.com.my</a>

(d) via letter to : Securities Industry Dispute Resolution Center (SIDREC)  
Unit A-9-1, Level 9, Tower A  
Menara UOA Bangsar  
No. 5, Jalan Bangsar Utama 1  
59000 Kuala Lumpur

3. You can also direct your complaint to the SC even if you have initiated a dispute resolution process with SIDREC. To make a complaint, please contact the SC's Consumer & Investor Office:

(a) via phone to the Aduan Hotline at : 03-6204 8999  
(b) via fax to : 03-6204 8991  
(c) via e-mail to : [aduan@seccom.com.my](mailto:aduan@seccom.com.my)  
(d) via online complaint form available at : [www.sc.com.my](http://www.sc.com.my)  
(e) via letter to : Consumer & Investor Office  
Securities Commission Malaysia  
3 Persiaran Bukit Kiara  
Bukit Kiara  
50490 Kuala Lumpur

4. Federation of Investment Managers Malaysia (FIMM)'s Complaints Bureau:

(a) via phone to : 03-2092 3800  
(b) via fax to : 03-2093 2700  
(c) via e-mail to : [complaints@fimm.com.my](mailto:complaints@fimm.com.my)  
(d) via online complaint form available at : [www.fimm.com.my](http://www.fimm.com.my)  
(e) via letter to : Legal, Secretarial & Regulatory Affairs  
Federation of Investment Managers Malaysia  
19-06-1, 6<sup>th</sup> Floor Wisma Tune  
No. 19 Lorong Dungun  
Damansara Heights  
50490 Kuala Lumpur

## APPENDIX: GLOSSARY

Base Currency	The base currency of the Fund, i.e. RM.									
Bursa Malaysia	The stock exchange managed and operated by Bursa Malaysia Securities Berhad and includes any changes to the name or the operator of the Malaysian stock exchange.									
Business Day	A day on which Bursa Malaysia is open for trading or banks in Kuala Lumpur are open for business. The Manager may declare certain business days to be a non-Business Day although Bursa Malaysia or the banks in Kuala Lumpur are open for business.									
Bonds	A type of debt instruments issued by a corporation.									
Commencement Date	The date on which investments of the Fund may first be made and is the date which falls on the seventh (7 <sup>th</sup> ) Business Day after the expiry of the Offer Period.									
Deed	The deed dated 30 August 2022 entered into between the Manager and the Trustee in respect of the Fund as may be modified or varied by a supplemental deed from time to time.									
Derivatives	Options, structured warrants or any other derivative transaction determined by us when we deem appropriate where the value of which depends upon the value of the Underlying Assets, currencies or other derivative instruments.									
Fixed Income Instruments	Means deposits, money market instruments and/or Bonds.									
IUTA / Institutional UTS Adviser	A corporation registered with the Federation of Investment Managers Malaysia and authorised to market and distribute unit trust schemes of another party.									
Maturity Date	A date which falls on the third (3 <sup>rd</sup> ) anniversary of the Commencement Date. If the said date falls on a non-Business Day, the Maturity Date shall be the next Business Day.									
Medium Term	Investment horizon of three (3) years.									
NAV or Net Asset Value	The value of all assets of the Fund less all liabilities of the Fund at a valuation point.									
NAV per Unit	Net Asset Value of the Fund divided by the number of Units in circulation at the same valuation point.									
Observation Date	<table border="1"> <tr> <td>1<sup>st</sup> Observation Date</td> <td>:</td> <td>first anniversary date commencing from the Commencement Date</td> </tr> <tr> <td>2<sup>nd</sup> Observation Date</td> <td>:</td> <td>second anniversary date commencing from the Commencement Date</td> </tr> <tr> <td>3<sup>rd</sup> Observation Date</td> <td>:</td> <td>third anniversary date commencing from the Commencement Date and is also the Maturity Date</td> </tr> </table>	1 <sup>st</sup> Observation Date	:	first anniversary date commencing from the Commencement Date	2 <sup>nd</sup> Observation Date	:	second anniversary date commencing from the Commencement Date	3 <sup>rd</sup> Observation Date	:	third anniversary date commencing from the Commencement Date and is also the Maturity Date
1 <sup>st</sup> Observation Date	:	first anniversary date commencing from the Commencement Date								
2 <sup>nd</sup> Observation Date	:	second anniversary date commencing from the Commencement Date								
3 <sup>rd</sup> Observation Date	:	third anniversary date commencing from the Commencement Date and is also the Maturity Date								

Offer Period	The period of not more than forty-five (45) days commencing from the date of this Prospectus. The Manager reserves the right to shorten the Offer Period at its own discretion.
Offer Price	The price payable by an applicant for a Unit during the Offer Period.
Prospectus	The prospectus in relation to the Fund.
Rainbow Basket	Three (3) Underlying Assets where the Derivatives is based on.
RAM	RAM Rating Services Berhad.
RM / MYR	Ringgit Malaysia, the official currency of Malaysia.
SC / Securities Commission	The Securities Commission Malaysia established under the Securities Commission Malaysia Act 1993.
Tenure of the Fund	Three (3) years.
Trustee	CIMB Commerce Trustee Berhad (Registration Number: 199401027349 (313031-A)).
Underlying Assets	Means collective investment schemes such as equity fund, bond fund, equity exchange-traded fund, bond exchange-traded fund, or indices such as equity index or bond index and/or any types of assets determined by us when we deem appropriate.
Unit or Units	An undivided share in the beneficial interest and/or right in the Fund and a measurement of the interest and/or right of a Unit Holder in the Fund.
Unit Holder(s) / investor(s) / you	The person or persons registered for the time being as the holder or holders of Units of the Fund including persons jointly registered.
Valuation Day	A day on which the price of the Fund is calculated, and shall be every Thursday which is a Business Day for the Fund. If the said Thursday is not a Business Day, then the next Business Day will be the Valuation Day.
We / our / us / the Manager / TAIM	TA Investment Management Berhad (Registration Number: 199501011387 (340588-T)).