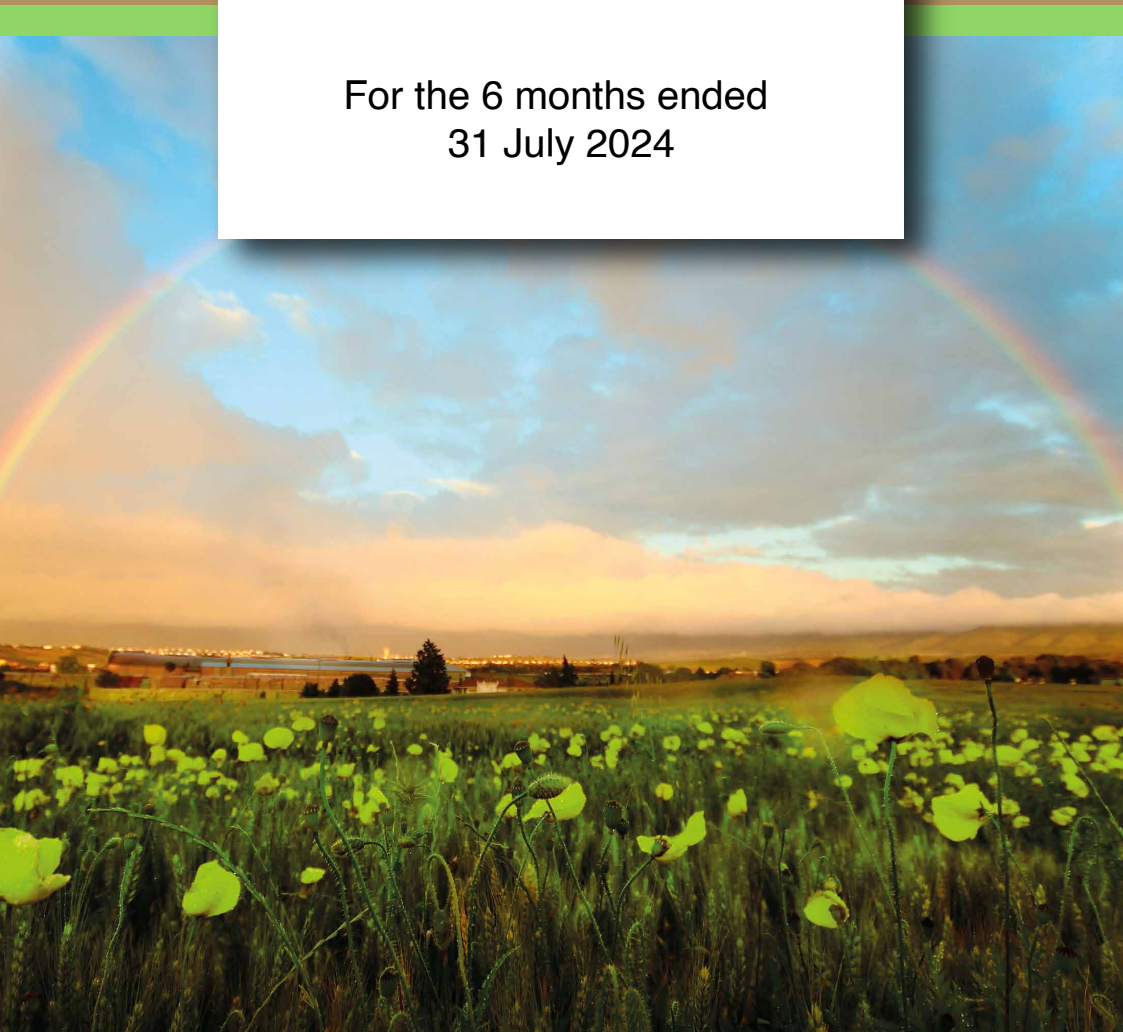


# SEMI-ANNUAL REPORT

## TA RAINBOW INCOME FUND 16

For the 6 months ended  
31 July 2024



TA INVESTMENT

A MEMBER OF THE TA GROUP

199501011387 (340588-T)

# TA Rainbow Income Fund 16

(For the financial period ended 31 July 2024)

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# TA Rainbow Income Fund 16

(For the financial period ended 31 July 2024)

## Key Performance Data

	6 months ended 31/07/2024	Since the Fund Launch 06/10/22 to 31/07/23
<b>PORTFOLIO COMPOSITION (% OF NAV)</b>		
Fixed Income Instruments (Bond)	68.86	87.74
Structured Product	5.86	6.06
Cash (Net of Liabilities)	25.28	6.20
<b>Total Investment</b>	<b>100.00</b>	<b>100.00</b>

Total Net Asset Value (RM'000)	16,679	16,177
Units In Circulation (Units '000)	15,678	15,921
Net Asset Value Per Unit (RM)	1.0638	1.0161
Total Expense Ratio (TER) (%)	0.09	0.10
Portfolio Turnover Ratio (PTR) (times)	0.08	0.54

\* The current financial period under review is from 1 February 2024 to 31 July 2024, thus the TER & PTR are not comparable with the previous financial period.

### UNIT PRICES

NAV Per Unit (RM)	1.0638	1.0161
Highest NAV Per Unit for the Period (RM)	1.0820	1.0182
Lowest NAV Per Unit for the Period (RM)	1.0321	0.9688

### TOTAL RETURN (%)

Capital Return	3.07	1.61
Income Return	-	-
Total Return of Fund	3.07	1.61
Total Return of the Benchmark	1.33	2.36

### AVERAGE TOTAL RETURN (%)

	Fund	Benchmark
<b>Period</b>		
1 Year (31/07/2023 - 31/07/2024)	5.54	2.90
Since Inception (06/10/2022 to 31/07/2024)	3.91	2.89

### ANNUAL TOTAL RETURN (%)

	Fund	Benchmark
<b>Period</b>		
31/07/2023 - 31/07/2024	5.54	2.90
Since Inception (06/10/2022 to 31/07/2023)	1.61	2.36

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 16

(For the financial period ended 31 July 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 16

(For the financial period ended 31 July 2024)

## Manager's Report

### TA Rainbow Income Fund 16

<b>Fund Category/Type</b>	Fixed Income (Close-ended) / Income
<b>Fund Objective</b>	<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 <b>neither a capital guaranteed nor a capital protected fund</b>. The capital will be preserved by investments in Fixed Income Instruments. <b>Consequently, the return of capital is SUBJECT TO the credit and default risk and currency risk associated with the investments in Fixed Income Instruments.</b></i></p>
<b>Performance Benchmark</b>	Maybank 12 months fixed deposit rate as at the Commencement Date of the Fund.
<b>Tenure</b>	3 Years (Close-ended)
<b>Maturity Date</b>	1 December 2025
<b>Fund's Distribution Policy</b>	Subject to the availability of income, distribution will be made once a year.
<b>Fund's Performance and Investment Strategies Employed</b>	<p>The Fund was managed within its investment objective over the six-month financial period under review as of 31 July 2024.</p> <p>Over the financial period under review, the Fund had a total return of 3.07%, outperforming the benchmark which had a return of 1.33%.</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"> <li>• Man AHL Target Risk Fund – EUR [GMATDEA ID]</li> <li>• BNP Paribas Commodity Time Series Momentum Index [BNPITMXA]</li> <li>• S&amp;P 500 Daily Risk Control 5% Excess Return (USD) Index [SPXT5UE]</li> </ul>

# TA Rainbow Income Fund 16

(For the financial period ended 31 July 2024)

## Securities Lending/ Repurchase Transaction

The Fund has not undertaken any securities lending or repurchase transaction (collectively referred to as “securities financing transactions”).

## Cross Trade

There is no cross trade transaction during the financial period under review.

## Analysis of Fund's Performance

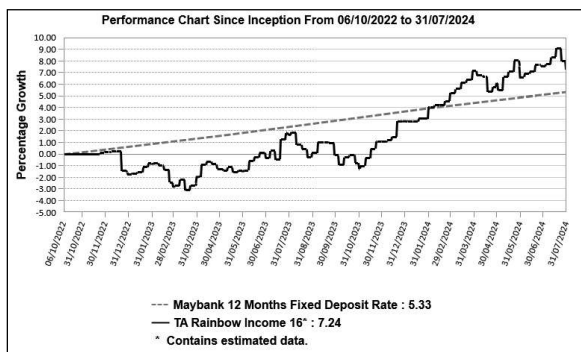
	31/07/24	31/01/24	% Change
NAV/unit (RM)	1.0638	1.0321	3.07
Total NAV (RM'000)	16,679	16,192	3.01

Income Return (%)	Capital Return # (%)	Total Return (%)
-	3.07	3.07

# Capital Return components:

- ❖ Fixed Income Instruments (Bond)
- ❖ Derivative
- ❖ Cash

## Performance Chart



Source: Lipper Investment Management

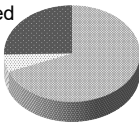
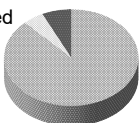
Past performance is not necessarily indicative of future performance.

## Distribution/Unit Split

None were declared for the financial period under review 31 July 2024.

# TA Rainbow Income Fund 16

(For the financial period ended 31 July 2024)

Asset Allocation	31/07/24	31/01/24
	<p>Cash (Net of Liabilities) 25.28%</p> <p>Structured Product 5.86%</p> <p>Fixed Income Instruments (Bond) 68.86%</p> 	<p>Cash (Net of Liabilities) 7.06%</p> <p>Structured Products 5.09%</p> <p>Fixed Income Instruments (Bond) 87.85%</p> 
	<p>The Fund was primarily invested in Fixed Income Instruments (68.86%), Structured Product issued by BNP Paribas S.A. (5.86%), and the remainder in Money Market/Cash (25.28%).</p>	
Top Investment	As at 31/07/24	% NAV
	Fixed Income Instruments (Bond)	68.86
	Structured Product	5.86
	As at 31/01/24	% NAV
	Fixed Income Instruments (Bond)	87.85
	Structured Product	5.09

*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 16

(For the financial period ended 31 July 2024)

## Market Review

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The year continued its positive momentum in February 2024, with both the United States (US) and Japan markets leading new highs. The Malaysian market persisted with one of its best starts to the year in recent times. Investors' confidence seemed to be returning with better stability in the global market and the belief that the economy has found its base to grow on. Though some investors were still in a cautious stance, many were optimistic that the market would react positively to interest rates peaking and would soon be trending down. Furthermore, corporates were now leaner and meaner having survived the pandemic, supply chain disruptions (followed by overstocking or excess inventory situations), and rising inflation or costs.

In March 2024, despite the on-going wars and sanctions around the world, as well as the resultant economic uncertainties, the global equity market continued to charge forward to record new highs, on what we believed was a lack of investment options. While consumer demand for goods had been tepid at best, most businesses continued to expand or invest with the intention of countering the risk of sanctions or government restrictions.

In April 2024, the resiliency in US markets thus far in 2024 was commendable, despite the absence of interest rate cuts and after a multi-year of bull run. Better than expected employment and Gross Domestic Product (GDP) growth numbers had been supporting the equity market. Although US inflation numbers had been stubbornly high at over 3% level, it remained a far cry from the almost 7% level during the pandemic period.

In May 2024, volatility continued to roil the equity market as investors warily sought more returns from those markets that were already charting at record high levels or had appreciated substantially.

The strong run in the equity market continued in June 2024 with equity indices charting record highs again for key global stock markets. Key events such as the recent general elections in France and United Kingdom (UK), the upcoming US presidential election, the cooling of US labour market and slowing economic growth globally as well as the softening in consumer spending seemed to have little impact on the market sentiment. Nonetheless, inflation and interest rates remained the key factors in influencing the market direction.

At the July 2024 Federal Open Market Committee (FOMC) meeting, which concluded on the last day of the month, the Federal Reserve ("Fed") kept the policy rate unchanged as expected by market participants. The monetary policy statement, along with the Fed Chairman's press conference, highlighted the further disinflationary progress seen in recent economic data. They also communicated the central bank's increased attention to the risk of labour market weakness, which is widely interpreted by market participants as a dovish tilt.

Outside of the US, key developments/updates in other major economies included: in China, the People's Bank of China cut the 7-day repurchase agreement and loan prime rates by 10 basis points (bps) on 22 July 2024, followed by a 20-basis point cut in the 1-year medium-term lending facility rate a few days later, amidst continued deflationary pressure and weak domestic demand; in the UK, Labour Party won the General Election by a wide margin, ending 14 years of Conservative rule; at its July 2024 meeting, the

# TA Rainbow Income Fund 16

(For the financial period ended 31 July 2024)

European Central Bank kept its policy rates unchanged; meanwhile, the Bank of Japan hiked its policy rate by 15 bps at its July 2024 meeting, a surprising move that was not expected by market participants.

*(Source: TA Investment Management Berhad as of 31 July 2024)*

A review of the underlying assets is as follows:

## **Man AHL Target Risk Fund – EUR**

The Fund aims to generate capital growth over the medium to long term by providing dynamic exposure to a range of assets and a return stream with a stable level of volatility regardless of market conditions. The Fund will apply its proprietary quantitative model to adjust the exposure to particular positions and achieve its investment objective. The position sizing (exposure) is based on a systematic algorithm that adjusts the notional amount of each position based on the risk of the Portfolio. The strategy utilises additional systematic overlays to control downside risk. The Fund's exposure to different investments is determined in accordance with formulas used by its computer-based model using various techniques, including 'volatility scaling'. According to this technique, a particular market's volatility is measured; if the market is turbulent and returns are volatile, the Fund's exposure to that market will be reduced. Exposure will be increased where a market is calm.

The Fund's objective will be achieved primarily through the use of financial derivative instruments and stable risk exposure to equities, fixed income, money market instruments, bank deposits and other liquid assets including cash, cash equivalents and liquid government debt instruments. It may also invest in futures, forwards, swaps, swaptions and contracts for difference.

*(Source: MAN AHL as of July 2024)*

## **BNP Paribas Commodity Time Series Momentum Index [BNPITMXA]**

The index is a systematic, excess return index that takes long/short positions across each 11 commodities components based on the persistence of momentum and trend signals in order to harvest profits. The investment universe consists of 11 commodities mono-indices included in the Bloomberg Commodity ex-Agriculture and Livestock index.

Commodities behave in a cyclical manner as supply response is generally slow in face of usually rapid change in demand (to economic cycles, weather, geopolitical risks etc). This usually creates some price trends which the strategy seeks to monetise. The Index utilizes a momentum indicator to determine which commodities to go long or short whilst using a risk parity approach to determine the weight of each commodity included within the Index, in order to ensure an optimal risk-return profile.

This results in the strategy going long commodities that have outperformed recently and short those that have underperformed. The index aims to target an annualised volatility of 5%.

*(Source: BNP Paribas S.A. as of July 2024)*

# TA Rainbow Income Fund 16

(For the financial period ended 31 July 2024)

## **S&P 500 Daily Risk Control 5% Excess Return (USD) Index [SPXT5UE]**

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 a 5% volatility target.

*(Source: S&P Dow Jones Indices, as of July 2024)*

## **Market Outlook And Investment Strategy**

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On the fixed income portion, we maintain the view of limited upside risk to Overnight Policy Rate (consensus estimate: no change at 3.00% in 2024), given Bank Negara Malaysia's remarks in the past few 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 weakness during times of 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 Malaysian Ringgit (RM) 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.

*(Source: TA Investment Management Berhad as of 31 July 2024)*

## **Soft Commission**

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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.

## **State Of Affairs Of The Fund**

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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 16

(For the financial period ended 31 July 2024)

## TRUSTEE'S REPORT

### TO THE UNIT HOLDERS OF TA RAINBOW INCOME FUND 16 ("Fund")

We have acted as Trustee of the Fund for the financial period ended 31 July 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 period 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

20 September 2024

# TA Rainbow Income Fund 16

(For the financial period ended 31 July 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 unaudited financial statements set out on pages 12 to 25, are drawn up in accordance with Malaysian Financial Reporting Standard ("MFRS") 134 Interim Financial Reporting so as to give a true and fair view of the financial position of TA RAINBOW INCOME FUND 16 as at 31 July 2024 and of its unaudited financial performance and unaudited cash flows for the financial period then ended.

On behalf of the Manager,

CHOO SWEE KEE

MOHAMMED A'REEFF BIN ABDUL KHALID

Kuala Lumpur, Malaysia  
20 September 2024

# TA Rainbow Income Fund 16

(For the financial period ended 31 July 2024)

## UNAUDITED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 JULY 2024

		01.02.2024 to 31.07.2024 RM	06.10.2022 to 31.07.2023 RM
	Note		
<b>INCOME</b>			
Interest income		341,937	428,791
Other income		311	882
Net income/(loss) on:			
-financial assets at fair value through profit or loss ("FVTPL")	8	<u>170,636</u>	<u>(160,569)</u>
		<u>512,884</u>	<u>269,104</u>
<b>EXPENSES</b>			
Trustee's fee	5	3,295	4,771
Auditors' remuneration		5,100	5,310
Tax agent's fee		2,250	2,810
Administrative fees and expenses		<u>4,632</u>	<u>742</u>
		<u>15,277</u>	<u>13,633</u>
Net income before tax		497,607	255,471
Less: Income tax expense	7	<u>74</u>	<u>-</u>
Net income after tax, representing total comprehensive income for the financial period		<u>497,681</u>	<u>255,471</u>
Net income after tax is made up of the following:			
Net realised income		353,141	423,377
Net unrealised income/(loss)		<u>144,540</u>	<u>(167,906)</u>
		<u>497,681</u>	<u>255,471</u>

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

# TA Rainbow Income Fund 16

(For the financial period ended 31 July 2024)

## UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 31 JULY 2024

	Note	31.07.2024 RM	31.01.2024 RM
<b>ASSETS</b>			
Investments	9	12,464,363	15,049,706
Deposit with financial institution		4,010,608	888,029
Interest receivable		198,414	251,688
Cash at bank		20,182	19,520
<b>TOTAL ASSETS</b>		<b>16,693,567</b>	<b>16,208,943</b>
<b>LIABILITIES</b>			
Amount due to Trustee		570	543
Other payables and accruals		13,685	16,409
<b>TOTAL LIABILITIES</b>		<b>14,255</b>	<b>16,952</b>
<b>EQUITY</b>			
Unitholders' capital	10(a)	15,675,700	15,686,060
Retained earnings	10(b),(c)	1,003,612	505,931
<b>NET ASSET VALUE ("NAV")</b>			
<b>ATTRIBUTABLE TO UNITHOLDERS</b>		<b>16,679,312</b>	<b>16,191,991</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>16,693,567</b>	<b>16,208,943</b>
<b>NUMBER OF UNITS IN CIRCULATION</b>	10(a)	<b>15,678,467</b>	<b>15,688,176</b>
<b>NAV PER UNIT</b>		<b>1.0638</b>	<b>1.0321</b>

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

# TA Rainbow Income Fund 16

(For the financial period ended 31 July 2024)

## UNAUDITED STATEMENT OF CHANGES IN NET ASSET VALUE FOR THE FINANCIAL PERIOD ENDED 31 JULY 2024

	Unitholders' capital Note 10(a) RM	Retained earnings Note 10(b) and (c) RM	Total NAV RM
At 06 October 2022	-	-	-
Total comprehensive income for the period	-	255,471	255,471
Creation of units	16,271,670	-	16,271,670
Cancellation of units	(349,800)	-	(349,800)
At 31 July 2023	<u>15,921,870</u>	<u>255,471</u>	<u>16,177,341</u>
At 01 February 2024	15,686,060	505,931	16,191,991
Total comprehensive income for the period	-	497,681	497,681
Creation of units	-	-	-
Cancellation of units	(10,360)	-	(10,360)
At 31 July 2024	<u>15,675,700</u>	<u>1,003,612</u>	<u>16,679,312</u>

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

# TA Rainbow Income Fund 16

(For the financial period ended 31 July 2024)

## UNAUDITED STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 31 JULY 2024

	01.02.2024 to 31.07.2024 RM	06.10.2022 to 31.07.2023 RM
<b>CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES</b>		
Proceed from sales from investments	2,755,979	7,337
Purchase of investments	-	(15,342,266)
Interest received	395,211	205,169
Other income received	311	882
Trustee's fee paid	(3,268)	(4,228)
Payments for other fees and expenses	(14,632)	(1,742)
Net cash from/(used in) operating and investing activities	<u>3,133,601</u>	<u>(15,134,848)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash received from units created	-	16,271,670
Cash paid for units cancelled	(10,360)	(349,800)
Net cash (used in)/generated from financing activities	<u>(10,360)</u>	<u>15,921,870</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	3,123,241	787,022
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD</b>	<u>907,549</u>	<u>-</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	<u>4,030,790</u>	<u>787,022</u>
<b>CASH AND CASH EQUIVALENTS COMPRISE:</b>		
Cash at bank	20,182	18,025
Deposit with financial institution	4,010,608	768,997
Cash and cash equivalents	<u>4,030,790</u>	<u>787,022</u>

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

# TA Rainbow Income Fund 16

(For the financial period ended 31 July 2024)

## NOTES TO THE UNAUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 JULY 2024

### 1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

TA Rainbow Income Fund 16 ("the Fund") was constituted pursuant to the execution of a Deed of Trust ("the Deed") dated 30 August 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 product, bonds, Negotiable Instrument and money market instruments. The Fund commenced its operations on 6 October 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

### 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 MFRS framework that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Fund:

#### ***MFRSs, 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*

# TA Rainbow Income Fund 16

(For the financial period ended 31 July 2024)

## 2. BASIS OF PREPARATION (CONTD.)

### (a) Statement of Compliance (contd.)

#### ***MFRSs, 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*

#### ***MFRSs, 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 January 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 January 2025 for the amendments that are effective for annual periods beginning on or after 1 January 2025.

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") which are measured at their fair value.

### (c) Functional and presentation currency

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

### (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.

# TA Rainbow Income Fund 16

(For the financial period ended 31 July 2024)

## 2. BASIS OF PREPARATION (CONTD.)

### (d) Significant Accounting Estimates and Judgments (contd.)

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.

Interest income is recognised using the effective interest rate method.

## 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% per annum of the NAV of the Fund, subject to minimum of RM6,000 per annum calculated and accrued daily (excluding foreign custodian fees and charges).

## 6. REDEMPTION CHARGE (EXIT FEE)

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

# TA Rainbow Income Fund 16

(For the financial period ended 31 July 2024)

## 7. INCOME TAX EXPENSE

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the financial period. Interest and other income derived from sources outside Malaysia are exempted from Malaysian income tax. However, such income may be subject to tax in the country from which they were derived.

In accordance with Schedule 6 of the Income Tax Act 1967, interest income earned by the Fund is exempted from Malaysian tax.

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

	01.02.2024 to 31.07.2024 RM	06.10.2022 to 31.07.2023 RM
Net income before tax	497,607	255,471
Taxation at Malaysian statutory rate of 24%	119,426	61,313
Effects of interest and other income not subject to tax	(123,018)	(103,121)
Effects of loss and expenses not deductible for tax purposes	2,442	40,534
Restriction on tax deductible expenses for unit trust funds	1,224	1,274
Income tax expense for the financial period	74	-

## 8. INVESTMENTS

	31.07.2024 RM	31.01.2024 RM
Financial assets at FVTPL:		
Unquoted structured products outside Malaysia	978,741	824,419
Unquoted bonds in Malaysia	11,485,622	14,225,287
	12,464,363	15,049,706
Net income/(loss) on financial assets at FVTPL comprises:		
Net realised income/(loss)	26,096	(289,197)
Net unrealised income on changes in fair value	144,540	171,330
	170,636	(117,867)

# TA Rainbow Income Fund 16

(For the financial period ended 31 July 2024)

## 8. INVESTMENTS (CONTD.)

Financial assets at FVTPL as at 31 July 2024 are as detailed below:

### (a) Unquoted structured products outside Malaysia

Issuer Name	Quantity	Cost RM	Fair Value RM	% of NAV %
BNP Paribas 2Y USD Warrant Basket of Funds and Index	1,476	408,028	547,766	3.28
BNP Paribas 3Y USD Warrant Basket of Funds and Index	1,476	379,338	430,975	2.58
<b>Total unquoted structured products outside outside Malaysia</b>	<b>2,952</b>	<b>787,366</b>	<b>978,741</b>	<b>5.86</b>

### (b) Unquoted bond in Malaysia

Issuer Bank	Quantity Units	Cost RM	Fair Value RM	% of NAV %
CIMB MTN 1826D 3.40% 03/04/2025	270,000	268,539	269,563	1.62
ENCORP 5.25% 18/11/2025	2,700,000	2,740,274	2,752,326	16.50
FPSB IMTN 5.05% 05/09/2025	2,700,000	2,719,760	2,732,643	16.38
SABAHDEV MTN 2191D 15/08/2025 Issue No.205	2,700,000	2,690,317	2,711,880	16.26
UEMS IMTN 4.25% 19/09/2025 Issue No.15	2,500,000	2,468,019	2,512,450	15.06
UEMS IMTN 5.03% 19/09/2025	500,000	498,263	506,760	3.04
<b>Total Unquoted Bond In Malaysia</b>	<b>11,370,000</b>	<b>11,385,172</b>	<b>11,485,622</b>	<b>68.86</b>
<b>TOTAL FINANCIAL ASSETS AT FVTPL</b>	<b>11,372,952</b>	<b>12,172,538</b>	<b>12,464,363</b>	<b>74.72</b>

<b>EXCESS OF FAIR VALUE OVER COST</b>	<b>291,825</b>
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# TA Rainbow Income Fund 16

(For the financial period ended 31 July 2024)

## 9. DEPOSIT WITH A FINANCIAL INSTITUTION

	31.07.2024 RM	31.01.2024 RM
Placement with a licensed bank	4,010,608	888,029

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

	WAEPR (% p.a.)		Average Remaining Maturity (Days)	
	31.07.2024	31.01.2024	31.07.2024	31.01.2024
Deposits with financial institution	11.04	2.90	712	2

## 10. NET ASSET VALUE ATTRIBUTABLE TO UNITHOLDERS

	Note	31.07.2024 RM	31.01.2024 RM
Unitholders' capital	(a)	15,675,700	15,686,060
Retained earnings			
- Realised reserve	(b)	715,916	362,775
- Unrealised income	(c)	287,696	143,156
		16,679,312	16,191,991

### (a) Unitholders' capital

	31.07.2024		31.01.2024	
	No of units	RM	No of units	RM
At beginning of the financial period/year	15,688,176	15,686,060	-	-
Creation of units	-	-	16,271,671	16,271,671
Cancellation of units	(9,709)	(10,360)	(583,495)	(585,513)
Distribution equalisation	-	-	-	(98)
At end of the financial period/year	15,678,467	15,675,700	15,688,176	15,686,060

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

Distribution equalisation represents the average distributable amount included in the creation and cancellation prices of units. This amount is either refunded to unitholders by way of distribution and/or adjusted accordingly when units are cancelled.

# TA Rainbow Income Fund 16

(For the financial period ended 31 July 2024)

## 10. NET ASSET VALUE ATTRIBUTABLE TO UNITHOLDERS (CONTD.)

### (b) Realised reserve

	31.07.2024 RM	31.01.2024 RM
At beginning of the financial period/year	362,775	-
Distribution out of realised reserve	-	(128,545)
Net realised income for the financial period/year	353,141	491,320
At end of the financial period/year	<u>715,916</u>	<u>362,775</u>

The realised gains and losses on sale of investments are measured as the difference between the net disposal proceeds and the carrying amount of the investments. The carrying amount for determining the realised gains and losses on sale of investments is based on the weighted average cost method.

### (c) Unrealised income

	31.07.2024 RM	31.01.2024 RM
At beginning of the financial period/year	143,156	-
Net unrealised income for the financial period/year	144,540	143,156
At end of the financial period/year	<u>287,696</u>	<u>143,156</u>

Unrealised gains and losses comprise changes in the fair value of financial instruments for the financial period.

## 11. TOTAL EXPENSE AND PORTFOLIO TURNOVER RATIOS

### (a) Total Expense Ratio

The total expense ratio for the financial period ended 31 July 2024 is 0.09% (2023 : 0.10%). This ratio represents total expenses expressed as an annualised percentage of the Fund's average NAV, calculated on a daily basis. Brokerage and other transaction fees on financial assets at FVTPL are trading related and are not classified as expenses.

### (b) Portfolio Turnover Ratio

The portfolio turnover ratio for the financial period ended 31 July 2024 is 0.08 times (2023:0.54 times). This ratio represents the average of the total acquisitions and disposals of the Fund for the financial period over the average NAV of the Fund for the financial period calculated on a daily basis.

# TA Rainbow Income Fund 16

(For the financial period ended 31 July 2024)

## 12. TRANSACTIONS WITH BROKERS OR DEALERS

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

<b>Name of investment banks/brokers</b>	<b>Value of trade RM</b>	<b>Percentage to total value of trade %</b>
Hong Leong Bank Bhd	2,737,260	99.57
BNP Paribas	11,736	0.43
	<u>2,748,996</u>	<u>100.00</u>

## 13. 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 Guidelines of the Fund. The Fund is managed by two segments:

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

The investment objective is to provide potential annual returns over the Medium-Term of the underlying collective investment scheme investing in investment instruments. There have been no changes in reportable segments in the current financial period.

## 14. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES

The Fund is exposed to a variety of financial risks, which include economic risk, special and emerging market risk, credit and settlement risk, liquidity risk, currency risk and repatriation risk. The overall objective of financial risk management is to mitigate capital losses, ensure preservation of value and minimise erosion of capital.

Risk management is carried out through strict adherence to the Manager's internal policies and control procedures and also to the powers and restrictions vested by the regulators as contained in the Securities Commission's Guidelines on Unit Trust Funds ("the Guidelines").

### (a) Economic Risk

Prospective investors should be aware that the price of units and the income from their investments may go down or up in response to changes in interest rate, foreign exchange, economic and political conditions and the earnings of corporations making up in the portfolio of the Fund. Economic risk is managed through portfolio diversification and asset allocation and monitoring of investment portfolio by professional fund manager and the investment committee, with the aim to minimise securities exposure in the event of anticipated market weaknesses.

# TA Rainbow Income Fund 16

(For the financial period ended 31 July 2024)

## 14. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

### (b) Credit/Default Risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Fund by failing to discharge an obligation. The Fund is exposed to the risk of credit-related losses that can occur as a result of a counterparty or issuer being unable or unwilling to honour its contractual obligations to make timely payment of profit, principal and proceeds from realisation of investments. These credit exposures exist within financing relationships, derivatives and other transactions.

The Manager manages the Fund's credit risk by undertaking credit evaluation and close monitoring of any changes to the issuer/counterparty's credit profile to minimise such risk. It is the Fund's policy to enter into financial instruments with reputable counterparties. The Manager also closely monitors the creditworthiness of the Fund's counterparties (e.g. issuer, custodian, bank, etc) by reviewing their credit ratings and credit profile on a regular basis.

### (c) Interest Rate Risk

The risk refers to the exposure of the Fund's assets to movements in interest rates. In this regards, the Fund's exposure to the interest rate risk is mainly confined to the fixed income securities prices and deposits placement with financial institutions.

The reason for this is because a high level of interest rates will inevitably effect corporate profits and this will have an impact on the value of equity and the demand for fixed income securities.

### (d) Structured Products Risks

The value of the structured products or options is affected by a number of market factors. Hence, before redeeming or closing out on an investment in the Fund, unitholders should carefully consider the factors such as the value, expected price volatility of the underlying asset or index, the time remaining to maturity, the level of prevailing interest rate, the depth of the market or liquidity of any underlying asset over the underlying index, and change in currency exchange rates and related transaction costs.

It is not possible to predict it and to what extent a secondary market may develop in any over-the-counter (off-exchange) structured products or at what price such structured products will trade in the secondary market or whether such market will be liquid or illiquid. Although the structured product seller has undertaken to trade the structured products in the secondary market, there is no assurance that secondary market prices will reflect fair market value or what unitholders deem to be fair value. Dealing in over-the-counter instruments may involve greater risks than dealing in exchange-traded instruments. The price at which the structured products will trade will be dependent on market conditions, which are beyond the Manager's control.

# TA Rainbow Income Fund 16

(For the financial period ended 31 July 2024)

## 14. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

### (d) Structured Products Risks (contd.)

Market volatility reflects the degree of instability and expected instability of the performance of the underlying asset or index. The level of market volatility is not purely a measurement of the actual volatility, but is largely determined by the prices for instruments which offer investors protection against such market volatility. The prices of these instruments are determined by forces of supply and demand in the structured products markets generally. These forces are, themselves, affected by factors such as actual market volatility, expected volatility, macro economic factors and speculation.

## 15. COMPARATIVE FIGURES

The current period's figures and comparative figures are presented as follow:

- The Statement of Fund Financial Position and its relevant notes are as at 31 July 2024 and 01 January 2024, respectively.
- The Statement of Comprehensive Income, Statement of Changes in Net Asset Value and Statement of Cash Flows and its relevant notes are for the period from 01 February 2024 to 31 July 2024 and 6 October 2022 (date of launch) to 31 July 2023 respectively.

## 16. UNAUDITED ACCOUNT

The financial accounts for the financial period ended 31 July 2024 are unaudited.

# TA Rainbow Income Fund 16

(For the financial period ended 31 July 2024)

## Corporate Information

<b>Manager</b>	TA Investment Management Berhad (340588-T)
<b>Registered Office</b>	34th Floor, Menara TA One 22 Jalan P. Ramlee 50250 Kuala Lumpur
<b>Board of Directors</b>	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)
<b>Investment Committee Members</b>	Kaladher A/L Govindan (Non-Independent) Dato' Tay Kian Chuan (Independent) Ngiam Kee Tong (Independent)
<b>Trustee of the Fund</b>	CIMB Commerce Trustee Berhad (Registration Number: 199401027349 (313031-A)) Level 13, Menara CIMB Jalan Stesen Sentral 2 Kuala Lumpur Sentral 50470 Kuala Lumpur
<b>Auditor of the Manager and the Fund</b>	KPMG PLT Chartered Accountants Level 10, KPMG Tower 8 First Avenue, Bandar Utama 47800 Petaling Jaya Selangor
<b>Banker</b>	Malayan Banking Bhd Ground Floor, Wisma Genting Jalan Sultan Ismail 50250 Kuala Lumpur
<b>Secretaries</b>	Khoo Poh Kim @ Kimmy (LS0010314)

# TA Rainbow Income Fund 16

(For the financial period ended 31 July 2024)

## Corporate Information (cont'd)

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