

## TA RAINBOW INCOME FUND 3

Date of issuance: 23 April 2019

### RESPONSIBILITY STATEMENT

This Product Highlights Sheet has been reviewed and approved by the directors of TA Investment Management Berhad and they 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 omission of other facts which would make any statement in the Product Highlights Sheet false or misleading.

### STATEMENTS OF DISCLAIMER

The Securities Commission Malaysia has authorised the issuance of **TA Rainbow Income Fund 3** and a copy of this Product Highlights Sheet has been lodged with the Securities Commission Malaysia.

The authorisation of **TA Rainbow Income Fund 3** and lodgement of this Product Highlights Sheet, should not be taken to indicate that the Securities Commission Malaysia recommends the **TA Rainbow Income Fund 3** 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 TA Investment Management Berhad who is responsible for the **TA Rainbow Income Fund 3** 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 dated 23 April 2019 ("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 3. Investors are advised to request, read and understand the disclosure documents before deciding to invest.

## PRODUCT HIGHLIGHTS SHEET

# TA RAINBOW INCOME FUND 3

### BRIEF INFORMATION ON THE PRODUCT

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

TA Rainbow Income Fund 3 (the "Fund") aims to provide income<sup>1</sup> whilst preserving capital<sup>2</sup> on Maturity Date.

<sup>1</sup>The Fund will invest in options and/or structured warrants to provide potential annual returns. Income distribution will be paid to you by way of cash deposit to a bank account held in your own name.

<sup>2</sup>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 of the issuers of the Fixed Income Instruments.**

### 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<sup>3</sup>.

<sup>3</sup>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>Fund Type</b>	Income
<b>Base Currency</b>	MYR
<b>Launch Date</b>	23 April 2019
<b>Offer Price</b>	RM1.0000
<b>Offer Period</b>	45 calendar days from the Launch Date. The Offer Period may be shortened when we deem appropriate to enter the market to capitalize on the prevailing yields and/or market condition.
<b>Commencement Date</b>	The seventh (7) Business Days after the end of the Offer Period.
<b>Minimum Initial Investment</b>	RM1,000 or such other lower amount as we may decide from time to time.
<b>Minimum Additional Investment</b>	RM1,000 or such other lower amount as we may decide from time to time.
<b>Asset Allocation</b>	<ul style="list-style-type: none"> <li>• Minimum of 90% of the Fund's NAV in Fixed Income Instruments.</li> <li>• Maximum of 10% of the Fund's NAV in options / structured warrants.</li> </ul>
<b>Performance Benchmark</b>	Maybank 12 months fixed deposit rate

<b>Investment Policy &amp; Strategy</b>	<p>The Fund seeks to achieve its investment objective by investing at least 90% of its NAV in Fixed Income Instruments which aim to repay the initial investment of investors at Maturity Date (including sales charges). Up to 10% of the Fund's NAV will be invested in options / structured warrants linked to the performance of the Rainbow Basket to generate return.</p> <p>For the Fixed Income Instruments, the Fund intends to invest a minimum of 50% of the Fund's NAV in deposits and/or money market instruments issued by Malaysian financial institutions rated at least "A" by RAM or equivalent and a maximum of 50% of the Fund's NAV in Bonds with at least "AA" by RAM or equivalent and their tenures must match or similar to the Tenure of the Fund.</p> <p>As this is a close-ended fixed income fund, the Fund will be semi-actively managed by the Manager. At maturity, 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> <p>The Fund will invest in markets where the regulatory authority is an ordinary and/or associate member of the International Organization of Securities Commissions (IOSCO).</p>
<b>Distribution Policy</b>	Subject to availability of income, distribution will be made once a year.
<b>Tenure / 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

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

<b>Manager</b>	TA Investment Management Berhad (Company No. 340588-T)
<b>Trustee</b>	CIMB Commerce Trustee Berhad (Company No. 313031-A)

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

The Fund intends to maintain capital preservation by investment in Fixed Income Instruments which aims to provide income through its investments in options / structured warrants. The Fund is neither a capital guaranteed nor a capital protected fund. Investor may not get back the full amount invested and the principal amount invested may be at risk. Returns are also not fixed or guaranteed.

### KEY RISKS

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

<b>Specific risks related to the Fund:</b>	
<b>Credit and Default Risk</b>	<p>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 the risk by investing not more than 20% of the Fund's NAV in any single issuer. 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.</p>

<b>Currency Risk</b>	As the investments of the Fund may be denominated in currencies other than the base currency of the Fund, any fluctuation in the exchange rate between the base currency of the Fund and the currencies in which the investments are denominated may have an impact on the value of these investments. Investors should be aware that if the currencies in which the investments are denominated depreciate against the base currency of the Fund, this will have an adverse effect on the NAV of the Fund in the base currency of the Fund and vice versa. Investors should note that any gains or losses arising from the fluctuation in the exchange rate may further increase or decrease the returns of the investment.
<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, Bonds' prices generally decline and this may lower the value of the Fund's investment in Bonds. The reverse may apply when interest rates fall. In order to mitigate interest rate risk, the Manager will need to manage the Bonds portfolio taking into account the coupon rate and time to maturity of the Bonds.
<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.
<b>Options / Structured Warrant Investment Risk</b>	The NAV of the Fund will be impacted by the valuation of the options and/or structured warrants. Factors that may impact the valuation of the options and/or structured warrants may include, but not limited to movement of the Rainbow Basket, volatility of the Rainbow Basket, interest rate levels, the correlation of the Rainbow Basket and other such factors. Any change in the aforesaid factors would either positively or negatively impact the valuation of the options and/or structured warrants 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 options and/or structured warrants that the Fund invested in. If Unit Holders redeem Units prior to the Maturity Date, the Manager will be forced to unwind an equivalent amount of the options and/or structured warrants based on marked-to-market price and in such situation, the options and/or structured warrants may be disposed of at a loss which may adversely affect the value of the investments by the Unit Holders.
<b>Issuer Risk</b>	Issuer risk is prevalent as the potential returns derived from the Fund's investment in options and/or structured warrants are dependent on the ongoing ability and willingness of the issuer i.e. a financial institution to fulfil 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. The Manager seeks to mitigate this risk through stringent credit selection process of the issuer of the options and/or structured warrants prior to commencement of investments. Monitoring mechanisms established by the Manager may also potentially mitigate this risk. If, in the opinion of the Manager where there is material adverse change to an issuer, the Manager may consider unwinding the issuer's options and/or structured warrants to mitigate potential losses in returns that may arise.

*Note:*

*Please refer to chapter 1.17 of the Prospectus for further information.*

**It is important to note that events affecting the investments cannot always be foreseen. Therefore, it is not possible to protect investments against all risks. The various assets classes generally exhibit different levels of risk.**

**You are recommended to read the whole Prospectus to assess the risks associated to the Fund. If necessary, you should consult your adviser(s) for a better understanding of the risks.**

## **FEE & CHARGES**

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

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

<b>Sales Charge<sup>4</sup></b>	Up to 3.00% of the Offer Price is imposed either by IUTAs, unit trust consultants or by the Manager.
<b>Redemption Charge</b>	3.00% of the NAV per Unit on any redemption of Units made at any point of time before the Maturity Date of the Fund. The redemption charge will be credited back into the Fund's account for the benefit of the Unit Holders of the Fund.
<b>Switching Fee</b>	No switching is allowed for the Fund. As such, there is no switching fee for this Fund.

<b>Transfer Fee<sup>5</sup></b>	RM5.00 for each transfer.
<b>Annual Management Fee</b>	Nil
<b>Annual Trustee Fee<sup>6</sup></b>	0.04% per annum of the NAV of the Fund subject to a minimum of RM6,000.00 per annum.

Notes:

<sup>4</sup>All sales charge is to be rounded up 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.

<sup>5</sup>The Manager reserves the right to waive and/or reduce the transfer fee from time to time at its absolute discretion.

<sup>6</sup>Actual rate excluding foreign custodian fee and charges.

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**

**VALUATIONS AND EXITING FROM INVESTMENT**

**8. How often are valuations available?**

The Fund will be valued on a weekly basis i.e: every Thursday and you may obtain the latest price from our website at [www.tainvest.com.my](http://www.tainvest.com.my).

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

<b>Cooling-off</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 the Manager for the first time but shall not include the following persons: <ul style="list-style-type: none"> <li>i. our staff; and</li> <li>ii. person registered with a body approved by the Securities Commission Malaysia (“SC”) to deal in unit trusts.</li> </ul> </li> <li>• There is a cooling-off period of six (6) Business Days from the day of application is accepted or deemed to be accepted by the Manager.</li> </ul>
<b>Redemption</b>	<ul style="list-style-type: none"> <li>• Redemption must be submitted by completing the transaction form to the respective servicing agent or direct to Manager’s office. The transaction form is available to any Manager’s head office or at authorised business centres.</li> <li>• Redemption proceed will be paid to you within ten (10) days from the date Units are redeemed, provided the completed documents is received by Manager’s head office.</li> </ul>

Note:

Please refer to chapter 3 of the Prospectus for detailed information.

**CONTACT INFORMATION**

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

1. For internal dispute resolution, you may contact:

Our authorised distributors or our customer service officers on toll free 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).

2. 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 : 02-2282 3855
- (c) via email to : [info@sidrec.com.my](mailto:info@sidrec.com.my)
- (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 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 email 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  
No. 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 email 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**

Business Day	A day on which Bursa Malaysia is open for trading or banks in Kuala Lumpur are open for business
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
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 7 <sup>th</sup> Business Day after the expiry of the Offer Period
Fixed Income Instruments	means deposits, money market instruments or Bonds
Fund	TA Rainbow Income Fund 3
IUTA	Institutional Unit Trust Adviser registered with the Federation of Investment Managers Malaysia to market and distribute unit trust funds
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
Offer Period	The period of not more than 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

Rainbow Basket	Three Underlying Assets where the option / structured warrant is based on
RAM	RAM Rating Services Berhad
RM / MYR	Ringgit Malaysia
SC / Securities Commission	Securities Commission Malaysia established under the Securities Commission Malaysia Act 1993
Tenure of the Fund	Three (3) years
Trustee	CIMB Commerce Trustee Berhad (Company No. 313031-A)
Underlying Assets	Means collective investment schemes such as equity fund, bond fund, mixed-asset fund, equity exchange traded fund, bond exchange traded fund, multi-asset exchange traded fund and indices such as equity index, bond index or multi-asset index
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
We / our / us / the Manager / TAIM	TA Investment Management Berhad (Company No. 340588-T)