



PRESS RELEASE

For immediate release

TA Investment Declares Distribution for Two (2) Funds

Kuala Lumpur, 2nd September 2020 – TA Investment Management Berhad (“TAIM”) has declared a gross income distribution of 0.6 sen per unit for TA Dana Afif (“TADA”) and 0.25 sen per unit for each currency share class of TA Flexible Asian Bond Fund (“TAFAB”) to registered unit holders of the funds as at 28th August 2020.

TA Dana Afif aims to provide regular income* while maintaining capital stability** over the Medium to Long Term by investing in sukuk portfolio. TADA invests in a diversified portfolio of sukuk and Islamic liquid assets, and has performed consistently, growing by 5.7% over a one-year period as at 31st July 2020.¹

Malaysia’s economy contracted 17.1% in the second quarter of 2020, marking the worst double-digit quarterly decline since the height of the Asian Financial Crisis in 1998. The second quarter was an especially challenging period for the economy due to the Movement Control Order (“MCO”) and weakened external sector as countries globally implemented their own lockdowns to curb the spread of the Coronavirus Disease (“COVID-19”). Bank Negara Malaysia (“BNM”) has revised its 2020 Gross Domestic Product (“GDP”) forecast to between -3.5% to -5.5% from the previous -2.0% to 0.5%, as the initial assumption was based on a lockdown period of only 4 weeks instead of the actual 7 weeks. BNM also added that they anticipate a sharp rebound in GDP of 5.5% to 8.0% in 2021 as the government has gradually eased lockdown restrictions. The weak growth is in line with our earlier expectations as this reflects the outcome of the strict domestic containment measures during the second quarter. Although the local economy was significantly impacted by the lockdown measures, the gradual reopening of the economy from 4 May 2020 onwards helped to provide some relief, avoiding an even deeper contraction as we have seen in some of the economies abroad.

The Fund Manager of TADA anticipates for growth to recover in the second half of 2020 moving into 2021 based on the gradual normalisation in economic activities and labour market conditions locally in the recent months. The weak growth result has also increased expectations of further easing by BNM to support the local economy’s growth trajectory since the central bank still has space to do so. Thus, Fund Manager is looking at another 25 basis points cut to come in September 2020.

With the economy going into recession, the expectation of low interest rates and further rate cuts will continue to spur demand for safe haven assets such as government sukuk. As such, TADA’s Fund Manager will continue with the strategy of increasing allocation to government and Government Guaranteed (“GG”) sukuk with an allocation of 35% to 45%. Apart from that, the Fund Manager wants to keep the portfolio liquid with higher allocations to government, GG, “AAA”-rated sukuk and cash and looks to lengthen duration around 6.0 to 7.0 years as they expect low interest rates to stay lower for longer and for inflation to remain low. There may still be some volatility mainly from foreign selling due to risks

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such as volatile oil prices, sovereign rating pressure and political uncertainties. However, TADA's Fund Manager expects the sukuk market to eventually reflect economic fundamentals of lower growth and lower inflation. As such, they see any foreign selling as opportunities to buy Government Investment Issues at higher yields.

TA Flexible Asian Bond Fund seeks to achieve a total return from income* and capital appreciation. TAFAB invests a minimum of 95% of its NAV in the Threadneedle (Lux) – Flexible Asian Bond ("the Target Fund") with the remainder in liquid assets. TAFAB has grown by 8.86% in USD terms over the period since its inception on 17th March 2020 to 31st July 2020.¹

For TA Flexible Asian Bond Fund's Target Fund, strong credit fundamentals and corporate balance sheets of Asian businesses have helped mitigate the sudden shock from COVID-19 in the first half of 2020. Resilience in Asian hard currency dollar bonds have not only withstood the worst of the sell-off in March 2020, but their investment case remains compelling. As markets gradually recover, Asian local currency bonds are expected to outperform as their economies open up. The Target Fund's Fund Manager remains positive on Asian credits as strong export numbers and improving consumer sentiment provide some reassuring indications of economic recovery. However, the outlook continues to be clouded by elevated US-China tensions and the COVID-19 pandemic remains intense in certain geographies with potential possible secondary outbreaks. Nevertheless, the macro fundamentals of Asian governments remain intact and will continue to be key beneficiaries as the global economy recovers.

The flexible approach employed by the Target Fund's Fund Manager enables benefits from both the hard and local currency allocation, while security selection remains the key driver of return. As Asian economies continue on their path of recovery for the rest of 2020, the Target Fund's strategy will benefit investors who remain cautious and look to the stability of income derived from an investment grade portfolio.

Source: TA Investment Management Berhad, Opus Asset Management Sdn Bhd and Columbia Threadneedle Investments Ltd as at August 2020.

¹ Lipper for Investment Management, as at 31st July 2020.

* Income could be in the form of Units or cash.

** This is not a capital protected/guaranteed fund and the returns are not guaranteed.

Note: Where past performance is quoted, past performance of the Fund(s) is no indication of future performance.

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Profile of TA Investment Management Berhad

TA Investment Management Berhad (TAIM), a subsidiary of TA Securities Holdings Berhad (TASH), was incorporated on 17 April 1995 and commenced operations on 1 July 1996. As of 31st July 2020, TAIM has total Assets Under Management ("AUM") of RM3.82 billion, being a combination of unit trust funds and direct mandate portfolios under its management.

TAIM has more than twenty years ("20") years of experience in managing unit trust funds with a total of thirty-six ("36) funds currently under its management, of which eight ("8") are Shariah-compliant funds and twenty-eight ("28") are conventional funds. Its investment portfolio comprises a wide spectrum of funds ranging from low to high risk and caters to the different financial needs and objectives of investors.

TAIM funds are invested in both the local and international markets by an experienced investment team. These unit trust funds are distributed directly to customers as well as through appointed Institutional Unit Trust Advisers (IUTAs) and authorised consultants.

For more information, please call 1-800-38-7147 or visit our website at www.tainvest.com.my.

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