

ANNUAL REPORT

TA SPECTRUM
FUND

For the financial year ended
30 April 2024



TA INVESTMENT

A MEMBER OF THE TA GROUP

199501011387 (340588-T)

TA Spectrum Fund

(For the financial year ended 30 April 2024)

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TA Spectrum Fund

(For the financial year ended 30 April 2024)

Key Performance Data

	Year Ended 30/04/2024	Year Ended 30/04/2023	Since the Fund Launch 18/08/21 to 30/04/22
PORTFOLIO COMPOSITION (% OF NAV)			
Fixed Income Instruments (ZNIDs and Bond)	54.53	92.21	92.66
Structured Product	-	0.07	3.01
Money Market & Cash (Net of Liabilities)	45.47	7.72	4.33
Total Investment	100.00	100.00	100.00

Total Net Asset Value (RM'000)	28,005	27,249	27,265
Units In Circulation (Units '000)	27,605	27,943	27,972
Net Asset Value Per Unit (RM)	1.0145	0.9751	0.9747
Total Expense Ratio (TER) % *	0.21	0.20	0.15
Portfolio Turnover Ratio (PTR) times **	Nil	Nil	0.55

* The TER for the current financial year has remained consistent with that of the previous financial year.

** The PTR for the current financial year is NIL due to no transaction for the year 2023 & 2024.

UNIT PRICES

NAV Per Unit (RM)	1.0145	0.9751	0.9747
Highest NAV Per Unit for the Period/Year (RM)	1.0145	0.9749	1.0199
Lowest NAV Per Unit for the Period/Year (RM)	0.9749	0.9488	0.9698

TOTAL RETURN (%)

Capital Return	4.06	0.01	-2.52
Income Return	-	-	-
Total Return of Fund	4.06	0.01	-2.52
Total Return of the Benchmark	2.99	2.57	1.29

AVERAGE TOTAL RETURN (%)

Period	Fund	Benchmark
1 Year (30/04/2023 - 30/04/2024)	4.06	2.99
Since the Fund's launch (18/08/2021 to 30/04/2024)	0.53	2.54

ANNUAL TOTAL RETURN (%)

Period	Fund	Benchmark
30/04/2023 - 30/04/2024	4.06	2.99
30/04/2022 - 30/04/2023	0.01	2.57
Since the Fund's launch (18/08/2021 to 30/04/2022)	-2.52	1.29

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 Spectrum Fund

(For the financial year ended 30 April 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

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

$$\text{** Annual Total Return} = (1 + \text{Cumulative Return})^{N^3 / N^4} - 1$$

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 Spectrum Fund

(For the financial year ended 30 April 2024)

Manager's Report

TA Spectrum Fund

Fund Category/Type	Fixed Income (Close-ended) / Income
Fund Objective	<p>The Fund aims to provide income* whilst preserving capital** on Maturity Date.</p> <p>*The Fund will invest in options and/or structured warrants to provide potential annual returns. Income distributions will be paid to you by way of cash deposit to a bank account held in your own name.</p> <p>**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 for the investment in Fixed Income Instruments.</p> <p>Any material change to the investment objective of the Fund would require Unit Holders' approval.</p>
Performance Benchmark	Maybank 12 months fixed deposit rate as at the Commencement Date of the Fund.
Base Currency	Ringgit Malaysia
Tenure	3 Years (Close-ended)
Maturity Date	14 October 2024
Fund's Distribution Policy	Subject to availability of income, distribution will be made once a year.
Fund's Performance and Investment Strategies Employed	<p>The Fund was managed within its investment objective for the financial year under review. For the one year period up to 30 April 2024, the Fund had a total return of 4.06%, outperforming its benchmark which had a return of 2.99%.</p> <p>The Fund is invested in structured products linked to the performance of the following underlying assets:</p> <ul style="list-style-type: none">• Allianz Strategy 15 [ALS15CE LX]• S&P 500 Low Volatility Daily Risk Control 5% USD Excess Return Index [SPLV5UE] <p>No payout was available for the second observation of TA</p>

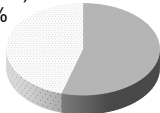
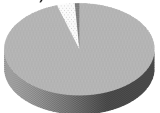
TA Spectrum Fund

(For the financial year ended 30 April 2024)

	Spectrum Fund on 12th October 2023. While the underlying assets have not yet recovered from their declines in 2022, a subsequent payout is still possible for the next observation on 14th October 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 trades transaction during the financial year under review.
Analysis of Fund's Performance	30/04/24 30/04/23 % Change
	NAV/unit (RM) 1.0145 0.9751 4.04
	Total NAV (RM'000) 28,005 27,249 2.77
	Income Return (%) Capital Return # (%) Total Return (%)
	- 4.06 4.06
	# Capital Return components:
	❖ Fixed Income Instruments (ZNIDs and Bond)
	❖ Structured Product
	❖ 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 year under review ended 30 April 2024.

TA Spectrum Fund

(For the financial year ended 30 April 2024)

Asset Allocation	30/04/24	30/04/23
	<p>Money Market & Cash (Net of Liabilities) 45.47%</p>  <p>Fixed Income Instruments (ZNIDs and Bond) 54.53%</p>	<p>Money Market & Cash (Net of Liabilities) 7.72%</p>  <p>Structured Product 0.07%</p> <p>Fixed Income Instruments (ZNIDs and Bond) 92.21%</p>
	<p>The Fund was primarily invested in Fixed Income Instruments (ZNIDs and Bond, “54.53%”), with the remainder in Money Market & Cash (Net of Liabilities, “45.47%”).</p>	
Top Investment	As at 30/04/24	% NAV
	Fixed Income Instruments (ZNIDs and Bond)	54.53
	As at 30/04/23	% NAV
	Fixed Income Instruments (ZNIDs and Bond)	92.21
	Structured Product	0.07

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

TA Spectrum Fund

(For the financial year ended 30 April 2024)

Market Review

The global equity market has gone through a mixed and uneven recovery year 2023 with United States (US) markets being the main beneficiaries. China's loosening of its pandemic policy led to a strong start for markets in 2023 amidst signs of inflationary pressures subsiding which led to optimism that Federal Reserve (Fed) rates may soon be peaking. However, concerns surrounding the stability of the financial sector in the United States (US) and Europe emerged following the collapse of several major banks, as well as the collapse of Credit Suisse in Europe, which led to the decision by Swiss regulators to engineer a takeover by UBS in March 2023, which was finally completed by June 2023.

The Fed Funds Rate appears to have paused at the 5.25% to 5.50% range in July 2023. After optimism from the slowing inflation data which managed to pull down bond yields in the middle of the month, US Treasury (UST) yields started creeping back up amidst tight labour market data, upside surprise in US second quarter 2023 Gross Domestic Product (GDP) growth, and Bank of Japan's (BoJ) tweak to its accommodative monetary policy.

In 2024, US markets remained resilient, despite the absence of interest rate cuts and after a multi-year bull run. Better than expected employment and Gross Domestic Product (GDP) growth numbers have been supporting the equity market. Although US inflation numbers have been stubbornly high at over 3% level, it remains a far cry from the almost 7% level during the pandemic period. The current inflationary numbers have been driven mostly by elevated commodity prices (including crude oil), which is very different from the supply chain driven factors during the pandemic, the Ukraine-Russia war and other economic issues experienced in 2022. In addition to that, various sanctions imposed on certain countries have caused imbalances and disruptions to commodities trades. These imbalances and disruptions are not likely to persist as shrewd traders would find loopholes and arbitrage the differences. Hence, we believe that our expectation of an interest cut this year remains on track and its timing is the only question that we have. Overall, interest rate cuts, or the expectations of such, continues to be the key market driver.

The simulated performance of the underlying assets of the Fund as of 30 April 2024 are as follows:-

TA Spectrum Fund

Underlying	Quote	Initial Price as at 12/10/2021	Price as at 30/04/2024	% Change	% Weightage (60-40)	Total Return
Allianz Strategy 15	ALS15CE LX	166.98	153.25	-8.223	0.40	-3.289
S&P 500 Low Volatility Daily Risk Control 5% USD Excess Return Index	SPLV5UE <Index>	201.04	198.42	-1.305	0.60	-0.783
						-4.072
Currency Conversion Factor on Investment Start Date (USD/MYR):		4.1695				
Currency Rate (USD/MYR) BNM:		4.77				
Potential returns (%):		0.00		As at	30/04/2024	(middle rate, for 1700 session)
Payout for First Observation 12/10/2022 (%):		0.00		Over	2 year(s) 6 month(s) 18 day(s)	
Payout for Second Observation 12/10/2023 (%):		0.00				
Payout for Third Observation 14/10/2024 (%):		n/a				

(Source: TA Investment Management Berhad, Bloomberg Terminal, as of 30 April 2024)

TA Spectrum Fund

(For the financial year ended 30 April 2024)

Allianz Strategy 15

As of 30 April 2024, the fund had a total return of 4.78%. The fund aims to invest to a variable extent in international equity markets and in the market for euro bonds. Applying a quantitative approach, fund management lowers the investment in stocks in phases of high market volatility and raises it in phases of low volatility. Overall, it strives to achieve a return that is comparable to the return of a mixed portfolio investing 15% in international stocks and 85% in medium-term euro bonds.

As of end-April 2024, the fund had a 52.4% exposure to Bonds, 19.9% in Equities, and 27.7% in cash. Within the bond sleeve, the fund had an average rating of AA-.

The fund sees opportunities within steady interest income on its bond holdings, with capital gains opportunities on declining interest rates. It also sees potential for high returns of its stock holdings in the long run, and has broad diversification across numerous securities.

Some risks that the fund faces include variable interest rates, with bonds potentially suffering price declines should interest rates rise, and high volatility of its stocks where losses are possible. The fund also has limited participation in the yield potential of single securities due to its diversification.

(Source: Allianz Global Investors, data as of 30 April 2024)

S&P 500 Low Volatility Daily Risk Control 5% Index

The underlying index closed the year up to 30 April 2024 by 3.79%, representing a portfolio of the S&P 500 through a multi-layered approach that starts with the S&P 500 and ends with a risk control overlay. The index is designed to track the 100 least-risky stocks in the S&P 500, which is widely regarded as the best single gauge of large-cap U.S. equities. Once these stocks are selected, the index then goes a step further to limit volatility by using a weighting scheme that favours the least-volatile stocks.

(Source: S&P Global, as of 30 April 2024)

Market Outlook And Investment Strategy

Within the fixed income portion of the Fund, we maintain the view of limited upside risks to the Overnight Policy Rate ("OPR", with consensus estimates no change at 3.00% in 2024), given Bank Negara Malaysia's (BNM) comment at its January 2024 and March 2024 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. After the correction in April 2024, we consider the government bonds less richly valued at current market pricing, and thus they are now offering better risk-reward opportunities for investors. Meanwhile, headline and US Treasuries (UST)-driven market volatility continue to provide trading opportunities.

In terms of Ringgit (MYR) 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

TA Spectrum Fund

(For the financial year ended 30 April 2024)

and/or entry at times of market weakness. We prefer credits with strong balance sheets, proven execution capability, and financial discipline amidst uncertain macroeconomic prospect.

Soft Commission

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

State Of Affairs Of The Fund

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

TA Spectrum Fund

(For the financial year ended 30 April 2024)

TRUSTEE'S REPORT TO THE UNIT HOLDERS OF TA SPECTRUM FUND ("Fund")

We have acted as Trustee of the Fund for the financial year ended 30 April 2024 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, **TA Investment Management Berhad** has operated and managed the Fund during the year covered by these financial statements in accordance with the following:

1. Limitations imposed on the investment powers of the management company under the deed, securities laws and the Guidelines on Unit Trust Funds;
2. Valuation and pricing is carried out in accordance with the deed; and
3. Any creation and cancellation of units are carried out in accordance with the deed and any regulatory requirement.

For and on behalf of
CIMB Commerce Trustee Berhad

Datin Ezreen Eliza binti Zulkiplee
Chief Executive Officer

Kuala Lumpur, Malaysia
Date: 27 June 2024

TA Spectrum Fund

(For the financial year ended 30 April 2024)

STATEMENT BY THE MANAGER

We, CHOO SWEE KEE and MOHAMMED A'REEFF BIN ABDUL KHALID, being two of the Directors of TA INVESTMENT MANAGEMENT BERHAD, do hereby state that, in the opinion of the Manager, the accompanying financial statements set out on page 15 to 42, are drawn up so as to give a true and fair view of the financial position of TA SPECTRUM FUND as at 30 April 2024 and of its financial performance and cash flows for the financial year ended on that date in accordance with Malaysian Financial Reporting Standards and IFRS Accounting Standards.

On behalf of the Manager,

CHOO SWEE KEE

MOHAMMED A'REEFF BIN ABDUL KHALID

Kuala Lumpur, Malaysia
Date: 27 June 2024

TA Spectrum Fund

(For the financial year ended 30 April 2024)

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF TA SPECTRUM FUND

(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of TA Spectrum Fund (hereinafter referred to as "the Fund"), which comprise the statement of financial position as at 30 April 2024, and the statement of comprehensive income, statement of changes in net asset value and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 15 to 42.

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

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Fund and Manager of the Fund in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information Other than the Financial Statements and Auditors' Report Thereon

The Manager of the Fund is responsible for the other information. The other information comprises the information included in the Annual Report of the Fund, but does not include the financial statements of the Fund and our auditors' report thereon.

Our opinion on the financial statements of the Fund does not cover the other information and we do not express any form of assurance conclusion thereon.

TA Spectrum Fund

(For the financial year ended 30 April 2024)

Information Other than the Financial Statements and Auditors' Report Thereon (continued)

In connection with our audit of the financial statements of the Fund, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Fund or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager and Trustee for the Financial Statements

The Manager of the Fund is responsible for the preparation of financial statements of the Fund that give a true and fair view in accordance with Malaysian Financial Reporting Standards and IFRS Accounting Standards. The Manager is also responsible for such internal control as the Manager determines is necessary to enable the preparation of financial statements of the Fund that are free from material misstatement, whether due to fraud or error. The Trustee is responsible for ensuring that the Manager maintains proper accounting and other records as are necessary to enable true and fair presentation of the financial statements.

In preparing the financial statements of the Fund, the Manager is responsible for assessing the ability of the Fund to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Fund as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

TA Spectrum Fund

(For the financial year ended 30 April 2024)

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Fund.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Fund to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Fund, including the disclosures, and whether the financial statements of the Fund represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Matter

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

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

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

Petaling Jaya, Selangor
Date: 27 June 2024

TA Spectrum Fund

(For the financial year ended 30 April 2024)

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

	Note	2024 RM	2023 RM
INCOME			
Interest income		946,831	937,730
Other income		10,000	1,420
Net income/(loss) on financial assets at fair value through profit or loss ("FVTPL")	8	<u>193,635</u>	<u>(874,430)</u>
		<u>1,150,466</u>	<u>64,720</u>
EXPENSES			
Manager's fee	4	27,740	26,794
Trustee's fee	5	11,096	10,718
Auditors' remuneration		10,090	9,000
Tax agent's fee		4,500	3,240
Administrative fees and expenses		<u>4,836</u>	<u>3,383</u>
		<u>58,262</u>	<u>53,135</u>
Net income before tax		1,092,204	11,585
Income tax expense	7	<u>(2,400)</u>	<u>-</u>
Net income after tax, representing total comprehensive income for the financial year		<u>1,089,804</u>	<u>11,585</u>
Net income after tax is made up of the following:			
Net realised income		327,991	317,837
Net unrealised income/(loss)		<u>761,813</u>	<u>(306,252)</u>
		<u>1,089,804</u>	<u>11,585</u>

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

TA Spectrum Fund

(For the financial year ended 30 April 2024)

STATEMENT OF FINANCIAL POSITION AS AT 30 APRIL 2024

	Note	2024 RM	2023 RM
ASSETS			
Investments	8	15,272,226	25,146,755
Deposit with a financial institution	9	12,584,520	1,906,770
Interest receivable		142,207	183,269
Other receivables		1,490	1,490
Cash at bank		19,930	24,698
TOTAL ASSETS		28,020,373	27,262,982
LIABILITIES			
Amount due to the Manager	10	2,290	2,085
Amount due to Trustee		916	1,754
Other payables and accruals		12,100	10,559
TOTAL LIABILITIES		15,306	14,398
NET ASSET VALUE ("NAV")			
Unitholders' capital	11(a)	27,610,708	27,944,029
Retained earnings/(Accumulated losses)	11(b),(c)	394,359	(695,445)
ATTRIBUTABLE TO UNITHOLDERS		28,005,067	27,248,584
TOTAL NAV AND LIABILITIES		28,020,373	27,262,982
NUMBER OF UNITS IN CIRCULATION	11(a)	27,605,459	27,943,019
NAV PER UNIT		1.0145	0.9751

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

TA Spectrum Fund

(For the financial year ended 30 April 2024)

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

	Unitholders' capital Note 11(a) RM	Accumulated losses/ Retained earnings Note 11(b) and (c) RM	Total NAV RM
At 1 May 2022	27,972,250	(707,030)	27,265,220
Total comprehensive income for the financial year	-	11,585	11,585
Creation of units	-	-	-
Cancellation of units	(28,221)	-	(28,221)
At 30 April 2023	<u>27,944,029</u>	<u>(695,445)</u>	<u>27,248,584</u>
At 1 May 2023	27,944,029	(695,445)	27,248,584
Total comprehensive income for the financial year	-	1,089,804	1,089,804
Cancellation of units	(333,321)	-	(333,321)
At 30 April 2024	<u>27,610,708</u>	<u>394,359</u>	<u>28,005,067</u>

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

TA Spectrum Fund

(For the financial year ended 30 April 2024)

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

	2024 RM	2023 RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES		
Proceeds from matured investment	10,000,000	-
Interest received	1,056,057	1,000,723
Other income received	10,000	1,420
Trustee's fee paid	(11,934)	(9,845)
Manager's fee paid	(27,534)	(26,913)
Payments for other fees and expenses	(17,886)	(17,124)
Tax paid	(2,400)	-
Net cash generated from operating and investing activities	<u>11,006,303</u>	<u>948,261</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash paid from units cancelled	(333,321)	(47,335)
Net cash used in financing activities	<u>(333,321)</u>	<u>(47,335)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	10,672,982	900,926
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	<u>1,931,468</u>	<u>1,030,542</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	<u><u>12,604,450</u></u>	<u><u>1,931,468</u></u>
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash at bank	19,930	24,698
Deposit with a financial institution	<u>12,584,520</u>	<u>1,906,770</u>
Cash and cash equivalents	<u><u>12,604,450</u></u>	<u><u>1,931,468</u></u>

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

TA Spectrum Fund

(For the financial year ended 30 April 2024)

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

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

TA Spectrum Fund ("the Fund") was constituted pursuant to the execution of a Deed of Trust ("the Deed") dated 31 December 2019 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 12 October 2021 and will continue its operations until terminated by the Trustee as provided under Clause 12 of the deed. The Fund is a close-ended fund maturing on the third (3rd) anniversary of the Commencement Date.

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

The financial statements were authorised for issue by the Board of Directors of the Manager in accordance with a resolution on 27 June 2024.

2. BASIS OF PREPARATION

(a) Statement of Compliance

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

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

TA Spectrum Fund

(For the financial year ended 30 April 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 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*

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 May 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 May 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.

TA Spectrum Fund

(For the financial year ended 30 April 2024)

2. BASIS OF PREPARATION (CONTD.)

(d) Significant Accounting Estimates and Judgments

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

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

3. MATERIAL ACCOUNTING POLICIES

(a) Material accounting policies information

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

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

(b) Income recognition

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

Interest income is recognised using the effective interest rate method.

4. MANAGER'S FEE

Manager's fee is computed on a daily basis at 0.10% (2023: 0.10%) per annum of the NAV of the Fund, as agreed by the Trustee and the Manager.

TA Spectrum Fund

(For the financial year ended 30 April 2024)

5. TRUSTEE'S FEE

Trustee's fee is computed on a daily basis at 0.04% (2023: 0.04%) per annum of the NAV of the Fund, subject to minimum of RM6,000 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 is imposed for early redemption by unitholders before the Fund's maturity date.

7. INCOME TAX EXPENSE

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

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

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

	2024	2023
	RM	RM
Net income before tax	1,092,204	11,585
Taxation at Malaysian statutory rate of 24%	262,129	2,780
Effects of interest and other income not subject to tax	(273,712)	(225,396)
Effects of expenses not deductible for tax purpose	4,904	214,025
Restriction on tax deductible expenses for unit trust funds	9,079	8,591
Income tax expense for the financial year	2,400	-

TA Spectrum Fund

(For the financial year ended 30 April 2024)

8. INVESTMENTS

	Note	2024 RM	2023 RM
Financial assets at FVTPL:			
Unquoted structured products outside Malaysia	(a)	-	18,490
Unquoted bonds in Malaysia	(b)	9,903,350	19,964,600
Unquoted Zero-coupon negotiable instrument of deposits ("ZNID") in Malaysia	(c)	5,368,876	5,163,665
		<u>15,272,226</u>	<u>25,146,755</u>
Net income/(loss) on financial assets at FVTPL comprises:			
Net realised loss on investments		(568,178)	(568,178)
Net unrealised income/(loss) on changes in fair value		761,813	(306,252)
		<u>193,635</u>	<u>(874,430)</u>

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

(a) Unquoted structured products outside Malaysia

Issuer Name	Quantity Units	Carrying Value RM	Fair Value RM	% of NAV %
Societe Generale - Maturity 19/10/2024	10,000	571,048	-	-
Total unquoted structured products outside Malaysia	<u>10,000</u>	<u>571,048</u>	<u>-</u>	<u>-</u>

TA Spectrum Fund

(For the financial year ended 30 April 2024)

8. INVESTMENTS (CONTD.)

(b) Unquoted bonds in Malaysia

Issuer Bank	Quantity Units	Carrying Value RM	Fair Value RM	% of NAV %
Besraya 5.04% 26/07/2024	5,000,000	5,018,513	5,014,250	17.90
SPRE IMTN 4.99% 17/07/2024	5,000,000	5,012,750	4,889,100	17.46
Total unquoted bonds In Malaysia	10,000,000	10,031,263	9,903,350	35.36

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

Issuer Bank	Notional Amount RM	Carrying Value RM	Fair Value RM	% of NAV %
Hong Leong Bank Bhd (14/10/2024)	5,472,303	5,409,373	5,368,876	19.17
Total ZNID in Malaysia	5,472,303	5,409,373	5,368,876	19.17
TOTAL FINANCIAL ASSETS AT FVTPL		16,011,684	15,272,226	54.53
EXCESS OF CARRYING VALUE OVER FAIR VALUE			739,458	

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

(a) Unquoted structured products outside Malaysia

Issuer Name	Quantity Units	Carrying Value RM	Fair Value RM	% of NAV %
Societe Generale - Maturity 19/10/2023	10,000	568,178	-	-
Societe Generale - Maturity 19/10/2024	10,000	571,048	18,490	0.07
Total unquoted structured products outside Malaysia	20,000	1,139,226	18,490	0.07

TA Spectrum Fund

(For the financial year ended 30 April 2024)

8. INVESTMENTS (CONTD.)

(b) Unquoted bonds in Malaysia

Issuer Bank	Quantity Units	Carrying Value RM	Fair Value RM	% of NAV %
Besraya 5.04% 26/07/2024	5,000,000	5,095,552	5,061,200	18.57
Sabah Development Bank Bhd 5.30% 24/04/2024	5,000,000	5,064,570	5,030,400	18.46
SPRE IMTN 4.99% 17/07/2024	5,000,000	5,072,164	4,902,450	17.99
UEM Sunrise IMTN 4.00% 16/02/2024	5,000,000	5,002,308	4,970,550	18.24
Total unquoted bonds In Malaysia	20,000,000	20,234,594	19,964,600	73.26

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

Issuer Bank	Notional Amount RM	Carrying Value RM	Fair Value RM	% of NAV %
Hong Leong Bank Bhd (14/10/2024)	5,472,303	5,274,206	5,163,665	18.95
Total ZNID in Malaysia	5,472,303	5,274,206	5,163,665	18.95

TOTAL FINANCIAL ASSETS AT FVTPL	26,648,026	25,146,755	92.28
EXCESS OF CARRYING VALUE OVER FAIR VALUE		1,501,271	

9. DEPOSIT WITH A FINANCIAL INSTITUTION

	2024 RM	2023 RM
Placement with a licensed bank	12,584,520	1,906,770

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)	
	2024	2023	2024	2023
Short-term placement	3.26	2.65	32	2

TA Spectrum Fund

(For the financial year ended 30 April 2024)

10. AMOUNT DUE TO THE MANAGER

Amount due to the Manager relates to the amount payable to the Manager arising from accruals for Manager's fee of RM2,290 (2023: RM2,085) at the end of the financial year.

The normal credit term for Manager's fee is 30 days (2023: 30 days).

11. NET ASSET VALUE ATTRIBUTABLE TO UNITHOLDERS

	Note	2024 RM	2023 RM
Unitholders' capital	(a)	27,610,708	27,944,029
Retained earnings/(Accumulated losses)			
- Realised reserve	(b)	1,136,488	808,497
- Unrealised loss	(c)	(742,129)	(1,503,942)
		<u>28,005,067</u>	<u>27,248,584</u>

(a) Unitholders' capital

	2024		2023	
	No of units	RM	No of units	RM
At beginning of the financial year	27,943,019	27,944,029	27,972,287	27,972,250
Cancellation of units	(337,560)	(333,321)	(29,268)	(28,221)
At end of the financial year	<u>27,605,459</u>	<u>27,610,708</u>	<u>27,943,019</u>	<u>27,944,029</u>

(b) Realised reserve

	2024 RM	2023 RM
At beginning of the financial year	808,497	490,660
Net realised income for the financial year	<u>327,991</u>	<u>317,837</u>
At end of the financial year	<u>1,136,488</u>	<u>808,497</u>

(c) Unrealised loss

	2024 RM	2023 RM
At beginning of the financial year	(1,503,942)	(1,197,690)
Net unrealised income/(loss) for the financial year	<u>761,813</u>	<u>(306,252)</u>
At end of the financial year	<u>(742,129)</u>	<u>(1,503,942)</u>

TA Spectrum Fund

(For the financial year ended 30 April 2024)

12. TOTAL EXPENSE AND PORTFOLIO TURNOVER RATIOS

(a) Total Expense Ratio

The total expense ratio for the financial year/period ended 30 April 2024 was 0.21% (2023: 0.20%). This ratio represents total expenses expressed as an annualised percentage of the Fund's average NAV, calculated on a daily basis.

(b) Portfolio Turnover Ratio

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

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 unquoted ZNIDs and money market instruments.

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

The segment information is presented below:

	Unquoted structured products and unquoted bonds portfolio	Unquoted ZNIDs and money market instruments portfolio	Total
2024	RM	RM	RM
Interest income	851,525	95,306	946,831
Net income on financial assets at FVTPL	193,635	-	193,635
Total segment operating income for the financial year	<u>1,045,160</u>	<u>95,306</u>	<u>1,140,466</u>
Investments	9,903,350	5,368,876	15,272,226
Deposit with a financial institution	-	12,584,520	12,584,520
Interest receivable	138,236	3,971	142,207
Total segment assets	<u>10,041,586</u>	<u>17,957,367</u>	<u>27,998,953</u>
Other liabilities	-	-	-
Total segment liabilities	<u>-</u>	<u>-</u>	<u>-</u>

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

TA Spectrum Fund

(For the financial year ended 30 April 2024)

13. SEGMENT INFORMATION (CONTD.)

	Unquoted structured products and unquoted bonds portfolio	Unquoted ZNIDs and money market instruments portfolio	Total
2023	RM	RM	RM
Interest income	904,277	33,453	937,730
Net loss on financial assets at FVTPL	(493,895)	(380,535)	(874,430)
Total segment operating income/(loss) for the financial period	<u>410,382</u>	<u>(347,082)</u>	<u>63,300</u>
Investments	19,983,090	5,163,665	25,146,755
Deposit with a financial institution	-	1,906,770	1,906,770
Interest receivable	182,853	416	183,269
Total segment assets	<u>20,165,943</u>	<u>7,070,851</u>	<u>27,236,794</u>
Other liabilities	-	-	-
Total segment liabilities	<u>-</u>	<u>-</u>	<u>-</u>

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

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

	2024	2023
Net reportable segment operating income	1,140,466	63,300
Other non-reportable segment operating income	10,000	1,420
Expenses	<u>(58,262)</u>	<u>(53,135)</u>
Net income before tax	1,092,204	11,585
Income tax expense	<u>(2,400)</u>	<u>-</u>
Net income after tax	<u>1,089,804</u>	<u>11,585</u>

TA Spectrum Fund

(For the financial year ended 30 April 2024)

13. SEGMENT INFORMATION (CONTD.)

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

	2024	2023
	RM	RM
Total segment assets	27,998,953	27,236,794
Cash at bank	19,930	24,698
Other receivables	1,490	1,490
Total assets of the Fund	<u>28,020,373</u>	<u>27,262,982</u>
Amount due to the Manager	2,290	2,085
Amount due to Trustee	916	1,754
Other payables and accruals	12,100	10,559
Total liabilities of the Fund	<u>15,306</u>	<u>14,398</u>

14. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

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

TA Spectrum Fund

(For the financial year ended 30 April 2024)

14. FINANCIAL INSTRUMENTS (CONTD.)

(a) Classification of financial instruments (contd.)

2024	Financial assets at FVTPL RM	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
Assets				
Investments	15,272,226	-	-	15,272,226
Deposit with a financial institution	-	12,584,520	-	12,584,520
Interest receivable	-	142,207	-	142,207
Cash at bank	-	19,930	-	19,930
Other receivables	-	1,490	-	1,490
Total financial assets	<u>15,272,226</u>	<u>12,748,147</u>	<u>-</u>	<u>28,020,373</u>
Liabilities				
Amount due to the Manager	-	-	2,290	2,290
Amount due to Trustee	-	-	916	916
Other payables and accruals	-	-	12,100	12,100
Total financial liabilities	<u>-</u>	<u>-</u>	<u>15,306</u>	<u>15,306</u>
Income, expenses, gains and losses				
Interest income	851,525	95,306	-	946,831
Other income	-	10,000	-	10,000
Net income on financial assets at FVTPL	<u>193,635</u>	<u>-</u>	<u>-</u>	<u>193,635</u>

TA Spectrum Fund

(For the financial year ended 30 April 2024)

14. FINANCIAL INSTRUMENTS (CONTD.)

(a) Classification of financial instruments (contd.)

2023	Financial assets at FVTPL RM	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
Assets				
Investments	25,146,755	-	-	25,146,755
Deposit with a financial institution	-	1,906,770	-	1,906,770
Interest receivable	-	183,269	-	183,269
Cash at bank	-	24,698	-	24,698
Other receivables	-	1,490	-	1,490
Total financial assets	<u>25,146,755</u>	<u>2,116,227</u>	<u>-</u>	<u>27,262,982</u>
Liabilities				
Amount due to the Manager	-	-	2,085	2,085
Amount due to Trustee	-	-	1,754	1,754
Other payables and accruals	-	-	10,559	10,559
Total financial liabilities	<u>-</u>	<u>-</u>	<u>14,398</u>	<u>14,398</u>
Income, expenses, gains and losses				
Interest income	904,277	33,453	-	937,730
Other income	-	1,420	-	1,420
Net loss on financial assets at FVTPL	<u>(874,430)</u>	<u>-</u>	<u>-</u>	<u>(874,430)</u>

TA Spectrum Fund

(For the financial year ended 30 April 2024)

14. FINANCIAL INSTRUMENTS (CONTD.)

(b) Financial instruments that are carried at fair value

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

Unquoted structured products outside Malaysia

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

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

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

Unquoted bonds in Malaysia

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

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

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

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

(d) Fair value hierarchy

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).

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

TA Spectrum Fund

(For the financial year ended 30 April 2024)

14. FINANCIAL INSTRUMENTS (CONTD.)

(d) Fair value hierarchy (contd.)

Financial assets at FVTPL:	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2024				
Unquoted structured products outside Malaysia	-	-	-	-
Unquoted bonds in Malaysia	-	9,903,350	-	9,903,350
Unquoted Zero-coupon negotiable instrument of deposit ("ZNID") in Malaysia	-	5,368,876	-	5,368,876
	-	15,272,226	-	15,272,226
2023				
Unquoted structured products outside Malaysia	-	-	18,490	18,490
Unquoted bonds in Malaysia	-	19,964,600	-	19,964,600
Unquoted Zero-coupon negotiable instrument of deposit ("ZNID") in Malaysia	-	5,163,665	-	5,163,665
	-	25,128,265	18,490	25,146,755

14.1 Level 3 fair value

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

Sensitivity analysis

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

TA Spectrum Fund

(For the financial year ended 30 April 2024)

15. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES

(a) Introduction

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

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

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

(b) Risk management structure

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

(c) Risk measurement and reporting system

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

(d) Risk mitigation

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

TA Spectrum Fund

(For the financial year ended 30 April 2024)

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

(e) Excessive risk concentration

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

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

(f) Market risk

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

(i) Price risk

Price risk arises mainly from the uncertainty about future prices of investments. The Manager manages the risk of unfavourable changes in prices by continuous monitoring of the performance and risk profile of the investment portfolio.

The Fund's overall exposure to price risk was as follows:

	2024	2023
	RM	RM
Unquoted investments	<u>15,272,226</u>	<u>25,146,755</u>

TA Spectrum Fund

(For the financial year ended 30 April 2024)

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

(f) Market risk (contd.)

(i) Price risk (contd.)

The following table summarises the sensitivity of the Fund's profit after tax and net asset value to price risk movements. The analysis is based on the assumptions that the market price increased by 5% and decreased by 5% with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the unquoted securities, having regard to the historical volatility of the prices.

	2024		2023	
	Change in price	Impact on income after tax/NAV	Change in price	Impact on income after tax/NAV
	%	RM	%	RM
Unquoted	-5	(763,611)	-5	(1,257,338)
investments	+5	<u>763,611</u>	+5	<u>1,257,338</u>

(ii) Interest rate risk

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

Interest rate risk sensitivity

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

	2024		2023	
	Change in interest rates	Impact on income after tax/NAV	Change in interest rates	Impact on income after tax/NAV
	%	RM	%	RM
Financial assets	-1	24,290	-1	202,210
at FVTPL	+1	<u>(24,290)</u>	+1	<u>(202,210)</u>

The Fund's exposure to interest rate risk associated with deposit with a licensed financial institution is not material as the deposit is held on a short-term basis.

TA Spectrum Fund

(For the financial year ended 30 April 2024)

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

(f) Market risk (contd.)

(ii) Interest rate risk (contd.)

Interest rate risk exposure

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

	Interest bearing instruments RM	Non-interest bearing instruments RM	Total RM	WAEIR %
2024				
Assets				
Investments	9,903,350	5,368,876	15,272,226	
Deposit with a financial institution	12,584,520	-	12,584,520	3.26
Interest receivable	-	142,207	142,207	
Cash at bank	-	19,930	19,930	
Other receivables	-	1,490	1,490	
Total assets	<u>22,487,870</u>	<u>5,532,503</u>	<u>28,020,373</u>	
Liabilities				
Other liabilities	-	15,306	15,306	
Total liabilities	<u>-</u>	<u>15,306</u>	<u>15,306</u>	
Total interest rate sensitivity gap	<u>22,487,870</u>	<u>5,517,197</u>	<u>28,005,067</u>	
2023				
Assets				
Investments	19,964,600	5,182,155	25,146,755	
Deposit with a financial institution	1,906,770	-	1,906,770	2.65
Interest receivable	-	183,269	183,269	
Cash at bank	-	24,698	24,698	
Other receivables	-	1,490	1,490	
Total assets	<u>21,871,370</u>	<u>5,391,612</u>	<u>27,262,982</u>	
Liabilities				
Other liabilities	-	14,398	14,398	
Total liabilities	<u>-</u>	<u>14,398</u>	<u>14,398</u>	
Total interest rate sensitivity gap	<u>21,871,370</u>	<u>5,377,214</u>	<u>27,248,584</u>	

TA Spectrum Fund

(For the financial year ended 30 April 2024)

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

(g) Credit risk

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

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

Financial assets that are either past due or impaired

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

Credit risk exposure

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

Credit quality of financial assets

	Rating by Rating Agency of Malaysia		Unrated RM	Total RM
	P1 / AA2 RM	B1 RM		
As at 30.04.2024				
Credit rating of financial assets at FVTPL				
Financial assets at FVTPL	10,383,126	4,889,100	-	15,272,226

Short term credit rating of financial assets not at FVTPL

Deposit with a financial institution	12,584,520	-	-	12,584,520
Interest receivables	70,433	71,774	-	142,207
Cash at bank	19,930	-	-	19,930
Other receivables	1,490	-	-	1,490
	<u>12,676,373</u>	<u>71,774</u>	<u>-</u>	<u>12,748,147</u>

TA Spectrum Fund

(For the financial year ended 30 April 2024)

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

(g) Credit risk (contd.)

Credit quality of financial assets (contd.)

As at 30.04.2023	Rating by Rating Agency of Malaysia		Unrated	Total
	P1 / A+ / AA2	BBB+		
Credit rating of financial assets at FVTPL	RM	RM	RM	RM
Financial assets at FVTPL	15,062,150	5,163,665	4,920,940	25,146,755
Short term credit rating of financial assets not at FVTPL				
Deposit with a financial institution	1,906,770	-	-	1,906,770
Interest receivables	111,763	416	71,090	183,269
Cash at bank	24,698	-	-	24,698
Other receivables	1,490	-	-	1,490
	<u>2,044,721</u>	<u>416</u>	<u>71,090</u>	<u>2,116,227</u>

(h) Liquidity risk

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

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

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

TA Spectrum Fund

(For the financial year ended 30 April 2024)

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

(h) Liquidity risk (contd.)

The following table summarises the maturity profile of the Fund's unit in issue (classified as equity instruments) and financial liabilities. The table also analyses the maturity profile of the Fund's financial assets against the Fund's contractual commitments to provide an overview of the Fund's liquidity.

2024	Less than 1 year RM	1-2 years RM	Total RM
Assets			
Investments	15,272,226	-	15,272,226
Deposit with a financial institution	12,584,520	-	12,584,520
Interest receivable	142,207	-	142,207
Cash at bank	19,930	-	19,930
Other receivables	1,490	-	1,490
Total undiscounted financial assets	<u>28,020,373</u>	<u>-</u>	<u>28,020,373</u>
Liabilities			
Other liabilities	15,306	-	15,306
Total undiscounted financial liabilities	<u>15,306</u>	<u>-</u>	<u>15,306</u>
Unitholders' total equity	<u>28,005,067</u>	<u>-</u>	<u>28,005,067</u>
Liquidity gap	<u>-</u>	<u>-</u>	<u>-</u>
2023	Less than 1 year RM	1-2 years RM	Total RM
Assets			
Investments	10,000,950	15,145,805	25,146,755
Deposit with a financial institution	1,906,770	-	1,906,770
Interest receivable	183,269	-	183,269
Cash at bank	24,698	-	24,698
Other receivables	1,490	-	1,490
Total undiscounted financial assets	<u>12,117,177</u>	<u>15,145,805</u>	<u>27,262,982</u>
Liabilities			
Other liabilities	14,398	-	14,398
Total undiscounted financial liabilities	<u>14,398</u>	<u>-</u>	<u>14,398</u>
Unitholders' total equity	<u>27,248,584</u>	<u>-</u>	<u>27,248,584</u>
Liquidity gap	<u>(15,145,805)</u>	<u>15,145,805</u>	<u>-</u>

TA Spectrum Fund

(For the financial year ended 30 April 2024)

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

(h) Liquidity risk (contd.)

Notes:

(i) Financial assets

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

(ii) Financial liabilities

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

(iii) Equity

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

(i) Structured product risk

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

TA Spectrum Fund

(For the financial year ended 30 April 2024)

16. CAPITAL MANAGEMENT

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

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

No changes were made in the objectives, policies or processes during the financial year ended 30 April 2024 and the financial period ended 30 April 2023.

TA Spectrum Fund

(For the financial year ended 30 April 2024)

Corporate Information

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

TA Spectrum Fund

(For the financial year ended 30 April 2024)

Corporate Information (cont'd)

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

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

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