



9 February 2024

Dear Unit Holder,

**RE: ISSUANCE OF FIRST SUPPLEMENTARY INFORMATION MEMORANDUM IN RELATION TO THE TA ASIAN BOND FUND (“FUND” OR “FIRST SUPPLEMENTARY INFORMATION MEMORANDUM”)**

First and foremost, we thank you for investing in the Fund.

Reference to our letter dated 12 January 2024, we would like to inform you on the following update to the Fund which will take effect from the date of the First Supplementary Information Memorandum:

- (a) Update to the other expenses related to the Fund;
- (b) Update to the general risks of the Fund;
- (c) Update to the risk mitigation of the Fund; and
- (d) Update to the salient terms of the deed of the Fund.

Please refer to Appendix 1 on the proposed amendments.

Please note that the proposed amendments do not represent all the amendments which will be made via the First Supplementary Information Memorandum, and is subject to changes as may be required from time to time.

Please note that the First Supplementary Information Memorandum will be available on our website at [www.tainvest.com.my](http://www.tainvest.com.my) on the date of issue of the First Supplementary Information Memorandum, targeting end February 2024.

Should you require further clarifications on the above matter, you may contact us at (603) 2031 6603 or email us at [investor.taim@ta.com.my](mailto:investor.taim@ta.com.my).

## **Appendix 1:**

### **Proposed Amendments**

#### **1. Other expenses related to the Fund will be updated to the following:**

- fees in relation to fund accounting;
- costs, fees and expenses incurred for the subscription, renewal and/or licensing of the performance benchmark for the Fund.

#### **Note:**

The above list of other expenses of the Fund are not exhaustive, and the trustee may exercise its discretion in determining whether or not to allow an expense (or the quantum of the expense) to be charged to the Fund. The expenses are directly related to the operation and administration of the Fund. Please note on the following:

- a. fees in relation to fund accounting - This fee has not been charged to the Fund before as we do not currently outsource the function to any external party. We intend to impose the market rate of the fund accounting fee to the Fund in the event if we decided to outsource the function. Currently, to our best knowledge, the market rate of the fund accounting fee quoted by the service provider is up to 0.03%p.a. with a minimum fee.
- b. costs, fees and expenses incurred for the subscription, renewal and/or licensing of the performance benchmark for the Fund - We intend to impose the benchmark fee of up to 0.07%p.a. of the NAV to the Fund in the event if the Fund changes the benchmark and the index sponsor imposed a licensing fee to the Fund or the index sponsor has imposed the licensing fee to the Fund, where applicable.

#### **2. General risks of investing in the Fund will be updated to include the following:**

##### **e) Manager Risk**

This risk refers to the day-to-day management of the Fund by the Manager which will impact the performance of the Fund. For example, investment decisions undertaken by the Manager, as a result of an incorrect view of the market or any non-compliance with internal policies, investment mandate, the Deed, relevant laws or guidelines due to factors such as human error or weaknesses in operational processes and systems may adversely affect the performance of the Fund.

##### **f) Loan Financing Risk**

This risk occurs when investors take a loan or financing to finance their investment. The inherent risk of investing with borrowed or financed money includes investors being unable to service the loan or financing repayments. In the event Units are used as collateral, investors may be required to top-up the investors' existing instalment if the prices of Units fall below a certain level due to market conditions. Failing which, the Units may be sold at a lower NAV per Unit as compared to the NAV per Unit at the point of purchase towards settling the loan or financing.

##### **g) Suspension Risk**

The Manager may, in consultation with the Trustee and having considered the interests of the Unit Holders, suspend the redemption of Units where it is impractical for the Manager to calculate the NAV of the Fund due to the market value or fair value of a material portion of the Fund's investment not being determinable. Upon suspension, the Fund will not able to pay Unit Holders' redemption proceeds in a timely manner and Unit Holders will be compelled to remain invested in the Fund for a longer

period. In such a scenario, Unit Holder's investments will continue to be subjected to risk factors inherent to the Fund.

**3. Risk mitigation of the Fund will be updated to the following:**

We do not employ risk management strategy on the portfolio of the Target Fund. The risk management strategies and techniques employed will be at the Target Fund level, where the Investment Manager combines financial techniques and instruments to manage the overall risk of the Target Fund's portfolio including diversification in terms of its exposure to various countries, industries and sectors.

As this is a feeder fund, the Manager will stay invested in the Target Fund as long as the Target Fund's investment objective and strategies will enable the Fund to meet its investment objective. Nevertheless, during adverse market conditions, the Manager may take a temporary defensive position which may be inconsistent with the Fund's strategy by reducing its investment into the Target Fund and increase the Fund's liquidity level by investing in Liquid Assets to safeguard the Unit Holders' interest.

To avoid suspension of the Fund, the Fund will hold adequate liquid assets (up to 15% of the Fund's NAV) and if the liquid assets are insufficient to meet redemption requests, the Manager may seek temporary financing if this is in the best interests of Unit Holders. If the Manager has exhausted all possible avenues to avoid a suspension of the Fund, the Manager may as a last resort, in consultation with the Trustee and having considered the interests of the Unit Holders, suspend the redemption of Units where it is impractical for the Manager to calculate the NAV of the Fund due to the Manager being unable to determine the market value or fair value of its investment in the Target Fund. Please note that during the suspension period, there will be no NAV per Unit available and hence, any application for subscription, redemption or switching of Units received by the Manager during the suspension period will only be accepted and processed on the next Business Day after the cessation of the suspension. Unit Holders will be notified of the suspension and when the suspension is lifted.

**4. Salient terms of the deed of the Fund will be updated to the following:**

**Rights and Liabilities of the Unit Holders**

1<sup>st</sup> paragraph

As a Unit Holder, and subject to the provisions of the Deed, you have the right:

- (a) to receive distribution of income and/or capital (if any);
- (b) to participate in any increase in the value of the Units;
- (c) to call for Unit Holders' meetings, and to vote for the removal of the Trustee or the Manager through Special Resolution;
- (d) to receive annual and quarterly reports of the Fund; and
- (e) to enjoy such other rights and privileges as are provided for in the Deed.

**Termination of the Fund**

Subject to the provisions of the relevant laws, the Manager may, without having to obtain the prior approval of the Unit Holders, terminate the trust created and wind up the Fund if such termination:

- (a) is required by the relevant authorities; or
- (b) is in the best interests of Unit Holders and the Manager in consultation with the Trustee deems it to be uneconomical for the Manager to continue managing the Fund.

Notwithstanding the aforesaid, if the Fund is left with no Unit Holder, the Manager shall be entitled to terminate the Fund.

Upon the termination of the trust by the Manager, the Manager shall as soon as practicable, give to each Unit Holder of the Fund being wound up notice of such termination; the Manager shall notify the existing Unit Holders in writing of the following options:

- (a) to receive the net cash proceeds derived from the sale of all the Fund's assets less any payment for liabilities of the Fund and any cash produce available for distribution in proportion to the number of Units held by the Unit Holders respectively;
- (b) to use the net cash proceeds to invest in any other wholesale fund managed by the Manager upon such terms and conditions as shall be set out in the written notification; or
- (c) to choose any other alternative as may be proposed by the Manager.

Nonetheless, the Fund may be terminated if a Special Resolution is passed at a Unit Holders' meeting to terminate the Fund.

### **Termination of a Class**

The Manager may terminate a particular Class via the passing of a Special Resolution by the Unit Holders of such Class at a meeting of such Unit Holders, and subject to and in accordance with the relevant laws. The Manager may only terminate a particular Class if the termination of that Class does not prejudice the interests of Unit Holders of any other Class. For the avoidance of doubt, the termination of a Class shall not affect the continuity of any other Class of the Fund.

Notwithstanding the above and subject to the provisions of the relevant laws, the Manager may, without having to obtain the prior approval of the Unit Holders, terminate a particular Class if such termination is in the best interests of Unit Holders of the Class and the Manager in consultation with the Trustee deems it to be uneconomical for the Manager to continue managing the Class.

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