

INTERIM REPORT
TA ASIA PACIFIC
ISLAMIC BALANCED
FUND

For the 6 months ended
31 March 2019



TA Asia Pacific Islamic Balanced Fund

(For the 6 months ended 31 March 2019)

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Key Performance Data

	6 months ended 31/03/2019	6 months ended 31/03/2018	6 months ended 31/03/2017
PORTFOLIO COMPOSITION (% OF NAV)			
Consumer Products	10.77	13.29	3.20
Energy	2.80	-	-
Industrial Products	12.83	9.41	19.51
Trading/Services	9.19	1.80	12.35
Mining	7.22	7.75	6.72
Properties	-	-	5.23
Construction	1.20	2.39	-
Technology	8.37	11.90	6.00
Quoted Shariah-compliant Equity	52.38	46.54	53.01
Unquoted Sukuk	14.21	-	-
Islamic Deposits	13.72	45.84	3.90
Cash (Net of Liabilities)	19.69	7.62	43.09
Total Shariah-compliant Investment	100.00	100.00	100.00

Total Net Asset Value (RM'000)	17,725 #	10,983	3,597
Units In Circulation (Units '000)	38,807	22,624	7,461
Net Asset Value Per Unit (RM)	0.4567	0.4855	0.4821
Management Expense Ratio (%) *	0.94	1.13	1.56
Portfolio Turnover Ratio (times) **	0.41	0.25	0.43

Refer to unaudited account Note 12.

* The MER for the current interim period has registered a decrease compared to the previous interim period. This due to higher percentage of increase in average net asset value compared to total expenses of the Fund.

** The PTR for the current interim period has registered an increase compared to the previous interim period. This due to a higher percentage of increase in average net asset value of the Fund compared to average transactional value of the Fund.

UNIT PRICES

NAV Price Per Unit (RM)	0.4567	0.4855	0.4821
Highest NAV Per Unit for the Period (RM)	0.4623	0.5130	0.4852
Lowest NAV Per Unit for the Period (RM)	0.4280	0.4776	0.4503

TOTAL RETURN (%)

Capital Return	-1.13	0.98	6.21
Income Return	-	-	-
Total Return of Fund	-1.13	0.98	6.21
Total Return of the Benchmark	-1.48	1.86	5.30
50% - Dow Jones Islamic Market Asia Pacific Index			
50% - Maybank 12-month General Investment Account (GIA) rate			

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AVERAGE TOTAL RETURN (%)

	Fund	Benchmark
Period		
1 Year (31/03/2018 - 31/03/2019)	-2.45	0.48
3 Years (31/03/2016 - 31/03/2019)	6.18	7.28
5 Years (31/03/2014 - 31/03/2019)	5.59	7.09

ANNUAL TOTAL RETURN (%)

	Fund	Benchmark
Period		
31/03/2018 - 31/03/2019	-2.45	0.48
31/03/2017 - 31/03/2018	6.97	7.15
31/03/2016 - 31/03/2017	14.71	14.70
31/03/2015 - 31/03/2016	-2.80	0.96
31/03/2014 - 31/03/2015	12.85	13.05

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.

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Manager's Report

TA Asia Pacific Islamic Balanced Fund

Fund Category/Type	Balanced (Islamic): Growth & Income		
Fund Objective	The Fund aims to provide steady income and capital growth over the medium to long-term period by focusing its investment in local and Asia Pacific listed and unlisted equities, Shariah-compliant equity related securities, Islamic fixed income securities, participation in mutual funds and other interests in collective investment schemes which are permitted under the Guidelines on Unit Trust Funds and complies with Shariah requirements.		
Performance Benchmark(s)	Shariah-compliant equity: Dow Jones Islamic Market Asia Pacific Index – 50% Sukuk: Maybank 12-month General Investment Account (GIA) rate – 50%		
Fund's Distribution Policy	The Fund may declare annual/interim distribution (if any) during its financial year.		
Fund's Performance and Investment Strategies Employed	<p>The Fund was managed within its investment objectives for the interim period under review but did not meet its investment objective of providing long-term capital growth from investments in a diversified portfolio of Shariah-compliant securities in local and Asia Pacific financial markets.</p> <p>During the interim period under review, the Fund made a negative return of -1.13% but outperformed its benchmark's return of -1.48%.</p>		
Analysis of Fund's Performance	31/03/19	30/09/18	% Change
NAV/unit (RM)	0.4567 ^	0.4619	-1.13
Total NAV (RM'000)	17,725 ^	17,240	2.81
^ Refer to unaudited account Note 12.			
	Income Distribution (%)	Capital Return # (%)	Total Return (%)
	-	-1.13	-1.13

TA Asia Pacific Islamic Balanced Fund

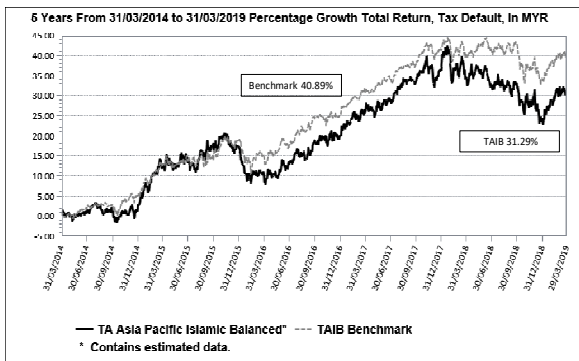
(For the 6 months ended 31 March 2019)

Capital Return components:

- ❖ Quoted Shariah-compliant equity
- ❖ Islamic Deposits

	31/03/19	30/09/18	% Change
Benchmark	163.07	165.52	-1.48

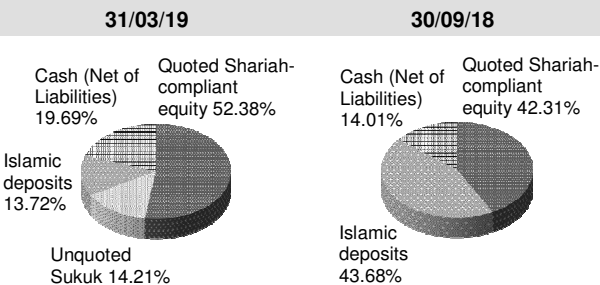
Performance Chart



Distribution/Unit Split

None were declared for the interim period under review ended 31 March 2019.

Asset Allocation



Asset allocation during the interim period under review was primarily in Quoted Shariah-Compliant Equity, followed by investments in Sukuk and Islamic deposits. While economic growth has been relatively stronger in the United States ("US"), while it has been relatively weaker in China, Europe and Japan despite the massive liquidity injection by the respective nations.

Interest rates have remained low and this has encouraged investment in Shariah-compliant equities compared to sukuk

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investments. The balance was invested in sukuk and Islamic liquid assets as allowed in the mandate.

Top Investments

Top 5 Shariah-compliant Stocks

As at 31/03/19 % NAV

Tencent Holdings Ltd (Hong Kong)	8.37
Alibaba Group Holdings (US)	7.11
Fanuc Corporation (Japan)	5.49
Recruit Holdings Company Ltd (Japan)	4.86
NTT Docomo Inc (Japan)	4.33

As at 30/09/18 % NAV

Alibaba Group Holdings Ltd (China)	6.69
Keyence Corporations (Japan)	5.57
Alumina Ltd (Australia)	4.12
Samsung Electronics (Korea)	4.07
Fanuc Corporation (Japan)	4.07

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

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Market Review

Equity markets worldwide suffered sharp losses in October 2018 amidst concern over a multitude of issues which caused foreign funds to sell stocks relentlessly for five consecutive weeks in Asian markets. They off-loaded a net estimated amount of United States Dollar (“USD”)15 billion (in seven regional markets covered by MIDF Research), highest monthly net outflow this year. Net selling by foreign funds was heaviest in Korea and Taiwan which experienced net outflows of USD4 billion and USD4.7 billion respectively while RM1.4 billion fled the Malaysian bourse, lifting the total net selling in 2018 to RM9.9 billion. This erased close to the entire net inflow of RM10.6 billion of 2017 from Malaysia.

Globally, sentiment was eroded by worries of rising United States (“US”) treasury yields, with the 10-year US Treasury at its highest (3.2%) since 2011, sparked by improving economic data in the US. Recent Federal Reserve minutes suggest that there would be more rate hikes in the future, although this is not what President Trump wants given that during the Mid Term elections (6 November 2018). With tariffs of 10% on USD200 billion of Chinese goods from 24 September 2018 and the threat of a higher rate of 25% from 1 January 2019, markets are now worried about possible lacklustre global growth next year onwards and some predictions of the US going into recession in 2020.

In November 2018, the foreign funds were net selling in the last two weeks of the month after they were in net buying mode the first half of the month. Foreign fund net selling was heaviest in Korea and Thailand. For Malaysian stocks, foreign funds net sold RM718.9 million, bringing the net selling for the eleven months of 2018 to RM10.7 billion. Global equity markets under-went a tumultuous in December 2018 led by the heavy sell-off in United States (“US”) markets stemmed from a few main factors namely threat of the US government shutdown, uncertainties from the ongoing trade war between the US and China, BREXIT uncertainty and rising interest rates. The cloud of uncertainty caused the US Federal Reserve to forecast three rate hikes (previously four) for 2019 when it raised interest rates for the fourth time in 2018. The already fragile markets were spooked by weak macro-economic indicators that point to weakening global economic outlook ahead.

Globally, overall market sentiment improved in January 2019, spurred by expectation of a positive outcome from ongoing US and China trade war negotiations after US President Trump signalled that the US would strike a deal with China, indication from the US Federal Reserve that it would likely be more flexible and patient with future rate hikes than its hawkish stance a few months back, and generally less concern about weaker global growth ahead. February 2019 also contributes to the good news following ‘substantial progress’ (according to Trump’s office) being made in the US-China trade talks. The US has also delayed additional tariffs on Chinese goods that were scheduled to take effect on 1 March 2019.

Economic Outlook

The World Bank had also reduced its forecast for global economy growth to 2.7% this year from 2.9% projected earlier in January 2019 year on the back of challenging global conditions. Global growth is projected to slow to 2.7% in 2019, reflecting decelerating

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activity in advanced economies and in many large emerging markets and developing economies. The global trade had also weakened further amid slowing global investment and manufacturing activity. While trade policy uncertainty has abated, global trade growth is expected to moderate further.

The World Bank Group has maintained Malaysia's 2019 gross domestic product ("GDP") growth forecast at 4.7%, driven by private consumption. Private consumption would continue to be the main driver of growth, albeit expanding at a more measured pace. While the external sector may be negatively affected by heightened uncertainty surrounding the global environment, particularly the possible escalation of US-China trade tensions. Going into 2020, the World Bank Malaysia's economy was projected to expand at 4.6%, and the country was expected to achieve high-income country status by 2024. The country's fiscal deficit is also expected to narrow to 3.4% of GDP in 2019 and subsequently to 3.0% in 2020.

Market Outlook And Investment Strategy

The global equity market has a fine run in the First Quarter of 2019 despite a multitude of concerns including the US-China trade talk, Brexit and rising interest rates. This was contrary to expectations and we believe that a number of global fund managers were caught off-guard. The continuation of this trend is forcing or will force fund managers to chase returns which will become more urgent if there is an agreement on the US-China trade issues. Hence, there is a great possibility that there is going to be a spurt in the market. Nonetheless, we must also not lose sight of the underlying slowdown in the global economy that even a US-China trade deal cannot address. Investors must take calculated risk as the market would likely continue to be highly volatile.

It is a very different story for the Malaysian market which has been a laggard in year to date. The FBMKLCI has difficulty in attracting interest due to perceived rich valuation and slow earnings growth. In addition, the country including its key Government-Linked Investment Companies ("GLICs") are undergoing restructuring and recovery exercises. We recommend to look for investment opportunities beyond the top 30 index stocks. There are many companies in Malaysia that will benefit from global factory relocation, recovery in the oil industry, infrastructure re-development and etc. Our strategy is to search and find these growth and undervalued companies for alpha investment.

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Size Of Unitholdings

- As At 31 March 2019

Size of Holdings (units)	No. of Unitholders	% of Unitholders	No. of Units Held ('000)	% of Unit Held
5,000 and below	43	8.22%	120	0.32%
5,000-10,000	55	10.52%	405	1.04%
10,001-50,000	243	46.46%	6,198	15.97%
50,000-500,000	173	33.08%	25,086	64.64%
500,001 and above	9	1.72%	6,998	18.03%
Total	523	100.00%	38,807	100.00%

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 Unitholders of the Fund.

Other Matters

Effective 9 January 2019,

- i) The Shariah Adviser has been changed from "IBFIM" to "BIMB Securities Sdn Bhd".
- ii) The annual Trustee Fee has been amended from "0.07% per annum of the NAV of the Fund calculated on daily basis (subject to a minimum of RM18,000 per annum)" to "0.055% per annum of the NAV of the Fund calculated on daily basis (subject to a minimum of RM15,000 per annum)".

TA Asia Pacific Islamic Balanced Fund

(For the 6 months ended 31 March 2019)

TRUSTEE'S REPORT TO THE UNITHOLDERS OF TA ASIA PACIFIC ISLAMIC BALANCED FUND

We, **CIMB Commerce Trustee Berhad**, being the trustee of **TA Asia Pacific Islamic Balanced Fund** ('the Fund') are of the opinion that **TA Investment Management Berhad** ('the Manager'), acting in the capacity as Manager of the Fund, has fulfilled its duties in the following manner for the financial period ended 31 March 2019.

- (a) The Fund has been managed in accordance with the limitations imposed on the investment powers of the Manager under the Deed, the Securities Commission Malaysia's Guidelines on Unit Trust Funds, the Capital Markets and Services Act 2007 (as amended from time to time) and other applicable laws;
- (b) Valuation and pricing for the Fund has been carried out in accordance with the Deed and relevant regulatory requirements; and
- (c) Creation and cancellation of units have been carried out in accordance with the Deed and relevant regulatory requirements.

For and on behalf of
CIMB Commerce Trustee Berhad

Lee Kooi Yoke
Chief Executive Officer

Kuala Lumpur, Malaysia
17 May 2019

TA Asia Pacific Islamic Balanced Fund

(For the 6 months ended 31 March 2019)

STATEMENT BY THE MANAGER

We, CHOO SWEE KEE and MOHAMMED A'REEFF BIN ABDUL KHALID, being two of the directors of TA Investment Management Berhad, do hereby state that, in the opinion of the Manager, the accompanying unaudited financial statements set out on page 13 to 37, are drawn up so as to give a true and fair view of the financial position of TA Asia Pacific Islamic Balanced Fund as at 31 March 2019 and of its unaudited financial performance and unaudited cash flows for the financial period ended on that date in accordance with Malaysian Financial Reporting and International Financial Reporting Standards.

On behalf of the Manager,

CHOO SWEE KEE

MOHAMMED A'REEFF BIN ABDUL KHALID

Kuala Lumpur, Malaysia
17 May 2019

TA Asia Pacific Islamic Balanced Fund

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SHARIAH ADVISER'S REPORT TO THE UNITHOLDERS OF TA ASIA PACIFIC ISLAMIC BALANCED FUND

We have acted as the Shariah Adviser of TA Investment Management Berhad, the Manager of TA ASIA PACIFIC ISLAMIC BALANCED FUND ("the Fund") for the financial period ended 31 March 2019.

Our responsibility is to ensure that the procedures and processes employed by the Manager as well as the provisions of its Deed dated 6 October 2006 and Supplemental Deed which had been registered with Securities Commission on 21 October 2009 are in accordance with Shariah principles.

In our opinion, based on the periodic reports submitted to us, the Manager has managed and administered the Fund in accordance with Shariah principles and has complied with applicable guidelines, rulings and decisions issued by the Shariah Advisory Council ("SAC") of Securities Commission ("SC") for the financial period ended 31 March 2019.

We confirm that the investment portfolio of the Fund comprises instruments which have been classified as Shariah-compliant by either the SAC of SC, the SAC of Bank Negara Malaysia ("BNM") or the Shariah Supervisory Board of Dow Jones Islamic Market Asia Pacific Index ("SSB of DJIM"). As for instruments which have not been classified by the SAC of SC, the SAC of BNM nor by the SSB of DJIM, we have reviewed and determined the Shariah status of the said instruments.

For and on behalf of the Shariah Adviser,
BIMB SECURITIES SDN BHD

IR. DR. MUHAMAD FUAD ABDULLAH
Designated Shariah Person

Kuala Lumpur, Malaysia
17 May 2019

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UNAUDITED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019

		01.10.2018 to 31.03.2019	01.10.2017 to 31.03.2018
	Note	RM	RM
INCOME			
Dividend income		122,052	40,260
Profit income from Islamic deposit		93,566	45,545
Net (loss)/gain on:			
- financial assets at fair value through profit or loss ("FVTPL")	6	<u>(185,567)</u>	<u>7,212</u>
		<u>30,051</u>	<u>93,017</u>
EXPENSES			
Manager's fee	3	129,310	68,088
Trustee's fee	4	7,778	8,616
Auditors' remuneration		3,600	3,400
Tax agent's fee		1,360	4,090
Investment committee's remuneration		3,600	3,694
Custodian's fee		5,003	2,813
Brokerage and other transaction fees		40,153	17,569
Administrative fees and expenses		<u>12,395</u>	<u>6,967</u>
		<u>203,199</u>	<u>115,237</u>
Net loss before tax		(173,148)	(22,220)
Less: Income tax expense	5	<u>(9,303)</u>	<u>(1,921)</u>
Net loss after tax, representing total comprehensive income for the period		<u>(182,451)</u>	<u>(24,141)</u>
Net loss after tax is made up of the following:			
Net realised (loss)/income		(115,322)	92,484
Net unrealised loss		<u>(67,129)</u>	<u>(116,625)</u>
		<u>(182,451)</u>	<u>(24,141)</u>

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

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UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019

	Note	31.03.2019 RM	30.09.2018 RM
ASSETS			
Shariah-compliant investments	6	11,788,931	7,282,327
Islamic deposit with financial institution	7	2,428,723	7,517,804
Dividend receivable		41,355	618
Profit receivable		19,199	1,957
Amount due from the Manager	10	21,381	286,263
Tax recoverable		-	4,000
Cash at banks		3,441,185	2,820,486
TOTAL ASSETS		17,740,774	17,913,455
LIABILITIES			
Amount due to baitulmal	8 (c)	59	59
Amount due to the Manager	10	21,224	49,970
Amount due to Trustee		778	1,500
Other payables and accruals		11,360	15,700
Distribution payable		-	634,501
TOTAL LIABILITIES		33,421	701,730
EQUITY			
Unitholders' capital	11(a)	17,983,238	17,305,159
Accumulated losses	11(b),(c)	(275,885)	(93,434)
NET ASSET VALUE ("NAV") ATTRIBUTABLE TO UNITHOLDERS		17,707,353	17,211,725
TOTAL EQUITY AND LIABILITIES		17,740,774	17,913,455
NUMBER OF UNITS IN CIRCULATION	11(a)	38,806,640	37,323,593
NAV PER UNIT	12	0.4563	0.4611

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

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UNAUDITED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019

	Unitholders' capital Note 11(a) RM	Accumulated losses Note 11(b) and (c) RM	Total NAV RM
At 1 October 2017	4,443,394	643,337	5,086,731
Total comprehensive loss for the period	-	(24,141)	(24,141)
Creation of units	6,057,322	-	6,057,322
Reinvestment of units	317,186	-	317,186
Cancellation of units	(460,823)	-	(460,823)
At 31 March 2018	<u>10,357,079</u>	<u>619,196</u>	<u>10,976,275</u>
At 1 October 2018	17,305,159	(93,434)	17,211,725
Total comprehensive loss for the period	-	(182,451)	(182,451)
Creation of units	1,293,895	-	1,293,895
Reinvestment of units	626,917	-	626,917
Cancellation of units	(1,242,733)	-	(1,242,733)
At 31 March 2019	<u>17,983,238</u>	<u>(275,885)</u>	<u>17,707,353</u>

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

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UNAUDITED STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019

	01.10.2018 to 31.03.2019 RM	01.10.2017 to 31.03.2018 RM
CASH FLOWS FROM OPERATING AND SHARIAH-COMPLIANT INVESTING ACTIVITIES		
Proceeds from sale of Shariah-compliant investments	4,721,888	1,113,680
Purchase of Shariah-compliant investments	(9,414,059)	(3,609,456)
Dividend received	81,315	42,342
Profit income received	76,324	44,731
Manager's fee paid	(128,186)	(59,930)
Trustee's fee paid	(8,500)	(9,540)
Payment for other fees and expenses	(70,451)	(40,993)
Tax paid	(5,303)	(1,921)
Net cash used in operating and Shariah-compliant investing activities	<u>(4,746,972)</u>	<u>(2,521,087)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash proceed from units created	1,558,777	5,796,314
Cash paid on units cancelled	(1,272,603)	(460,823)
Cash distribution paid	(7,584)	(719)
Net cash from financing activities	<u>278,590</u>	<u>5,334,772</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(4,468,382)	2,813,685
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	10,338,290	2,718,067
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	<u>5,869,908</u>	<u>5,531,752</u>
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash at banks	3,441,185	500,102
Islamic deposit with financial institution	2,428,723	5,031,650
Cash and cash equivalents	<u>5,869,908</u>	<u>5,531,752</u>

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

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NOTES TO THE UNAUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

TA Asia Pacific Islamic Balanced Fund ("the Fund") was constituted pursuant to the execution of a Deed of Trust dated 6 October 2006 and Supplemental Deed (collectively referred to as "the Deed") between the Manager, TA Investment Management Berhad, the Trustee, CIMB Commerce Trustee Berhad and the registered holders of the Fund.

The principal activity of the Fund is to invest in "Authorised Investments" as defined under Division 7.1 of the Deed, which include Shariah-compliant stocks and shares of companies quoted on Bursa Malaysia Securities Berhad ("Bursa Malaysia") and other foreign markets and short term local Islamic money market instruments. The Fund commenced operations on 7 November 2006 and will continue its operations until terminated by the Trustee as provided under Division 3.3 of the Deed.

The Manager, TA Investment Management Berhad, a company incorporated in Malaysia, is a 100% wholly owned subsidiary of TA Securities Holdings Berhad. Its ultimate holding company is TA Enterprise Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad. Its principal activities are the establishment and management of unit trust funds and fund management. The Manager is licensed to carry out dealing in securities and fund management activities under the Capital Markets and Services Act 2007.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

(a) Statement of compliance

The financial statements of the Fund have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS"), collectively known as the "Standards".

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

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.1 Basis of Preparation (contd.)

(a) Statement of Compliance (contd.)

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- MFRS 16, *Leases*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 9, *Financial Instruments – Prepayment Features with Negative Compensation*
- Amendments to MFRS 11, *Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 119, *Employee Benefits - Plan Amendment, Curtailment or Settlement*
- Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2020

- Amendments to MFRS 2, *Share-based Payment*
- Amendments to MFRS 3, *Business Combinations*
- Amendments to MFRS 6, *Exploration for and Evaluation of Mineral*
- Amendment to MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 101, *Presentation of Financial Statements*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors*
- Amendments to MFRS 134, *Interim Financial Reporting*
- Amendments to MFRS 137, *Provision, Contingent Liabilities and Contingent*
- Amendments to MFRS 138, *Intangible Assets*
- Amendments to IC Interpretation 12, *Service Concession Arrangements*
- Amendments to IC Interpretation 19, *Extinguishing Financial Liabilities with Equity Instruments*
- Amendments to IC Interpretation 20, *Stripping Costs in the Production Phase of a Surface Mine*
- Amendments to IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
- Amendments to IC Interpretation 132, *Intangible Assets – Web Site Costs*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- MFRS 17, *Insurance Contracts*

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.1 Basis of Preparation (contd.)

(a) Statement of Compliance (contd.)

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 apply the abovementioned accounting standards, amendments and interpretations:

- from the annual period beginning on 1 October 2018 for those accounting standards, amendments and interpretation that are effective for annual periods beginning on or after 1 January 2018 except for Amendments to MFRS 1, Amendments to MFRS 2, Amendments to MFRS 4, Amendments to MFRS 128 and Amendments to MFRS 140 which are not applicable to the Fund;
- from the annual period beginning on 1 October 2019 for those accounting standard, amendments and interpretation that are effective for annual periods beginning on or after 1 January 2019, except for MFRS 16, Amendments to MFRS 3, Amendments to MFRS 11, Amendments to MFRS 112, Amendments to MFRS 119, Amendments to MFRS 123 and Amendments to MFRS 128 which are not applicable to the Fund; and
- from the annual period beginning on 1 October 2020 for those accounting standard, amendments and interpretation that are effective for annual periods beginning on or after 1 January 2020, except for Amendments to MFRS 2, Amendments to MFRS 3, Amendments to MFRS 6, Amendments to MFRS 14, Amendments to MFRS 138 and Amendments to IC Interpretation 12, Amendments to IC Interpretation 20, Amendments to IC Interpretation 132 which are not applicable to the Fund.

The Fund does not plan to apply MFRS 17, *Insurance Contracts* that is effective for annual periods beginning on 1 January 2021 as it is not applicable to the Fund.

The initial application of the abovementioned accounting standards, amendments or interpretations are not expected to have any material impacts to the financial statements of the Fund.

TA Asia Pacific Islamic Balanced Fund

(For the 6 months ended 31 March 2019)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.1 Basis of Preparation (Contd.)

(b) Basis of measurement

The financial statements of the Fund have been prepared on the historical cost basis, unless otherwise indicated in Note 2.2.

(c) Functional and presentation currency

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

2.2 Significant Accounting Policies

(a) Financial Assets

Financial assets are recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss ("FVTPL"), directly attributable transaction costs.

A financial asset is derecognised when the asset is disposed and the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received is recognised in profit or loss.

Financial assets and liabilities are offset and the net amount reported in the financial statement when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

The Fund determines the classification of its financial assets at initial recognition, and the categories include financial assets at FVTPL and receivables.

TA Asia Pacific Islamic Balanced Fund

(For the 6 months ended 31 March 2019)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Significant Accounting Policies (Contd.)

(i) Financial assets at FVTPL

FVTPL category comprises financial assets that are held for trading, including Shariah-compliant derivatives (except for a Shariah-compliant derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Shariah-compliant derivatives that are linked to and must be settled by delivery of unquoted Shariah-compliant equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as FVTPL are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(ii) Receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as receivables. The Fund includes short-term receivables in this classification.

Subsequent to initial recognition, financial assets categorised as receivables are measured at amortised cost using the effective profit rate method. Gains and losses are recognised in profit or loss when such financial assets are derecognised or impaired, and through the amortisation process.

(b) Impairment of Financial Assets

All financial assets (except for financial assets categorised as fair value through profit or loss) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an Shariah-compliant equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset is estimated.

An impairment loss in respect of receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective profit rate. The carrying amount of the asset is reduced through the use of an allowance account.

TA Asia Pacific Islamic Balanced Fund

(For the 6 months ended 31 March 2019)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Significant Accounting Policies (Contd.)

(b) Impairment of Financial Assets (contd.)

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

(c) Classification of Realised and Unrealised Gains and Losses

Unrealised gains and losses comprise changes in the fair value of financial instruments for the period and from reversal of prior period's unrealised gains and losses for financial instruments which were realised (i.e. sold, redeemed or matured) during the financial period.

Realised gains and losses on disposals of financial instruments classified as part of 'at FVTPL' are calculated using weighted average method. They represent the difference between an instrument's initial carrying amount and disposal amount.

(d) Financial Liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of MFRS 139, *Financial Instruments: Recognition and Measurement* are recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the financial instrument.

The Fund's financial liabilities are recognised initially at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective profit rate method.

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in profit or loss when the liabilities are derecognised.

TA Asia Pacific Islamic Balanced Fund

(For the 6 months ended 31 March 2019)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Significant Accounting Policies (Contd.)

(e) Foreign Currency Transactions

Transactions in foreign currencies are translated to the functional currency of the Fund at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

(f) Unitholders' Capital

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

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

(g) Distribution

Distribution is at the discretion of the Fund. A distribution to the Fund's unitholders is accounted for as a deduction from realised reserves except where distribution is sourced out of distribution equalisation which is accounted for as a deduction from unitholders' capital. A proposed distribution is recognised as a liability in the period which it is approved.

(h) Cash and Cash Equivalents

Cash and cash equivalents comprise cash at banks and short-term Islamic deposits with financial institutions that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

TA Asia Pacific Islamic Balanced Fund

(For the 6 months ended 31 March 2019)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Significant Accounting Policies (Contd.)

(i) 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.

Dividend income is recognised when the Fund's right to receive payment is established.

Profit income is recognised using the effective profit rate method.

(j) Income Tax

Current tax assets or liabilities position as at reporting date are measured at the net amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the tax expense for the financial period are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

Deferred tax is provided for, using the liability method, on taxable temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

(k) Segment Reporting

For management purposes, the Fund is managed by two main portfolios, namely Shariah-compliant equity securities and Islamic money market instruments. Each segment engages in separate investment activities and the operating results are reviewed by the Investment Manager and Investment Committee. The Investment Committee assumes the role of chief operating decision maker, for performance assessment purposes and to make decisions about resources allocated to each Shariah-compliant investment segment.

TA Asia Pacific Islamic Balanced Fund

(For the 6 months ended 31 March 2019)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Significant Accounting Policies (Contd.)

(I) 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.

The Manager classifies its Shariah-compliant equity securities as financial assets at FVTPL as the Fund is an open-ended fund that may sell its Shariah-compliant investments in the short term for profit taking or to meet unitholders' redemptions.

No other 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 within the next financial period.

3. MANAGER'S FEE

The Manager's fee is computed on a daily basis at 1.5% (2018: 1.5%) per annum of the NAV of the Fund, as agreed by the Trustee and the Manager.

4. TRUSTEE'S FEE

Trustee's fee is computed on a daily basis at 0.055% (01.01.2018-31.03.2019) and 0.07% (01-10.2018-31.12.2018) (2018: 0.07%) per annum of the NAV of the Fund, subject to minimum of RM15,000 (2018: RM18,000) per annum.

5. INCOME TAX EXPENSE

	01.10.2018 to 31.03.2019 RM	01.10.2017 to 31.03.2018 RM
Tax expense for the financial period		
- Foreign tax	9,303	1,921

TA Asia Pacific Islamic Balanced Fund

(For the 6 months ended 31 March 2019)

5. INCOME TAX EXPENSE (CONTD.)

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2018: 24%) of the estimated assessable profit for the financial period. Dividend, profit and other income derived from sources outside Malaysia are exempted from Malaysian income tax. However, such income may be subject to tax in the country from which it is derived.

The taxation charge for the financial period is on taxable dividend income derived from countries calculated at the rates prevailing in these countries. In accordance with Schedule 6 of the Income Tax Act 1967, profit income earned by the Fund is exempted from Malaysian tax.

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

	01.10.2018 to 31.03.2019 RM	01.10.2017 to 31.03.2018 RM
Net loss before tax	<u>(173,148)</u>	<u>(22,220)</u>
Taxation at Malaysian statutory rate of 24%	(41,556)	(5,333)
Effects of tax withheld on income from other countries	(1,895)	(1,153)
Effects of profit income on Islamic deposits and other income not subject to tax	(40,549)	(47,240)
Effects of expenses not deductible for tax purposes	61,405	38,490
Restriction on tax deductible expenses for Shariah-compliant unit trust funds	<u>31,898</u>	<u>17,157</u>
Income tax expense for the financial period	<u>9,303</u>	<u>1,921</u>

6. SHARIAH-COMPLIANT INVESTMENTS

	31.03.2019 RM	30.09.2018 RM
Financial assets at FVTPL:		
Quoted Shariah-compliant equity securities in Malaysia	973,445	788,275
Quoted Shariah-compliant equity securities outside Malaysia	8,298,886	6,494,052
Unquoted Sukuk In Malaysia	<u>2,516,600</u>	<u>-</u>
	<u>11,788,931</u>	<u>7,282,327</u>

TA Asia Pacific Islamic Balanced Fund

(For the 6 months ended 31 March 2019)

6. SHARIAH-COMPLIANT INVESTMENTS (CONTD.)

	31.03.2019	30.09.2018
	RM	RM
Net loss on financial assets at FVTPL comprises:		
Realised net (loss)/gain on disposals	(118,438)	495,720
Unrealised loss on net changes in fair value	(67,129)	(774,980)
	<u>(185,567)</u>	<u>(279,260)</u>

Financial assets at FVTPL as at 31 March 2019 are as detailed below:

(a) Quoted Shariah-compliant equity securities in Malaysia

Name of Counter	Quantity Unit	Cost RM	Fair Value RM	% of NAV %
Industrial Products				
DRB-Hicom Bhd	185,000	357,672	351,500	1.99
Spermax Corporation Bhd	278,000	444,774	408,660	2.31
	<u>463,000</u>	<u>802,446</u>	<u>760,160</u>	<u>4.30</u>
Construction				
Malaysian Resources Corporation Bhd	241,000	251,971	213,285	1.20
	<u>704,000</u>	<u>1,054,417</u>	<u>973,445</u>	<u>5.50</u>
Total Shariah-Compliant Equity Securities in Malaysia				

(b) Quoted Shariah-compliant equity securities outside Malaysia

Name of Counter	Quantity Unit	Cost RM	Fair Value RM	% of NAV %
New York				
Consumer Product				
Alibaba Group Holdings SP ADR	1,690	1,153,324	1,258,269	7.11
London				
Consumer Product				
Samsung Electronics-GDF	162	771,919	648,561	3.66

TA Asia Pacific Islamic Balanced Fund

(For the 6 months ended 31 March 2019)

6. SHARIAH-COMPLIANT INVESTMENTS (CONTD.)

(b) Quoted Shariah-compliant equity securities outside Malaysia (contd.)

Name of Counter	Quantity Unit	Cost RM	Fair Value RM	% of NAV %
Australia				
<i>Mining</i>				
Alumina Ltd	86,000	709,186	602,133	3.40
Mineral Resources Ltd	15,020	709,269	675,739	3.82
	<u>101,020</u>	<u>1,418,455</u>	<u>1,277,872</u>	<u>7.22</u>
<i>Industrial Product</i>				
South32 Ltd	<u>50,000</u>	<u>497,099</u>	<u>538,135</u>	<u>3.04</u>
<i>Energy</i>				
Whitehaven Coal Ltd	<u>42,600</u>	<u>568,415</u>	<u>495,466</u>	<u>2.80</u>
Japan				
<i>Industrial Product</i>				
Fanuc Corporation	<u>1,400</u>	<u>1,140,419</u>	<u>971,872</u>	<u>5.49</u>
<i>Trading/Services</i>				
NTT Docomo Inc	8,500	852,242	766,631	4.33
Recruit Holdings Co Ltd	7,400	861,276	860,484	4.86
	<u>15,900</u>	<u>1,713,518</u>	<u>1,627,115</u>	<u>9.19</u>
Hong Kong				
<i>Technology</i>				
Tencent Holdings Ltd	<u>7,900</u>	<u>1,298,111</u>	<u>1,481,596</u>	<u>8.37</u>
Total Shariah-Compliant Equity Securities outside Malaysia				
	<u>220,672</u>	<u>8,561,260</u>	<u>8,298,886</u>	<u>46.88</u>

TA Asia Pacific Islamic Balanced Fund

(For the 6 months ended 31 March 2019)

6. SHARIAH-COMPLIANT INVESTMENTS (CONTD.)

(c) Unquoted Sukuk In Malaysia

Name of Counter	Nominal Amount RM	Cost * RM	Fair Value RM	% of NAV %
4.30% PIBB Senior Sukuk Murabahah 27/07/2021	2,500,000	2,506,371	2,516,600	14.21
Total Unquoted Sukuk In Malaysia	2,500,000	2,506,371	2,516,600	14.21
TOTAL FINANCIAL ASSETS AT FVTPL	3,424,672	12,122,048	11,788,931	66.59
EXCESS OF COST OVER FAIR VALUE			(333,117)	

7. ISLAMIC DEPOSIT WITH FINANCIAL INSTITUTION

	31.03.2019 RM	30.09.2018 RM
This is short-term placement with:		
- Licensed Islamic bank	-	2,489,891
- Licensed Investment bank	2,428,723	5,027,913
	2,428,723	7,517,804

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

	WAEPR (% p.a.)		Average Remaining Maturity (Days)	
	31.03.2019	30.09.2018	31.03.2019	30.09.2018
Short-term placement	3.20	3.17	1	1

TA Asia Pacific Islamic Balanced Fund

(For the 6 months ended 31 March 2019)

8. SHARIAH INFORMATION OF THE FUND

In accordance with the approved list of Shariah-compliant securities by the Shariah Advisory Council of the Securities Commission Malaysia and the advice of the Shariah Adviser, the following is the Shariah information of the Fund:

- (a) Reclassification of Shariah Status of the Fund's Investments;
 - (i) Equity securities listed on Bursa Malaysia which have been reclassified as Shariah-non-compliant by the Shariah Advisory Council of the Securities Commission;
 - (ii) Equity securities in foreign markets which have been reclassified as Shariah non-compliant either by the Shariah Supervisory Board of Dow Jones Islamic Market Indexes and duly verified by the Shariah Adviser.

- (b) Cash Placements and Liquid Assets

Cash placements and liquid assets in local market, which are placed in Shariah-compliant instruments.

- (c) Amount due to baitulmal

Amount due to baitulmal or any other charitable bodies as approved by the Shariah Adviser comprises the interest of RM59 earned from current accounts in foreign currency.

9. AMOUNT DUE FROM STOCKBROKERS

Amount due from stockbrokers relate to disposal of investments which remained outstanding as at the end of the financial period. The normal credit term for these balances is 3 days (30.09.2018: 3 days).

10. AMOUNT DUE FROM/(TO) THE MANAGER

Amount due to the Manager relate to amounts receivable from/payable to the Manager arising from creation/cancellation of units and accruals for Manager's fee at the end of the financial period. The normal credit term for creation and cancellation is 10 days (2018: 10 days) and the normal credit term for Manager's fee is 30 days (2018: 30 days).

TA Asia Pacific Islamic Balanced Fund

(For the 6 months ended 31 March 2019)

11. NET ASSET VALUE ATTRIBUTABLE TO UNITHOLDERS

	Note	31.03.2019 RM	30.09.2018 RM
Unitholders' capital	(a)	17,983,238	17,305,159
Accumulated losses			
- Realised reserve	(b)	(25,999)	89,323
- Unrealised reserve	(c)	(249,886)	(182,757)
		<u>17,707,353</u>	<u>17,211,725</u>

(a) Unitholders' capital

	31.03.2019		30.09.2018	
	No of units	RM	No of units	RM
At beginning of the financial period/year	37,323,593	17,305,159	10,596,828	4,443,394
Creation of units	2,882,379	1,293,895	29,735,782	14,526,276
Reinvestment of units	1,356,083	626,917	656,564	317,186
Cancellation of units	(2,755,415)	(1,242,733)	(3,665,581)	(1,781,060)
	<u>38,806,640</u>	<u>17,983,238</u>	<u>37,323,593</u>	<u>17,505,796</u>
Less: Distribution	-	-	-	(200,637)
At end of the financial period/year	<u>38,806,640</u>	<u>17,983,238</u>	<u>37,323,593</u>	<u>17,305,159</u>

(b) Realised reserve

	31.03.2019 RM	30.09.2018 RM
At beginning of the financial period/year	89,323	51,114
Net (loss)/income for the financial period/year	(115,322)	472,073
Distribution out of realised reserve	-	(433,864)
Net (decrease)/increase in realised reserve	(115,322)	38,209
At end of the financial period/year	<u>(25,999)</u>	<u>89,323</u>

(c) Unrealised reserve

	31.03.2019 RM	30.09.2018 RM
At beginning of the financial period/year	(182,757)	592,223
Net unrealised loss for the financial period/year	(67,129)	(774,980)
At end of the financial period/year	<u>(249,886)</u>	<u>(182,757)</u>

TA Asia Pacific Islamic Balanced Fund

(For the 6 months ended 31 March 2019)

12. NAV PER UNIT

The quoted financial assets have been valued at the bid prices at the close of business. In accordance with the Deed, quoted financial assets are stated at the last done market price in the calculation of NAV attributable to unitholders per unit for the issuance and redemption of units.

A reconciliation of NAV attributable to unitholders for the purpose of issuing/redeeming of units at end of reporting period and the NAV attributable to unitholders per the financial statements is as follows:

	31.03.2019		30.09.2018	
	RM	RM/Unit	RM	RM/Unit
NAV attributable to unitholders for issuing/redeeming of unit	17,725,453	0.4567	17,239,659	0.4619
Effect from adopting bid prices as fair value	(18,100)	(0.0004)	(27,934)	(0.0008)
NAV attributable to unitholders in the financial statements	<u>17,707,353</u>	<u>0.4563</u>	<u>17,211,725</u>	<u>0.4611</u>

13. TRANSACTIONS WITH INVESTMENT BANKS/BROKERS

Details of the transactions with investment banks/brokers during the financial period are as follows:

Name of investment banks/ brokers	Value of trade RM	Percentage	Brokerage fees and commission RM	Percentage
		to total value of trade %		to total brokerage fees and commission %
TA Securities Holdings Bhd *	4,486,275	31.62	17,808	44.35
Nomura Securities (Singapore) Ltd	3,058,687	21.56	7,647	19.04
Hong Leong Bank Bhd	2,557,658	18.03	-	-
CIMB Investment Bank Bhd	1,726,633	12.17	4,914	12.24
Maybank Investment Bank Bhd	1,123,704	7.92	5,144	12.81
Affin Hwang Investment Bank Bhd	690,914	4.87	2,028	5.05
Public Investment Bank Bhd	543,792	3.83	2,612	6.51
	<u>14,187,663</u>	<u>100.00</u>	<u>40,153</u>	<u>100.00</u>

* A company related to the Manager.

The directors of the Manager are of the opinion that the dealings with a company related to the Manager have been transacted on an arm's length basis.

TA Asia Pacific Islamic Balanced Fund

(For the 6 months ended 31 March 2019)

14. MANAGEMENT EXPENSE AND PORTFOLIO TURNOVER RATIOS

(a) Management Expense Ratio

The management expense ratio for the financial period ended 31 March 2019 is 0.94% (2018: 1.13%). This ratio represents total management expenses expressed as an annualised percentage of the Fund's average NAV, calculated on a daily basis. Brokerage and other transaction fees on financial assets at FVTPL are trading related and are not classified as management expenses.

(b) Portfolio Turnover Ratio

The portfolio turnover ratio for the financial period ended 31 March 2019 is 0.41 times (2018: 0.25 times). This ratio represents the average of the total acquisitions and disposals of the Fund for the financial period over the average NAV of the Fund for the financial period calculated on a daily basis.

15. 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 quoted Shariah-compliant equity securities; and
- A portfolio of Islamic money market instruments.

The investment objective is to provide medium to long-term capital growth from investments in a diversified portfolio of Shariah-compliant securities of emerging market. There have been no changes in reportable segments in the current financial period.

16. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES

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

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

TA Asia Pacific Islamic Balanced Fund

(For the 6 months ended 31 March 2019)

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

(a) Economic Risk

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

(b) Derivatives Risk

The Fund may from time to time invest in Shariah-compliant derivatives, which are financial contracts whose values depend on, or are derived from, the value of an underlying asset, reference rate or index. Such assets, rates and indices may include Shariah-compliant shares, foreign exchange rates, sukuk and stock indices. While the judicious use of Shariah-compliant derivatives by professional investment managers can be beneficial, Shariah-compliant derivatives involve risks different from, and, in some cases, greater than, the risks presented by more traditional Shariah-compliant securities investments. Some of the risks associated with Shariah-compliant derivatives are market risk, management risk, credit risk, liquidity risk and leverage risk. The Manager do not intend to use Shariah-compliant derivatives transactions for speculation or leverage but may use them for efficient portfolio management and to hedge existing positions. The Manager will attempt to minimise the risks through careful selection of reputable counterparties and constant monitoring of the Fund's Shariah-compliant derivatives positions.

(c) Special Market and Emerging Market Risks

The Fund invests primarily in Shariah-compliant securities of companies quoted or listed on recognised stock exchanges in the Asia Pacific region. While this may present greater opportunities for capital appreciation, it also involves greater risk than is customarily associated with the Shariah-compliant securities of companies quoted or listed on the stock exchanges of more developed countries. The marketability of quoted Shariah-compliant securities of some Asia Pacific markets may be limited due to foreign investment restrictions, wide dealing spreads, restricted opening hours of stock exchanges and a narrow range of investors.

Trading volume and market capitalisation may be lower than in more developed stock markets. This may result in a lower degree of liquidity for the Fund's investments. The Manager shall approve any deviations from the single country limit under specific conditions such as potential sharp downturn in any market or other defensive conditions for the best interest of the Fund.

TA Asia Pacific Islamic Balanced Fund

(For the 6 months ended 31 March 2019)

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

(d) Repatriation Risk

Certain countries may impose limitations with respect to the Fund's ability to repatriate investment income, capital or the proceeds from sales of Shariah-compliant securities. The Fund would be adversely affected by delays in, or a refusal to grant, any required governmental approval for repatriation of capital as well as the application of restrictions on investments to the Fund. Repatriation risk is managed through portfolio diversification and asset allocation and monitoring of investment portfolio by professional fund manager and the investment committee, with the aim to minimise Shariah-compliant securities exposure in the event of any repatriation risks.

(e) Credit and Settlement Risks

Credit risk refers to the ability of an issuer or a counterparty to make timely payments of profit, principals and proceeds from realisation of Shariah-compliant investments. Trading and settlement practices of some of the markets in which the Fund may invest may not be the same as those in more developed markets, and this may increase settlement risk and/or result in delays in realising Shariah-compliant investments made by the Fund. In addition, the Fund will be exposed to credit risk on parties with whom it trades and will bear the risk of settlement default. The Fund Manager manages the credit risk by setting counterparty limits and undertaking credit evaluation to minimise such risk.

(f) Currency Risk

As the Shariah-compliant investments of the Fund may be denominated in foreign currencies, fluctuations of the exchange rates of foreign currencies against the RM may affect the value of the units of the Fund. To mitigate this risk, the Manager may from time to time employ currency hedging techniques that comply with Shariah requirements to manage the impact of the exchange rate fluctuations on the Fund and/or for the purpose of efficient portfolio management.

(g) Liquidity Risk

The Fund maintains sufficient level of Islamic liquid assets, after consultation with the Trustee, to meet anticipated payments and cancellation of units by unitholders. Islamic liquid assets comprise cash, Islamic deposits with licensed financial institutions and other Shariah-compliant instruments, which are capable of being converted into cash within 7 business days. The Fund's policy is to always maintain a prudent level of Islamic liquid assets so as to reduce the liquidity risk.

TA Asia Pacific Islamic Balanced Fund

(For the 6 months ended 31 March 2019)

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

(h) Single Issuer Risk

The Fund is restricted to invest in Shariah-compliant securities issued by any issuer of not more than a certain percentage of its NAV. Under such restriction, the exposure risk to the Shariah-compliant securities of any issuer is mitigated.

(i) Reclassification of Shariah Status Risk

This risk refers to the risk that the currently held Shariah-compliant equity securities in the portfolio of Shariah-compliant funds may be reclassified as Shariah non-compliant in the periodic review of the securities by the Shariah Advisory Council of the Securities Commission, the Shariah Adviser or the Shariah Supervisory Boards of relevant Islamic indices. If this occurs, the Manager will take the necessary steps to dispose of such securities.

Opportunity loss could occur due to the restriction on the Fund to retain the excess capital gains derived from the disposal of the reclassified Shariah non-compliant securities. In such an event, the Fund should:-

- (i) if the value of the securities exceeds or is equal to the investment cost on the effective date of Reclassification of the List of Shariah-compliant securities by the SAC of the SC, dispose of the securities within one (1) calendar month. The Fund is allowed to keep dividends received and capital gain from the disposal of the securities up to the effective date of Reclassification of the List of Shariah-compliant securities by the SAC of the SC. However, any dividends received and excess capital gain from the disposal of Shariah non-compliant securities after the effective date of Reclassification of the List of Shariah-compliant securities by the SAC of the SC should be channelled to baitulmal and/or approved charitable bodies;
- (ii) if the value of the said securities is below the investment cost on the effective date of Reclassification, hold the securities until the total subsequent dividends received (if any) and the market price or value of the securities is equal to the cost of investment at which time disposal has to take place within one (1) calendar month of attaining investment cost; or
- (iii) dispose of the securities at the price lower than the investment cost which will result in the decrease in the Fund's value.

TA Asia Pacific Islamic Balanced Fund

(For the 6 months ended 31 March 2019)

17. COMPARATIVE FIGURES

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

- The unaudited Statement of Fund Financial Position and its relevant notes are as at 31 March 2019 and 30 September 2018, respectively.
- The unaudited Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows and its relevant notes are for the period from 1 October 2018 to 31 March 2019 and 1 October 2017 to 31 March 2018 respectively.

18. UNAUDITED ACCOUNT

The financial accounts for the six months ended 31 March 2019 are unaudited.

TA Asia Pacific Islamic Balanced Fund

(For the 6 months ended 31 March 2019)

Corporate Information

Manager	TA Investment Management Berhad (340588-T)
Registered Office	34 th Floor, Menara TA One 22 Jalan P. Ramlee 50250 Kuala Lumpur
Board of Directors	En. Mohammed A'reeff Bin Abdul Khalid (Non-Independent / Executive Director) Mr. Choo Swee Kee (Non-Independent / Executive Director) Dr. Wong Hong Meng (Independent / Non-Executive Director) Mr. Chew Chin Guan (Independent / Non-Executive Director)
Investment Committee Members	Nor Asma Binti Mohamed (Non-Independent) Nor Aziah Binti Ab Halim (Non-Independent) Choo Swee Kee (Non-Independent) Kaladher A/L Govindan (Non-Independent) Dato' Tay Kian Chuan (Independent) Dr. Wong Hong Meng (Independent)
Trustee of the Fund	CIMB Commerce Trustee Berhad 17 th Floor, 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 Berhad Ground Floor, Wisma Genting Jalan Sultan Ismail 50250 Kuala Lumpur
Shariah Adviser	BIMB Securities Sdn Bhd Level 32, Menara Multi Purpose Capital Square No. 8, Jalan Munshi Abdullah 50100 Kuala Lumpur
Secretaries	Chuah Wen Pin (MAICSA 7014581) Tan Kit Yee (MAICSA 7061042)

TA Asia Pacific Islamic Balanced Fund

(For the 6 months ended 31 March 2019)

Corporate Information (cont'd)

Management Staff	Wong Mien Chief Executive Officer	Tee Ling Ling Head of Sales & Marketing
	Noorsazreen Binti Nordin Head of Compliance	Alicia Khor Head of Operations
Investment Team	Choo Swee Kee Chief Investment Officer	
	Jennifer Mak Fong Ching Fund Manager	Lam Chee Mun Fund Manager
Head Office	23rd Floor, Menara TA One 22 Jalan P. Ramlee 50250 Kuala Lumpur	
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