

Quarterly Report

May 2018

For the Period Ended 31 May 2018

Areca Progressive Income Fund

Management Company



(740840-D)

QUARTERLY REPORT MAY 2018

✧ ARECA PROGRESSIVE INCOME FUND

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CORPORATE DIRECTORY

MANAGER

Areca Capital Sdn Bhd (740840-D)
107, Blok B, Pusat Dagangan Phileo Damansara 1
No. 9, Jalan 16/11, Off Jalan Damansara
46350 Petaling Jaya, Selangor
Tel: 603-7956 3111, Fax: 603-7955 4111
website: www.arecacapital.com
e-mail: invest@arecacapital.com

BOARD OF DIRECTORS

Wong Teck Meng (Executive)
Edward Iskandar Toh Bin Abdullah (Executive)
Raja Datuk Zaharaton Bt Raja Dato' Zainal Abidin
(Independent)
Dr. Junid Saham (Independent)

INVESTMENT COMMITTEE MEMBERS

Dato' Seri Lee Kah Choon (Independent)
Raja Datuk Zaharaton Bt Raja Dato' Zainal Abidin
(Independent)
Dr. Junid Saham (Independent)

TRUSTEE

RHB Trustees Berhad (573019-U)
Level 11, Tower One, RHB Centre
Jalan Tun Razak
50400 Kuala Lumpur
Tel: 03-9280 8799, Fax: 03-9280 8796

AUDITOR

Deloitte PLT (LLP 0010145-LCA)
Level 16, Menara LGB
1 Jalan Wan Kadir, Taman Tun Dr. Ismail
60000 Kuala Lumpur
Tel: 03-7610 8888, Fax: 03-7726 8986

TAX ADVISER

Deloitte Tax Services Sdn Bhd (36421-T)
Level 16, Menara LGB
1 Jalan Wan Kadir, Taman Tun Dr. Ismail
60000 Kuala Lumpur
Tel: 03-7610 8888, Fax: 03-7726 8986

MANAGER'S OFFICE AND BRANCHES

HEAD OFFICE

107, Blok B, Pusat Dagangan Phileo Damansara 1, No. 9, Jalan 16/11, Off Jalan Damansara,
46350 Petaling Jaya, Selangor.
Tel: 603-7956 3111, Fax: 603-7955 4111
website: www.arecacapital.com
e-mail: invest@arecacapital.com

PENANG – PULAU TIKUS

368-2-02 Belissa Row
Jalan Burma, Georgetown
10350 Pulau Pinang
Tel : 604-210 2011
Fax: 604-210 2013

PERAK - IPOH

11A, (First Floor)
Persiaran Greentown 5
Greentown Business Centre
30450 Ipoh, Perak
Tel : 605-249 6697
Fax: 605-249 6696

MALACCA

95A, Jalan Melaka Raya 24
Taman Melaka Raya
75000 Melaka
Tel : 606-282 9111
Fax: 606-283 9112

QUARTERLY REPORT MAY 2018
ARECA PROGRESSIVE INCOME FUND

FUND INFORMATION

Name of the Fund	Areca Progressive Income Fund																																			
Fund Category/ Type	Wholesale Fund with flexible asset allocation/Income and Growth																																			
Objective of the Fund	The Fund aims to provide Medium to Long Term combination of income and capital growth. Any material changes to the Fund's objective would require Unit Holder's approval.																																			
Performance Benchmark	Maybank's 12-month fixed deposit rate																																			
Distribution Policy of the Fund	Subject to the availability of income, the Fund will distribute income at least once a year. Capital repayment in a form of cash may be made to the Unit Holders. The capital repayment is pursuant to the maturity of the investment, disposal by Manager or early redemption by issuer and without intention to reinvest the investment proceeds. In the absence of any instructions, at the Manager discretion to reinvest the income into another unit trust fund as determined by the Manager at the NAV per Unit of the distribution day without any entry fee.																																			
Profile of unitholdings	<p style="text-align: right;"><i>As at 31 May 2018</i></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Size of Holding (Units)</th> <th style="text-align: center;">No. of accounts</th> <th style="text-align: center;">%</th> <th style="text-align: center;">No. of unit held (million)</th> <th style="text-align: center;">%</th> </tr> </thead> <tbody> <tr> <td>Up to 5,000</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> </tr> <tr> <td>5,001 to 10,000</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> </tr> <tr> <td>10,001 to 50,000</td> <td style="text-align: center;">2</td> <td style="text-align: center;">10.00</td> <td style="text-align: center;">0.10</td> <td style="text-align: center;">1.00</td> </tr> <tr> <td>50,001 to 500,000</td> <td style="text-align: center;">14</td> <td style="text-align: center;">70.00</td> <td style="text-align: center;">2.36</td> <td style="text-align: center;">23.53</td> </tr> <tr> <td>500,001 and above</td> <td style="text-align: center;">4</td> <td style="text-align: center;">20.00</td> <td style="text-align: center;">7.57</td> <td style="text-align: center;">75.47</td> </tr> <tr> <td>Total*</td> <td style="text-align: center;">20</td> <td style="text-align: center;">100.00</td> <td style="text-align: center;">10.03</td> <td style="text-align: center;">100.00</td> </tr> </tbody> </table> <p><i>* excluding units held by the Manager</i></p>	Size of Holding (Units)	No. of accounts	%	No. of unit held (million)	%	Up to 5,000	-	-	-	-	5,001 to 10,000	-	-	-	-	10,001 to 50,000	2	10.00	0.10	1.00	50,001 to 500,000	14	70.00	2.36	23.53	500,001 and above	4	20.00	7.57	75.47	Total*	20	100.00	10.03	100.00
Size of Holding (Units)	No. of accounts	%	No. of unit held (million)	%																																
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Total*	20	100.00	10.03	100.00																																
Rebates & Soft Commissions	The Manager will retain soft commissions received from stockbrokers, provided these are of demonstrable benefit to the Unit Holders. The soft commissions may take the form of goods and services such as data and quotation services, computer software incidental to the management of the Fund and investment related publications. Cash rebates, if any, will be directed to the account of the Fund. During the period under review, the Manager had not received any soft commissions.																																			
Inception Date	28 February 2018																																			
Initial Offer Price	RM1.0000 per unit during the initial offer period of 30 days from the inception date ended 31 March 2018																																			
Pricing Policy	Single Pricing – Selling and repurchase of units by Manager are at Net Asset Value per unit																																			
Financial Year End	31 August																																			

QUARTERLY REPORT MAY 2018
ARECA PROGRESSIVE INCOME FUND

FUND PERFORMANCE

**28.2.2018
to
31.5.2018**

Total Net Asset Value ("NAV") as at 31 May

Total Net Asset Value (RM million)	16.06
Units in circulation (million units)	16.00
NAV per unit (RM)	1.0038

HIGHEST & LOWEST NAV per unit for the period ended 31 May

*Please refer to **Note 1** for further information on NAV and pricing policy*

Highest NAV per unit (RM)	1.0038
Lowest NAV per unit (RM)	1.0000

ASSET ALLOCATION % of NAV as at 31 May

Fixed Income Securities

Corporate bonds	62.39
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Cash & cash equivalent including placements & repo

37.61

DISTRIBUTION

There was no distribution for the financial period under review.

UNIT SPLITS

There was no unit split exercise for the financial period under review.

EXPENSE/ TURNOVER for the period ended 31 May

Management expense ratio (MER) (%)	0.25
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*Please refer to **Note 2** for further information*

Portfolio turnover ratio (PTR) (times)	1.70
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*Please refer to **Note 3** for further information*

TOTAL RETURN for the period ended 31 May

*Please refer to **Note 4** for further information*

Total Return (%)	0.38
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- Capital Return (%)	0.38
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- Income Return (%)	-
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Annual Total Return (%)	1.52
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Benchmark: Average Maybank's

12-month fixed deposit rate (%)	0.84
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	1-yr	3-yrs	5-yrs
Average Total Return per annum (%)	0.38	-	-

QUARTERLY REPORT MAY 2018
ARECA PROGRESSIVE INCOME FUND

NOTES:

Note 1: *Selling of units by the Management Company (i.e. when you purchase units and invests in the Fund) and redemption of units by the Management Company (i.e. when you redeem your units and liquidate your investments) will be carried out at NAV per unit (the actual value of a unit). The entry/ exit fee (if any) would be computed separately based on your net investment/ liquidation amount.*

Note 2: *MER is calculated based on the total fees and expenses incurred by the Fund, divided by the average net asset value calculated on a daily basis.*

Note 3: *PTR is computed based on the average of the total acquisitions and total disposals of the investment securities of the Fund, divided by the average net asset value calculated on a daily basis.*

Note 4: *Fund performance figures are calculated based on NAV to NAV and assume reinvestment of distributions (if any) at NAV. The total return is sourced from Lipper. Benchmark data is sourced from Malayan Banking Berhad.*

Unit prices and distributions payable, if any, may go down as well as up. Past performance of the Fund is not an indication of its future performance.

FUND REVIEW

For the quarter ending 31 May 2018, the Fund posted an annualized return of 1.52% against the benchmark Maybank's 12 mths FD rate of 0.84%. The portfolio is currently invested in very short term and liquid assets, hence the underperformance when compared to the benchmark. This is because the fund manager is yet to be fully satisfied with the structure and security of the targeted investment deferring our commitment to partake in the project. We continue to work diligently with the issuer and legal team so as to ensure the best possible environment before investing.

The Fund achieved its objective to offer investor to provide Medium to Long Term combination of income and capital growth.

Investment Policy and Strategy

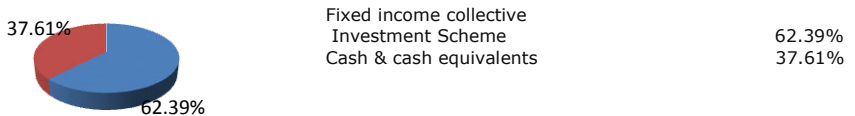
The Fund may invest up to 100% of its NAV in authorized investments with flexible allocation in its assets to achieve a higher possible return by freely changing risk degree according to current market conditions.

NAV per unit as at 31 May 2018

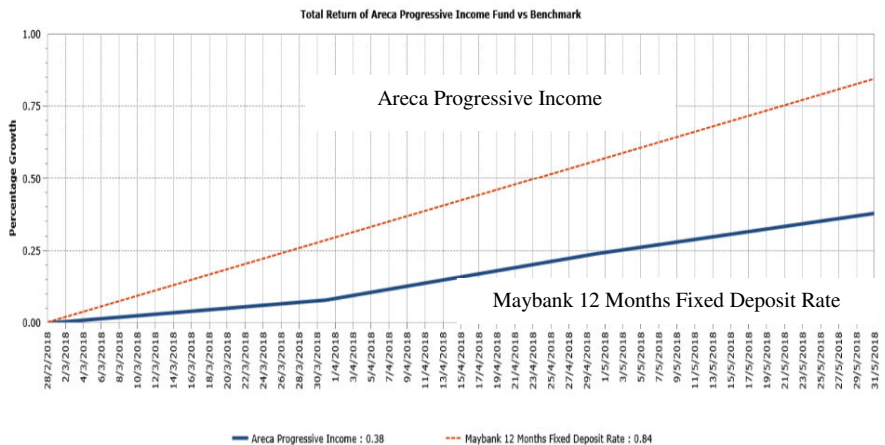
RM1.0038

Asset Allocation / Portfolio Composition as at

31.05.2018



Performance of Progressive Income Fund for the financial period since inception to 31 May 2018



QUARTERLY REPORT MAY 2018

MANAGER'S REPORT

MARKET REVIEW & OUTLOOK

ECONOMIC REVIEW & OUTLOOK

US 1Q2018 GDP grew at 2.8% y-o-y while Unemployment data continue to sparkle with May rate hitting an 18-year low of 3.8%. Inflation has also picked up registering a 6-year high of 2.8% with core inflation above target of 2% every month in this quarter. The Federal Reserve confidently raised rates by a ¼% in March on the back of virtually full employment and economic activity rising at a moderate pace. This induced a fairly hawkish tone and a dot-plot that points towards 4 hikes of a ¼% each for the year 2018. Beginning end January, a tit for tat series of announcements by the US and China on trade tariffs to be imposed in the next few months ramped up tensions in this quarter from March to May 2018. The Dow Jones consolidated below 25000 pts, 8.2% off its high of 26616 at end January to close this quarter at 24415 pts.

China's 1Q GDP surprised many repeating their 2 previous quarters' growth of 6.8%. This was followed with a surprise 1% reduction to Reserve Ratio. The freed up liquidity is to be used to repay high cost medium term facility with PBOC and the balance to be loaned to SMEs. This underscores their desire to improve credit risk of the financial industry while maintaining a supportive monetary policies. Reacting to trade tariffs threat from the US, China's strategy appears to be measured and specific, targeting exporting states that are pro-Trump.

Not spared, the EU has also talked up retaliation towards Trump's announcements of tariffs amidst improving unemployment rate to 8.4% in May (lowest in 9½ years), moderate rise in inflation to 1.9% (highest since April 2017) and a moderating growth rate of 2.5% for 1Q 2018. The EU has kept rates at zero, affirming the need for ample monetary stimulus to continue without any indication if they will extend beyond September their bond purchase program.

Global headlines were made with the unprecedented and unexpected victory by the opposition coalition Pakatan Harapan and subsequent smooth transition of power in Malaysia's relatively fledgling democracy. Removal of GST will be counterbalanced by re-imposition of Sales and Services Tax, deferments of mega projects and higher oil revenues. A sense of prudent financial management at national level as well as addressing high cost of living amongst the citizens suggest a bias towards keeping easy monetary policy with low cost of borrowing while allowing fundamentals to take care of our external factors. Volatility in local stock and bond markets followed election results and will likely continue a while more as the new system of doing business and government replace the old.

Economically, 1Q GDP came in at a respectable 5.4% with Foreign Reserves at USD108.5 billion (or RM419.0 billion) at the end of May against end February's USD103.7 billion (or RM419.5 bil). Inflation is contained at 1.8% with core inflation at its lowest recorded level of 1.5%.

FIXED INCOME MARKET REVIEW & OUTLOOK

Briefly breaching above 3% in May, the 10-year US Treasury benchmark traded at a higher platform of 2.73-3.11% easing off to close this quarter at 2.86% compared to the previous three month's range of 2.34-2.95% reflecting March's Fed Rate hike at optimism in the US economy. The market has absorbed expectations of 3 more hikes for the rest of 2018.

In Malaysia, the Overnight Policy Rate was maintained at 3.25% in March and May with imminent change to Bank Negara Governor following the 14th General Elections. A protégé of previous Governor Dr Zeti, Datuk Shamsiah will likely follow her conservative and stable hand in maintaining a supportive monetary policy.

This quarter also saw foreign funds exit our system totaling RM12.7 billion. Under current uncertainties pertaining to new Government's policies, foreigner fund managers are expected to reduce exposure while rating agencies ponder over the situation. They may not share our optimism towards the mantra of 'short term pain with long term gain'. MGS yield curve bearish flattened rising on average 16 bps over this quarter.

TRUSTEE'S REPORT

For The Financial Period Ended 31st May, 2018

To the Unitholder of Areca Progressive Income Fund

We have acted as Trustee of Areca Progressive Income Fund ("the Fund") for the financial period ended 31st May, 2018. In our opinion and to the best of our knowledge, Areca Capital Sdn Bhd ("the Manager") has operated and managed the Fund in accordance with the following:-

- (a) limitations imposed on the investment powers of the Manager and the Trustee under the Deed, the Securities Commission Malaysia's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework, the Capital Markets and Services Act 2007 and other applicable laws;
- (b) valuation or pricing of the Fund is carried out in accordance with the Deed and relevant regulatory requirement; and
- (c) creation and cancellation of units of the Fund are carried out in accordance with the Deed and any regulatory requirements.

For and on behalf of the Trustee

RHB TRUSTEES BERHAD (Company No: 573019-U)

MOHD SOFIAN BIN KAMARUDDIN
VICE PRESIDENT

LEE YIT CHENG
HEAD, GROUP INT'L OPS SUPPORT &
TRUSTEES OPS

Kuala Lumpur, Malaysia
18th July 2018

STATEMENT BY THE MANAGER

To the Unitholders of Areca Progressive Income Fund

We, **WONG TECK MENG** and **EDWARD ISKANDAR TOH BIN ABDULLAH**, two of the Directors of the Manager, Areca Capital Sdn Bhd, do hereby state that in the opinion of the Manager, the unaudited financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Securities Commission Malaysia's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework in Malaysia so as to give a true and fair view of the financial position of the Fund as of 31st May, 2018 and the financial performance and the cash flows of the Fund for the financial period ended on that date.

For and on behalf of the Manager

Areca Capital Sdn Bhd

WONG TECK MENG
CEO/ EXECUTIVE DIRECTOR

EDWARD ISKANDAR TOH BIN ABDULLAH
CIO/ EXECUTIVE DIRECTOR

Kuala Lumpur
18th July 2018

QUARTERLY REPORT MAY 2018
ARECA PROGRESSIVE INCOME FUND

UNAUDITED STATEMENT OF FINANCIAL POSITION

As Of 31st May, 2018

	Note	RM
Assets		
Investments		
Collective investment scheme	3	10,017,795
Total Investments		<u>10,017,795</u>
Other Assets		
Other receivables		539
Short-term deposits		6,047,123
Cash at bank		<u>5,728</u>
Total Other Assets		<u>6,053,390</u>
Total Assets		<u><u>16,071,185</u></u>
Liability		
Accruals	5	<u>15,450</u>
Total liability		<u>15,450</u>
Unitholders' Fund		
Unitholders' capital		16,000,000
Unrealised reserve		-
Realised reserve		<u>55,735</u>
Net Asset Value attributable to unitholders		<u>16,055,735</u>
Total Unitholders' Fund and Liability		<u>16,071,185</u>
Number of Units in Circulation		<u>15,995,208</u>
Net Asset Value Per Unit	6	<u><u>1.0038</u></u>

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

QUARTERLY REPORT MAY 2018
ARECA PROGRESSIVE INCOME FUND

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME

For The Financial Period From 28th February, 2018 (Launch Date) To 31st May, 2018

	Note	RM
Investment Income		
Interest income		69,123
Net profit from investments:		
Investments at fair value through profit or loss ("FVTPL")	3	<u>17,795</u>
Total Investment Income		<u>86,918</u>
Expenditure		
Management fee	7	27,283
Trustee's fee	8	2,063
Other expenses		<u>1,837</u>
Total Expenditure		<u>31,183</u>
Net Income Before Tax		55,735
Income Tax Expense	9	<u>-</u>
Net Income After Tax/Total Comprehensive Income For The Period		<u><u>55,735</u></u>
 Net Income After Tax Is Made Up Of:		
Realised gain		55,735
Unrealised gain/(loss)		<u>-</u>
		<u><u>55,735</u></u>

UNAUDITED STATEMENT OF CHANGES IN NET ASSET VALUE

For The Financial Period Ended 31st May, 2018

	Unitholders' capital	Realised reserve	Unrealised reserve	Total net asset value
	RM	RM	RM	RM
As launch date	-	-	-	-
Amounts received from units created	16,000,000	-	-	16,000,000
Total comprehensive income for the period	-	55,735	-	55,735
As of 31st May, 2018	<u>16,000,000</u>	<u>55,735</u>	<u>-</u>	<u>16,055,735</u>

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

QUARTERLY REPORT MAY 2018
ARECA PROGRESSIVE INCOME FUND

UNAUDITED STATEMENT OF CASH FLOWS

For The Financial Period From 28th February, 2018 (Launch Date) To 31st May, 2018

	RM
Cash Flows From/(Used In) Operating And Investing Activities	
Proceeds from sale/Maturity of Investments	16,000,000
Interest received	68,585
Purchase of investments	(26,000,000)
Management fee paid	(13,661)
Trustee's fee paid	(1,110)
Payment for other fees and expenses	(963)
Net Cash Generated From/(Used In) Operating And Investing Activities	9,947,149
Cash Flows From/(Used In) Financing Activities	
Cash proceeds from units created	16,000,000
Net Cash From Financing Activities	16,000,000
Net Increase In Cash And Cash Equivalents	6,052,851
Cash And Cash Equivalents At The Beginning of The Financial Period	-
Cash And Cash Equivalents At The End of The Financial Period	6,052,851

Cash and cash equivalents consist of the following amounts:

	RM
Short term deposits	6,047,123
Cash at bank	5,728
	6,052,851

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

QUARTERLY REPORT MAY 2018
ARECA PROGRESSIVE INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Areca Progressive Income Fund ("Progressive Income" or "the Fund") was established pursuant to the Trust Deed dated 12th February, 2018.

The principal activity of the Fund is to invest in investments as defined under Schedule 7 of the Deed, which include unquoted fixed income securities and deposits with financial institutions. The Fund commenced operations on 28th February, 2018 and will continue its operations until terminated by the Trustee in accordance with Part 11 of the Deed.

The objective of the Fund is to provide Medium to Long Term combination of income and capital growth. Any material changes to the Fund's objective would require Unit Holder's approval.

The Manager of the Fund is Areca Capital Sdn Bhd, a company incorporated in Malaysia. Its principal activities are managing private and unit trust funds.

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Fund have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the Securities Commission Malaysia's Guideline on Unlisted Capital Market Products under the Lodge and Launch Framework, the Capital Markets and Services Act 2007 and other applicable laws.

3 INVESTMENTS

At aggregate cost	31.5.2018
	RM
Collective investment scheme	10,000,000
	<u>10,000,000</u>
	31.5.2018
	RM
At fair value	
Collective investment scheme	10,017,795
	<u>10,017,795</u>
	31.5.2018
	RM
Net loss on investments at FVTPL comprised:	
Net unrealised loss on changes in fair value	17,795
	<u>17,795</u>

Details of collective Investment scheme as of 31st May, 2018 are as follows:

Collective investment scheme	Quantity Units RM	Market Price RM	Aggregate Cost RM	Carrying Value RM	Fair Value RM	Fair Value as a % of Net Asset Value %
KAF Bond Fund	53,713	186.5077	10,000,000	10,000,000	10,017,795	62.39
Total collective investment scheme			<u>10,000,000</u>	<u>10,000,000</u>	<u>10,017,795</u>	<u>62.39</u>

QUARTERLY REPORT MAY 2018
ARECA PROGRESSIVE INCOME FUND

4 UNITS HELD BY THE MANAGER AND RELATED PARTIES

As of end of the financial period, the total number and value of units held by the Manager and related parties are as follows:

	No. of units	RM
31.5.2018		
Areca Capital Sdn Bhd	5,964,210	5,983,296
	5,964,210	5,983,296
	5,964,210	5,983,296

The directors of the Manager are of the opinion that the transactions with the related parties have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties.

5 ACCRUALS

	31.5.2018
	RM
Accruals consist of:	
Management fee	13,622
Trustee's fee	954
Others	874
	15,450
	15,450

6 NET ASSET VALUE PER UNIT

The net asset value per unit is calculated by dividing the net asset value attributable to unitholders of RM16,055,735 as of 31st May 2018 by 15,995,208 units in issue as of 31st May 2018.

7 MANAGEMENT FEE

The Schedule 8th of the Deed provides that the Manager is entitled to an annual management fee at a rate not exceeding 2% per annum computed daily on the net asset value of the Fund before the deduction of the management fee and Trustee's fee for the relevant day. The management fee is subject to 6% goods and services tax ("GST") effective 1st April, 2015.

8 TRUSTEE'S FEE

The Schedule 9th of the Deed provides that the Trustee is entitled to an annual Trustee's fee at rate not exceeding 0.07% per annum computed daily on the net asset value of the Fund before the deduction of the management fee and Trustee's fee for the relevant day. The Trustee's fee is subject to 6% goods and services tax ("GST") effective 1st April, 2015.

9 INCOME TAX EXPENSE

There is no tax charge as interest income derived by the Fund is exempted pursuant to Paragraph 35 and 35A, Schedule 6 of the Income Tax Act, 1967. Gains arising from realisation of investments are not treated as income pursuant to Paragraph 61(1)(b) of the Income Tax Act, 1967.

10 MANAGEMENT EXPENSE RATIO AND PORTFOLIO TURNOVER

Management Expense Ratio (MER)

Management expense ratio for the Fund is 0.25% for the period ended 31st May, 2018. The management expense ratio which includes management fee, Trustee's fee, audit fee, tax agent's fee and other expenses, is calculated as follows:

$$\text{MER} = (A + B + C + D + E) \div F \times 100$$

A = Management fee
B = Trustee's fee

D = Tax agent's fee
E = Other expenses

QUARTERLY REPORT MAY 2018
ARECA PROGRESSIVE INCOME FUND

The Manager manages the Fund's credit risk by undertaking credit evaluation and close monitoring of any changes to the issuer/counterparty's credit profile to minimise such risk. It is the Fund's policy to enter into financial instruments with reputable counterparties.

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. None of the Fund's financial assets were past due or impaired as at 31st May, 2018.

The Fund invests only in redeemable convertible preference shares of at least investment grade as rated by a credit rating agency. The Fund also invests in government backed/related securities which are not rated by credit rating agency.

The following table set out the Fund's portfolio of unquoted investments by industry:

Industry	Short-term deposits RM	Collective investment scheme RM
31.5.2018		
Finance services	6,047,123	10,017,795
	6,047,123	10,017,795

Liquidity risk management

Liquidity risk is defined as the ease with which a security can be sold at or near its fair value depending on the volume traded on the market. The Fund manages its liquidity risk by investing predominantly in securities that it expects to be able of being converted into cash with 7 days.

The table below summaries the maturity profile of the Fund's liabilities at the reporting date based on contractual undiscounted repayment obligations:

	Up to 1 month RM	1 - 3 months RM	3 months to 1 year RM	Total RM
31.5.2018				
Financial Liability				
Non-interest bearing				
Accruals	15,450	-	-	15,450

Market risk management

This is a class of risk that inherently exists in an economy and cannot be avoided by any business or company. It is usually due to changes in the economic outlook and affects broad market confidence. This risk cannot be removed from an investment portfolio, which is solely invested within that particular market, by diversification.

Therefore, as the Fund presently invests only in Malaysian fixed income securities, the performance of the Fund might go up or down in accordance with the prevailing market risk of Malaysia.

Interest rate risk management

This risk related to movements in the direction of the interest rates that will cause the value of the securities to fluctuate. The Fund seeks to manage this risk by constructing a fixed income portfolio with sufficient diverse range of maturities in accordance to the interest rate strategies developed after thorough evaluation of macroeconomic variables. As interest rates and yield curves change over time, the Fund may be exposed to a loss in earnings due to the effects of interest rates on the structure of the statement of financial position.

Price risk management

Price risk is the risk of unfavourable changes in the fair value of unquoted fixed income securities as the result of changes in the level of the equity indices and the value of individual securities. The price risk exposure arises from the Fund's investment in unquoted securities.

Capital Risk Management

The capital of the Fund is represented by equity consisting of unitholders' capital and retained earnings. The amount of equity can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unitholders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unitholders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

13 COMPARATIVE FIGURES

There are no comparative figures as this is the Fund's first set of financial statement.

14 QUARTERLY ACCOUNTS

The quarterly accounts for the 3-month period ended 31st May, 2018 have not been audited.



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