

# PRODUCT HIGHLIGHTS SHEET

## Areca USD Short-Term Income Fund

(Date of Constitution: 23 October 2019)

### RESPONSIBILITY STATEMENT

This Product Highlights Sheet has been reviewed and approved by the Directors of Areca Capital Sdn Bhd and collectively and individually accept full responsibility for the accuracy of all information contained herein and confirm, having made all enquiries which are reasonable in the circumstances, that to the best of their knowledge and belief, there are no other facts omitted which would make any statement herein misleading.

### SPECIFIC RISK DISCLOSURE STATEMENTS

The Base Currency of the Fund is in USD. You must use USD to invest in the Fund. If your base currency is a currency other than USD, any fluctuation in the exchange rate would have an impact on your investment. There are additional costs involved when remitting USD levied by your remittance bank. There is an exit fee which is to cover the USD remittance charges incurred by the Fund.

The Fund is suitable only for Sophisticated Investors who are seeking for investment in USD denominated Fixed Income Investments and are able to accept high currency risk, country risk and liquidity risk. You are advised to read the Information Memorandum and obtain professional advice before subscribing to the Fund if you are not able to accept the risks.

### STATEMENT OF DISCLAIMER

The relevant information and document in relation to the Areca USD Short-Term Income Fund, including a copy of this Product Highlights Sheet has been lodged with the Securities Commission Malaysia under the Lodge and Launch Framework.

The lodgement of the relevant information and document in relation to the Areca USD Short-Term Income Fund, including this Product Highlights Sheet, should not be taken to indicate that the Securities Commission Malaysia recommends the Areca USD Short-Term Income Fund or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Product Highlights Sheet.

The Securities Commission Malaysia is not liable for any non-disclosure on the part of Areca Capital Sdn Bhd responsible for the Areca USD Short-Term Income Fund and takes no responsibility for the contents of this Product Highlights Sheet. The Securities Commission Malaysia makes no representation on the accuracy or completeness of this Product Highlights Sheet, and expressly disclaims any liability whatsoever arising from, or in reliance upon, the whole or any part of its contents.



### **NO CASH POLICY**

Areca Capital Sdn Bhd is committed towards safeguarding the interests of our investors; prevention of any incidence of cash mishandling or mismanagement while heeding Bank Negara Malaysia's desire for electronic payment methods for greater efficiency, transparency and accountability.

**WE DO NOT ACCEPT CASH DEPOSIT, CASH PAYMENT AND PAYMENT THROUGH THE CASH DEPOSIT MACHINE AND PAYMENT MADE BY A THIRD PARTY.**

**INVESTOR SHOULD NOT MAKE PAYMENT IN CASH TO A UNIT TRUST CONSULTANT OR ISSUE A CHEQUE IN THE NAME OF A UNIT TRUST CONSULTANT WHEN PURCHASING UNITS OF THE FUND.**

**This Product Highlights Sheet only highlights the key features and risks of the Areca USD Short-Term Income Fund. Investors are advised to request, read and understand the disclosure documents of the Fund before deciding to invest.**

## PRODUCT HIGHLIGHTS SHEET

# ARECA USD SHORT-TERM INCOME FUND

### BRIEF INFORMATION ON THE FUND

#### 1. What is this fund about?

Fund category / type	Wholesale fixed income fund / Income
Manager	Areca Capital Sdn Bhd (740840-D)
Trustee	RHB Trustees Berhad (573019-U)

### PRODUCT SUITABILITY

#### 2. Who is this fund suitable for?

**Please note that this wholesale fund is for Sophisticated Investors (please refer to Glossary) only.**

This Fund is suitable and only offer to Sophisticated Investors (applicable for principal and Jointholder) who:

- have Short Term investment horizon;
- seek regular income and capital preservation; and
- seek exposure in USD denominated Fixed Income Investments.

### KEY FUND FEATURES

#### 3. What am I investing in?

Launch date	31 January 2020
Initial Offer Period	30 days from the Launch Date. The Manager may shorten the IOP.
Initial Offer Price	USD1.0000 (Fixed during Initial Offer Period)
Objective of the Fund	<p>The Fund aims to provide investors with a high level of liquidity while providing regular income and capital preservation.</p> <p>Any material changes to the Fund's objective would require Unit Holder's approval.</p>
Investment Strategy	<p>The Fund aims to achieve its investment objective by investing up to 30% of its NAV (at time of purchase) in a worldwide diversified portfolio of USD denominated Fixed Income Investments and the remaining balance in Short Term Investment and Liquid Assets.</p> <p>While the Fund's core investment will remain in Short Term Investments and Liquid Assets, the Fund may also invest a diversified portfolio of Fixed Income Investments which average tenure of up to 2 years. The selection of Fixed Income Investments may not be constrained by credit ratings of issuances. However, the selection will depend largely on its credit quality where the respective issuers display strong ability to meet their financial obligations as well as their ability to offer highest safety for timely payment of interest and principal.</p> <p>The Fund may also invest in global collective investment schemes. Although the cost is relatively higher than direct investment, investing in collective investment schemes with similar investment objectives of its asset class indirectly gives the Fund exposure to the underlying investment and allows the Fund to mitigate certain risks such as liquidity, volatility and concentration risk.</p>

Asset Allocation	Fixed Income Investments - 0 - 30% Short Term Investment and Liquid Assets - Remaining balance
Performance Benchmark	Maybank's USD Overnight Deposit Rate.  The risk profile of the Fund is different from the risk profile of the performance benchmark. There is no guarantee that the Fund will outperform the performance benchmark.
Income Distribution and Reinvestment Policy	Subject to the availability of distributable income, the Fund may distribute income any time during the financial year. The manager may at its discretion to keep the distributable income for future years, therefore may opt not to distribute income for any particular year.  In the absence of any instructions, we are entitled to reinvest the income distributed from the Fund in additional Units of the Fund at the NAV per Unit of the distribution day without any entry fee.
Financial Year End	31 August

#### 4. Who am I investing in?

Manager	Areca Capital Sdn Bhd (740840-D)
Trustee	RHB Trustees Berhad (573019-U)
Auditors	PricewaterhouseCoopers PLT (LLP0014401-LCA & AF1146)
Tax Advisers	PricewaterhouseCoopers Taxation Services Sdn Bhd (464731-M)
Solicitor	Wei Chien & Partners

#### 5. What are the possible outcomes of my investment?

There are many possible outcomes associated with an investment in the Fund and involves some degree of risk. Investors are to take note that the value of an investment in the Fund and its distributions payable (if any) may go down as well as up and are not guaranteed. The value of your investment is at risk depending on the underlying investments of the Fund.

Under normal circumstances, the Manager aims to out-perform the Fund's benchmark, the Maybank's USD Overnight Deposit Rate. However, on the flip side, the Fund may post a much lower return or even incurring losses if one or more of the key risks occur. **In the worst scenario where all the investments of the Fund are in default or suspended, investors may lose part or even all of your initial investments.**

### KEY RISKS

#### 6. What are the key risks associated with this fund?

**PLEASE BE ADVISED THAT IF YOU INVEST IN UNITS THROUGH AN IUTA WHICH ADOPTS THE NOMINEE SYSTEM OF OWNERSHIP, YOU WOULD NOT BE CONSIDERED TO BE A UNIT HOLDER UNDER THE DEED AND YOU MAY CONSEQUENTLY NOT HAVE ALL THE RIGHTS ORDINARILY EXERCISABLE BY A UNIT HOLDER (FOR EXAMPLE, THE RIGHT TO CALL FOR A UNIT HOLDERS' MEETING AND TO VOTE THEREAT AND THE RIGHT TO HAVE YOUR PARTICULARS APPEARING IN THE REGISTER OF UNIT HOLDERS OF THE FUND).**

Below are the risks associated in the product which may cause significant losses if they occur.

#### General risks of investing in the Unit Trust Fund

- **Market Risk**  
Market risk refers to the possibility that an investment will lose value because of a general decline in financial markets, due to economic, political and/or other factors, which will result in a decline in the fund's net asset value.
- **Manager's Risk**  
This risk refers to the day-to-day management of the fund by the manager which will impact the performance of the fund. For example, investment decisions undertaken by the manager, as a result of an incorrect view of the market or any non-compliance

with internal policies, investment mandate, the deed, relevant law or guidelines due to factors such as human error or weaknesses in operational process and systems, may adversely affect the performance of the fund.

- **Inflation Risk**  
This is the risk that investors' investment in the fund may not grow or generate income at a rate that keeps pace with inflation. This would reduce investors' purchasing power even though the value of the investment in monetary terms has increased.
- **Performance Risk**  
As a result of the risk elements, the returns from a fund are not guaranteed. The value of the fund's investment will vary when sold and an investment may be worth more or less than when purchased

#### **Specific risks associated to the Fund**

The Base Currency of the Fund is in USD. You must use USD to invest in the Fund. If your base currency is a currency other than USD, any fluctuation in the exchange rate would have an impact on your investment. There are additional costs involved when remitting USD levied by your remittance bank. There is an exit fee which is to cover the USD remittance charges incurred by the Fund.

The Fund is suitable only for Sophisticated Investors who are seeking for investment in USD denominated Fixed Income Investments and are able to accept high currency risk, country risk and liquidity risk. You are advised to read the Information Memorandum and obtain professional advice before subscribing to the Fund if you are not able to accept the risks.

- **Concentration risk**  
Concentration risk is the probability of loss arising from lack of diversification, investing with a single issuer. The strength of the issuer may be affected due to changes of financial performance, news of a possible merger or loss of key personnel of the issuer.
- **Country Risk**  
Investments of the Fund in any foreign countries may be affected by changes in the economic and political climate, restriction on currency repatriation or other developments in the law or regulations of the countries in which the Fund invests in. For example, the deteriorating economic condition of the countries may adversely affect the value of the investments undertaken by the Fund in those affected countries. This in turn may cause the NAV or prices of Units to fall.
- **Currency Risk**  
As the base currency of the Fund is in USD, any fluctuation in the exchange rate between the Base Currency and the currencies in which the investments are denominated may have an impact on the value of these investments. Investors should be aware that if the currencies in which the investments are denominated depreciate against the Base Currency, this will have an adverse effect on the NAV of the Fund in the Base Currency and vice-versa. Investors should note that any gains or losses arising from the fluctuation in the exchange rate may further increase or decrease the returns of the investment.
- **Credit and default risk**  
Credit risk relates to the creditworthiness of the issuers of the debt instruments and its expected ability to make timely payment of interest and/or principal. Any adverse situations faced by the issuer may impact the value as well as liquidity of the debt instrument. Default risk relates to the risk that an issuer of a debt instrument either defaulting on payments or failing to make payments in a timely manner which will in turn adversely affect the value of the debt instruments. This could adversely affect the value of the Fund.
- **Interest Rate Risk**  
Interest rate risk refers to the impact of interest rate changes on the valuation of debt instruments whenever is applicable. When interest rates rise, debt instruments prices generally decline and this may lower the market value of the Fund's investment in debt instruments. The reverse may apply when interest rates fall.
- **Counterparty risk**  
Counterparty risk involves the risk that a counterparty or third party will not fulfill its obligations to the Fund. The Fund may be exposed to the risk of a counterparty through investments such as bonds, futures, options and other derivatives. To the extent that a counterparty defaults on its obligations and the Fund is prevented from exercising its rights with respect to the investment in its portfolio, the Fund may experience a decline in the value and incur costs associated with its rights attached to the investment.

**The abovementioned risks which you should consider before investing into a wholesale fund should not be considered to be an exhaustive list.**

**You should be aware that investments in the Fund may be exposed to other risks of an exceptional nature from time to time.**

<b>FEES &amp; CHARGES</b>
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<b>7. What are the fees and charges involved?</b>
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<b>Entry Fee (Sales Charge)</b>	<ul style="list-style-type: none"> <li>▪ Direct investment with Manager: Up to 1% of the net investment amount</li> <li>▪ Third-party distributors: Up to 1% of the net investment amount</li> </ul> <p>Net Investment Amount is the number of units at the NAV per Unit.</p>
<b>Exit Fee</b>	Up to USD 40 (transaction cost of the Fund in remitting USD) and may subject to change from time to time with the approval of trustee.
<b>Cooling-Off Rights</b>	Not Available
<b>Switching Fee</b>	Not Available
<b>Transfer Fee</b>	Not available, unless by operations of law or under the provision of the Deed.
<b>Annual Management Fee</b>	Up to 0.75% per annum of the NAV of the Fund.
<b>Annual Trustee Fee</b>	Up to 0.04% per annum of the NAV of the Fund.

**How will I be notified of any increase in fees and charges?**

- A written communication will be sent to unit holders to notify of the higher rate and its effective date;
- A supplementary or replacement Information Memorandum will be lodged and issued.

<b>VALUATION AND EXITING FROM INVESTMENT</b>
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<b>8. How often are valuations available?</b>
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The valuation of the assets of the Fund is carried out at the end of the Business Day.

The NAV per unit of the Fund will be published on the Manager's website at [www.arecacapital.com](http://www.arecacapital.com)

<b>9. How can I invest in this investment?</b>
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<b>Minimum Initial Investment</b>	USD10,000 or such other limit at the Manager's discretion.
<b>Minimum Additional Investment</b>	USD10,000 or such other limit at the Manager's discretion.

**Note: The Manager reserves the rights to accept or reject any application in whole or part thereof without assigning any reason.**

<b>10. How can I exit from this investment and what are the risks and costs involved?</b>
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<b>Minimum Redemption</b>	USD10,000 or 10,000 Units or such other amount as decided by the Manager. However, if the Redemption request leaves you with less than the Minimum Balance, the Manager may require you to fully redeem all the remaining Units; subject to the availability of Liquid Assets.
<b>Minimum Balance</b>	10,000 Units or such other limit at the Manager's discretion; we will, at our sole discretion, requires you to redeem all the Units should the remaining balance is less than the minimum balance.
<b>Redemption Payment</b>	We will pay you within 10 days upon receipt of the duly completed original Redemption form. However, it is our general Redemption policy to make payment within 2 Business Days (T+2).
<b>Cut-Off time</b>	3.00p.m; we will process your transaction on the next Business Day if we receive your application after the cut-off time.

**Note: All completed transaction forms must be submitted to the Manager before the cut-off time as determined by the Manager, on any Business Day. We will process your transaction on the next Business day if we receive your application after the cut-off time. Distributors may impose an earlier cut-off time if you purchase the Units through our distributors. Redemption proceeds will only be credited into your account after we receive your original redemption form.**

For more information, please refer to the Information Memorandum dated 28 January 2020.

### CONTACT INFORMATION

#### 11. Who should I contact for further information or to lodge a complaint?

For enquiries/further information, please contact:

<b>Head Office</b>	<b>Areca Capital Sdn Bhd (740840-D)</b> 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: <a href="http://www.arecacapital.com">www.arecacapital.com</a> E-mail: <a href="mailto:invest@arecacapital.com">invest@arecacapital.com</a>												
<b>Branches</b>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding: 2px;"><b>Pulau Pinang</b></td> <td style="padding: 2px;"><b>Tel: 604-210 2011</b></td> <td style="padding: 2px;"><b>Fax: 604-210 2013</b></td> </tr> <tr> <td style="padding: 2px;"><b>Ipoh</b></td> <td style="padding: 2px;"><b>Tel: 605-249 6697</b></td> <td style="padding: 2px;"><b>Fax: 605-249 6696</b></td> </tr> <tr> <td style="padding: 2px;"><b>Melaka</b></td> <td style="padding: 2px;"><b>Tel: 606-282 9111</b></td> <td style="padding: 2px;"><b>Fax: 606-283 9112</b></td> </tr> <tr> <td style="padding: 2px;"><b>Kuching</b></td> <td colspan="2" style="padding: 2px;"><b>Tel: 6082-572 472</b></td> </tr> </table>	<b>Pulau Pinang</b>	<b>Tel: 604-210 2011</b>	<b>Fax: 604-210 2013</b>	<b>Ipoh</b>	<b>Tel: 605-249 6697</b>	<b>Fax: 605-249 6696</b>	<b>Melaka</b>	<b>Tel: 606-282 9111</b>	<b>Fax: 606-283 9112</b>	<b>Kuching</b>	<b>Tel: 6082-572 472</b>	
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<b>Kuching</b>	<b>Tel: 6082-572 472</b>												

1. For internal dispute resolution, you may contact:  
Areca Capital Sdn Bhd – Investor Care: 03-7956 3111
2. If you are dissatisfied with the outcome of the internal dispute resolution process, please refer your dispute to the Securities Industries Dispute Resolution Corporation (SIDREC):
  - (a) via phone to : 03-2282 2280
  - (b) via fax to : 03-2282 3855
  - (c) via e-mail to : [info@sidrec.com.my](mailto:info@sidrec.com.my)
  - (d) via letter to : Securities Industry Dispute Resolution Center (SIDREC)  
Unit A-9-1, Level 9, Tower A, Menara UOA Bangsar,  
No. 5, Jalan Bangsar Utama 1, 59000 Kuala Lumpur.
3. You can also direct your complaint to the Securities Commission Malaysia even if you have initiated a dispute resolution process with SIDREC. To make a complaint, please contact the Securities Commission Malaysia's Investor Affairs & Complaints Department:
  - (a) via phone to the Aduan Hotline at : 03-6204 8999
  - (b) via fax to : 03-6204 8991
  - (c) via e-mail to : [aduan@seccom.com.my](mailto:aduan@seccom.com.my)
  - (d) via online complaint form available at [www.sc.com.my](http://www.sc.com.my)
  - (e) via letter to : Investor Affairs & Complaints Department  
Securities Commission Malaysia  
No. 3 Persiaran Bukit Kiara, Bukit Kiara  
50490 Kuala Lumpur
4. Federation of Investment Managers Malaysia (FIMM)'s Complaints Bureau:
  - (a) via phone to : 03-2092 3800
  - (b) via fax to : 03-2093 2700
  - (c) via e-mail to : [complaints@fimm.com.my](mailto:complaints@fimm.com.my)
  - (d) via online complaint form available at [www.fimm.com.my](http://www.fimm.com.my)
  - (e) via letter to : Legal, Secretariat & Regulatory Affairs  
Federation of Investment Managers Malaysia  
19-06-01, 6th Floor Wisma Tune  
No. 19 Lorong Dungun, Damansara Heights  
50490 Kuala Lumpur

**GLOSSARY**

<b>Base Currency</b>	Means the currency in which the Fund is denominated i.e. USD;
<b>Business Day</b>	A day on which Bursa Malaysia Securities Berhad, the stock exchange managed or operated by Bursa Malaysia Berhad, is open for trading;
<b>CMSA</b>	The Capital Markets and Services Act, 2007 including all amendments thereto;
<b>Deed(s)</b>	The deed in relation to the Fund and any other supplemental deeds that may be entered into between the Manager and the Trustee;
<b>Financial Institution</b>	<p>if the institution is in Malaysia –</p> <ul style="list-style-type: none"> <li>i. licensed bank;</li> <li>ii. licensed investment bank; and</li> <li>iii. licensed Islamic bank.</li> </ul> <p>if the institution is outside Malaysia, any institution that is licensed, registered, approved or authorised to provide financial services by the relevant banking regulator;</p> <p>“licensed bank” has the same meaning as given under the Financial Services Act 2013;</p> <p>“licensed investment bank” has the same meaning as given under the Financial Services Act 2013;</p> <p>“licensed Islamic bank” means a bank licensed under the Islamic Financial Services Act 2013”;</p>
<b>Fixed Income Investments</b>	Debentures, instrument / notes that function similar to that of a debt, bonds, collective investment schemes and any other Permitted Investments that are in line with the Fund’s objective (not being classified as Liquid Assets or Short Term Investment);
<b>Fund</b>	Areca USD Short-Term Income Fund;
<b>Guidelines</b>	Guidelines on unlisted Capital Market Products Under the Lodge and Launch Framework as may be amended from time to time;
<b>Information Memorandum</b>	Information Memorandum in relation to the Fund and includes any supplemental or replacement Information Memorandum;
<b>Investment Grade</b>	Means a rating of BBB- or above from Standard & Poor’s, Moody’s and other reputable agencies, Baa3 or above for rating from any internationally recognised credit rating for the fixed income securities or the relevant issuer
<b>Jointholder</b>	A person who holds Units together with another person or persons;
<b>Liquid Assets</b>	Means cash at banks, deposits or any permitted investment capable of being converted into cash within Three (3) days;
<b>Manager/We/Us</b>	Areca Capital Sdn Bhd;
<b>NAV</b>	The net asset value of the Fund, which is the value of all the assets attributed to the Fund less the total liabilities attributed to the Fund at the point of valuation;
<b>NAV per Unit</b>	The NAV of the Fund divided by the number of Units in circulation at the valuation point;
<b>Redemption</b>	The repurchase by the manager of the Units owned by the Unit Holders upon a proper redemption request;
<b>SC</b>	The Securities Commission Malaysia which was established under the Securities Commission Malaysia Act 1993;
<b>Short Term</b>	A period of less than 2 years;

<b>Short Term Investment</b>	Includes but not limited to short term money market instrument, collective investment schemes or any permitted investment capable of being converted into cash within seven (7) days (not being classified as Liquid Assets);
<b>Sophisticated Investor</b>	<ul style="list-style-type: none"> <li>▪ An individual whose total net personal assets, or total net joint assets with his or her spouse, exceed RM3 million or its equivalent in foreign currencies, excluding the value of the individual's primary residence;</li> <li>▪ An individual who has a gross annual income exceeding RM300,000 or its equivalent in foreign currencies per annum in the preceding twelve months;</li> <li>▪ An individual who, jointly with his or her spouse, has a gross annual income exceeding RM400,000 or its equivalent in foreign currencies per annum in the preceding twelve months;</li> <li>▪ A corporation with total net assets exceeding RM10 million or its equivalent in foreign currencies based on the last audited accounts;</li> <li>▪ A partnership with total net assets exceeding RM10 million or its equivalent in foreign currencies;</li> <li>▪ A unit trust scheme or prescribed investment scheme;</li> <li>▪ A private retirement scheme;</li> <li>▪ A closed-end fund approved by the SC;</li> <li>▪ A company that is registered as a trust company under the Trust Companies Act 1949 which has assets under management exceeding RM10 million or its equivalent in foreign currencies;</li> <li>▪ A corporation that is a public company under the Companies Act 2016 which is approved by the SC to be a trustee under the CMSA and has assets under management exceeding RM10 million or its equivalent in foreign currencies;</li> <li>▪ A statutory body established by an Act of Parliament or an enactment of any State;</li> <li>▪ A pension fund approved by the Director General of Inland Revenue under section 150 of the Income Tax Act 1967;</li> <li>▪ Central Bank of Malaysia established under the Central Bank of Malaysia Act 2009;</li> <li>▪ A holder of a capital markets services licence or an executive director or a chief executive officer of a holder of a capital markets services license;</li> <li>▪ A licensed institution as defined in the Financial Services Act 2013;</li> <li>▪ An Islamic bank as defined in the Islamic Financial Services Act 2013;</li> <li>▪ An insurance company registered under the Financial Services Act 2013;</li> <li>▪ A takaful operator registered under the Islamic Financial Services Act 2013;</li> <li>▪ A bank licensee or insurance licensee as defined under the Labuan Financial Services and Securities Act 2010;</li> <li>▪ An Islamic bank licensee or takaful licensee as defined under the Labuan Islamic Financial Services and Securities Act 2010; and</li> <li>▪ Any other investor as may be defined by the SC from time to time;</li> </ul>
<b>Trustee</b>	RHB Trustees Berhad and includes its permitted assigns and successors in title;
<b>Units</b>	Units of the Fund and includes a fraction of a unit of the Fund;
<b>Unit Holder/You</b>	A person for the time being who is registered pursuant to the Deed as a holder of Units, including a Jointholder;
<b>USD</b>	United State Dollar, the lawful currency of Unit State of America;