

Quarterly Report

September 2017

For the Period Ended 30 September 2017

Areca Dynamic Growth Fund

Management Company



(740840-D)

QUARTERLY REPORT SEPTEMBER 2017

✦ ARECA DYNAMIC GROWTH 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

Dato' Wee Hoe Soon @ Gooi Hoe Soon
(Independent, Chairman)
Wong Teck Meng (Executive)
Raja Datuk Zaharaton Bt Raja Dato' Zainal Abidin
(Non-Executive Non-Independent)
Dr. Junid Saham (Independent)

INVESTMENT COMMITTEE MEMBERS

Dato' Wee Hoe Soon @ Gooi Hoe Soon
(Independent, Chairman)
Raja Datuk Zaharaton Bt Raja Dato' Zainal Abidin
(Non-Independent)
Dr. Junid Saham (Independent)

TRUSTEE

Maybank Trustees Berhad (5004-P)
8th Floor, Menara Maybank
100 Jalan Tun Perak
50050 Kuala Lumpur
Tel: 03-2078 8363, Fax: 03-2070 9387

AUDITOR

Deloitte PLT (LLP0010145-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 SEPTEMBER 2017
ARECA DYNAMIC GROWTH FUND

FUND INFORMATION

Name of the Fund	Areca Dynamic Growth Fund																																			
Fund Category/ Type	Wholesale Equity Fund/ Growth																																			
Objective of the Fund	The Fund aims to provide medium to long term capital growth.																																			
Performance Benchmark	Absolute returns of 10% per annum																																			
Distribution Policy of the Fund	Incidental, subject to the availability of income. In the absence of any instructions, the Manager will, at our discretion, pay any income distributed by the Fund to the unit holders, or reinvest the income in additional units at the NAV per unit of the distribution day without any entry fee.																																			
Profile of unitholdings	<p style="text-align: right;"><i>As at 30 September 2017</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;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> </tr> <tr> <td>50,001 to 500,000</td> <td style="text-align: center;">2</td> <td style="text-align: center;">66.67</td> <td style="text-align: center;">0.74</td> <td style="text-align: center;">42.84</td> </tr> <tr> <td>500,001 and above</td> <td style="text-align: center;">1</td> <td style="text-align: center;">33.33</td> <td style="text-align: center;">0.98</td> <td style="text-align: center;">57.16</td> </tr> <tr> <td>Total*</td> <td style="text-align: center;">3</td> <td style="text-align: center;">100.00</td> <td style="text-align: center;">1.72</td> <td style="text-align: center;">100.00</td> </tr> </tbody> </table>	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	-	-	-	-	50,001 to 500,000	2	66.67	0.74	42.84	500,001 and above	1	33.33	0.98	57.16	Total*	3	100.00	1.72	100.00
Size of Holding (Units)	No. of accounts	%	No. of unit held (million)	%																																
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Rebates & Soft Commissions	The Manager retains soft commissions received from stockbrokers, provided these are of demonstrable benefit to unitholders. 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) are directed to the account of the Fund. During the period under review, the Manager had not received any soft commissions.																																			
Inception Date	11 November 2016																																			
Initial Offer Price	RM1.0000 per unit during the initial offer period of 10 days ended 20 November 2016																																			
Pricing Policy	Single Pricing – Selling and repurchase of units by Manager are at Net Asset Value per unit																																			
Financial Year End	31 March																																			

* excluding units held
by the Manager

QUARTERLY REPORT SEPTEMBER 2017
ARECA DYNAMIC GROWTH FUND

FUND PERFORMANCE

	01.07.2017 to 30.09.2017	01.04.2017 to 30.06.2017
Total Net Asset Value ("NAV")		
Total Net Asset Value (RM million)	1.69	1.71
Units in circulation (million units)	1.72	1.72
NAV per unit (RM)	0.9830	0.9892
HIGHEST & LOWEST NAV per unit		
<i>Please refer to Note 1 for further information on NAV and pricing policy</i>		
Highest NAV per unit (RM)	0.9892	0.9953
Lowest NAV per unit (RM)	0.9831	0.9892
ASSET ALLOCATION % of NAV		
<i>Unlisted Securities</i>		
	101.55	100.91
<i>Cash & cash equivalent including placements & repo</i>		
	-1.55	-0.91
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 30 September		
Management expense ratio (MER) (%)	0.63	0.61
<i>Please refer to Note 2 for further information</i>		
Portfolio turnover ratio (PTR) (times)	-	-
<i>Please refer to Note 3 for further information</i>		
TOTAL RETURN for the period ended 30 June		
<i>Please refer to Note 4 for further information</i>		
Total Return (%)	-0.62	-0.61
- Capital Return (%)	-	-
- Income Return (%)	-0.62	-0.61

QUARTERLY REPORT SEPTEMBER 2017
ARECA DYNAMIC GROWTH 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.*

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.

QUARTERLY REPORT SEPTEMBER 2017
ARECA DYNAMIC GROWTH FUND

FUND REVIEW

The Fund's NAV per unit decreased from RM0.9892 as at 30 June 2017 to RM0.9830 as at 30 September 2017. For the quarter ending 30 September 2017, the Fund posted an annualized return of -0.62%. As a security requires longer period to see its potential gains, the Fund's net asset value is affected by the normal running cost and fee such as trustee and management fees. Please refer details of the unaudited financial statements.

During the period under review, we focused on identifying investments to achieve its objective, which under the then current situation commodity stocks were preferred. Hence we remained to hold our investment in an unlisted oil and gas ("O&G") stock.

As the fund holds only 1 stock in its portfolio, there is heightened concentration risk. The Fund also may face liquidity risk as the investment is made in an unlisted stock. The Fund does not have any other investment, borrowings and lending. Please refer to the risk factors disclosed in this report.

Despite weaker commodity prices, Malaysian equities continued its climb in September as it was a beneficiary of broader foreign portfolio inflows into Asia. For the month, Brent crude oil futures risen 4.0% to USD58 per barrel while spot crude palm oil extended its February fall, slipping 2.7% to end at RM2,695 per ton.

We would hold the investment as long as we view the industry and the stock would bring the potential capital gains to the Fund.

Quarterly performance of Brent Oil Price since inception date

Descriptions	11-Nov-16 USD	31-Mar-17 USD	30-Jun-17 USD	30-Sep-17 USD
Brent Oil Price (per barrel)	44.75	52.83	47.92	57.54

Investment Policy and Strategy

The Fund will invest a maximum of 100% of its NAV in domestic and foreign equities and other equity-related securities including unlisted securities, to achieve its objective. The Fund may concentrate its investments wholly in securities of a company or a single issuer that have potential for capital growth.

NAV per unit as at 30 September 2017

RM0.9830

Asset Allocation / Portfolio Composition

30.09.2017 30.06.2017

Unlisted securities	101.55%	100.91%
Cash & cash equivalents	-1.55%	-0.91%

QUARTERLY REPORT SEPTEMBER 2017
ARECA DYNAMIC GROWTH FUND

STATEMENT BY THE MANAGER

To the Unitholders of Areca Dynamic Growth Fund

We, Wong Teck Meng and Dato' Wee Hoe Soon @ Gooi Hoe Soon, two of the Directors of the Manager, Areca Capital Sdn Bhd, do hereby state that in the opinion of the Manager, the accompanying 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 30 September 2017 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

Kuala Lumpur
20 November 2017

DATO' WEE HOE SOON @ GOOI HOE SOON
INDEPENDENT DIRECTOR

Kuala Lumpur
20 November 2017

QUARTERLY REPORT SEPTEMBER 2017
ARECA DYNAMIC GROWTH FUND

UNAUDITED STATEMENT OF FINANCIAL POSITION

As Of 30th September, 2017

	Note	30.09.2017 RM	30.06.2017 RM
Assets			
Investments			
Unlisted securities	3	1,721,210	1,721,210
Total Investments		<u>1,721,210</u>	<u>1,721,210</u>
Other Assets			
Cash at bank		1,316	1,498
Total Other Assets		<u>1,316</u>	<u>1,498</u>
Total Assets		<u>1,722,526</u>	<u>1,722,708</u>
Liability			
Accruals		27,558	17,104
Total liability		<u>27,558</u>	<u>17,104</u>
Unitholders' Fund			
Unitholders' capital		1,724,197	1,724,197
Realised reserve		(29,229)	(18,593)
Net Asset Value attributable to unit holders		<u>1,694,968</u>	<u>1,705,604</u>
Total Unitholders' Fund and Liability		<u>1,722,526</u>	<u>1,722,708</u>
Number of Units in Circulation		<u>1,724,197</u>	<u>1,724,197</u>
Net Asset Value Per Unit		<u>0.9830</u>	<u>0.9892</u>

UNAUDITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Financial Period Ended 30th September, 2017

	01.07.2017 to 30.09.2017 RM	01.04.2017 to 30.06.2017 RM
Expenditure		
Management fee	6,429	6,399
Trustee's fee	171	171
Other expenses	4,036	3,921
Total Expenditure	<u>10,636</u>	<u>10,491</u>
Net Loss Before Tax	(10,636)	(10,491)
Income Tax Expense	-	-
Net Loss After Tax/Total Comprehensive Loss For The Period	<u>(10,636)</u>	<u>(10,491)</u>
Net Loss After Tax Is Made Up Of:		
Realised loss	(10,636)	(10,491)
Unrealised gain	-	-
	<u>(10,636)</u>	<u>(10,491)</u>

The accompanying Notes form an integral part of the Financial Statements.

QUARTERLY REPORT SEPTEMBER 2017
ARECA DYNAMIC GROWTH FUND

UNAUDITED STATEMENT OF CHANGES IN NET ASSET VALUE

For The Financial Period Ended 30th September, 2017

	Unitholders' capital RM	Realised reserve RM	Total net asset value RM
As of 1st March, 2017	1,724,197	(8,102)	1,716,095
Total comprehensive loss for the period	-	(10,491)	(10,491)
As of 30th June, 2017	<u>1,724,197</u>	<u>(18,593)</u>	<u>1,705,604</u>
As of 1st July, 2017	1,724,197	(18,593)	1,705,604
Total comprehensive loss for the period	-	(10,636)	(10,636)
As of 30th September, 2017	<u><u>1,724,197</u></u>	<u><u>(29,229)</u></u>	<u><u>1,694,968</u></u>

UNAUDITED STATEMENT OF CASH FLOWS

For The Financial Period Ended 30th September, 2017

	01.07.2017 to 30.09.2017 RM	01.04.2017 to 30.06.2017 RM
Cash Flows From/(Used In) Operating And Investing Activities		
Management fee paid	-	-
Trustee's fee paid	(172)	(173)
Payment for other fees and expenses	(10)	(18)
Net Cash Used In Operating And Investing Activities	<u>(182)</u>	<u>(191)</u>
Cash Flows From/(Used In) Financing Activities		
Cash proceeds from units created	-	-
Net Cash Used In Financing Activities	<u>(182)</u>	<u>(191)</u>
Net Decrease In Cash And Cash Equivalents	(182)	(191)
Cash And Cash Equivalents At The End of The Financial Period	<u>1,498</u>	<u>1,689</u>
Cash And Cash Equivalents At The End of The Financial Period	<u><u>1,316</u></u>	<u><u>1,498</u></u>

Cash and cash equivalents consist of the following amounts:

	30.09.2017 RM	30.06.2017 RM
Cash at bank	<u>1,316</u>	<u>1,498</u>

The accompanying Notes form an integral part of the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Areca Dynamic Growth Fund ("the Fund") was established pursuant to the Trust Deed dated 31st October, 2016 ("the Deed") between Areca Capital Sdn Bhd as the Manager, Maybank Trustees Berhad as the Trustee and all the registered unit holders of the Fund.

The principal activity of the Fund is to invest in investments as defined under Schedule 7 of the Deed, which include securities listed on Bursa Malaysia Securities Berhad or any other permitted foreign stock exchanges, unlisted securities, collective investment schemes and deposits with financial institutions. The Fund commenced operations on 11th November, 2016 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 investors with medium to long term capital growth.

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

	30.09.2017	30.06.2017
	RM	RM
At aggregate cost		
Unlisted securities	1,721,210	1,721,210
At market value		
Unlisted securities	1,721,210	1,721,210

Details of investments as of 30th September, 2017 are as follows:

							Fair Value as a % of Net Asset Value
30.09.2017	No. of Shares Units	Valuation Price RM	Aggregate Cost RM	Carrying Value RM	Fair Value RM	Fair Value RM	Value %
Unlisted securities							
Trading/Services							
ICE Petroleum							
Ventures Sdn Bhd	1,721,210	1.00	1,721,210	1,721,210	1,721,210	1,721,210	101.55
Total investments			1,721,210	1,721,210	1,721,210	1,721,210	101.55
30.06.2017							
Unlisted securities							
Trading/Services							
ICE Petroleum							
Ventures Sdn Bhd	1,721,210	1.00	1,721,210	1,721,210	1,721,210	1,721,210	100.91
Total investments			1,721,210	1,721,210	1,721,210	1,721,210	100.91

QUARTERLY REPORT SEPTEMBER 2017
ARECA DYNAMIC GROWTH FUND

4 UNITS HELD BY RELATED PARTY

The number of units held by the related party is as follows:

	<-----30.09.2017----->	<-----30.06.2017----->	
	No. of units	RM	No. of units RM
Dato' Wee Hoe Soon @ Gooi Hoe Soon, a director of the Manager	394,097	387,437	394,097 389,841

5 KEY RISKS OF INVESTING IN THE FUND

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.

Liquidity Risk

Liquidity risk refers to the ease of liquidating an asset depending on the asset's volume traded in the market. If the Fund holds assets that are illiquid, or are difficult to dispose of, the value of the Fund will be negatively affected when it has to sell such assets at unfavourable prices.

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 NAV.

Stock Specific Risk

Prices of a particular stock may fluctuate in response to the circumstances affecting individual companies such as adverse financial performance, news of a possible merger or loss of key personnel of a company. Any adverse price movements of such stocks will adversely affect the Fund's NAV.

Equity-related Securities Risk

The Fund invests in equity-related securities such as rights and warrants, where price movement is dependent on the price movement of the underlying equities. The risk is generally higher than their underlying equities as these equity related securities are leveraged form of investment. The price of equity-related securities generally fluctuates more than the underlying equities and consequently may affect the volatility of the Fund's NAV.

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.

6 QUARTERLY ACCOUNTS

The quarterly accounts for the 3-month period ended 30th September, 2017 have not been audited.



ARECA CAPITAL SDN BHD (740840-D)

107, Blok B, Pusat Dagangan Phileo
Damansara I, No.9, Jalan 16/11
Off Jalan Damansara, 46350 Petaling Jaya
Selangor, Malaysia

T 603•7956 3111 **F** 603•7955 4111

E invest@arecacapital.com

www.arecacapital.com

Penang Branch

368-2-02 Belissa Row, Jalan Burma
Georgetown, 10350 Pulau Pinang

T 604•210 2011 **F** 604•210 2013

Ipoh Branch

11A, (First Floor) Persiaran Greentown 5
Greentown Business Centre, 30450 Ipoh, Perak

T 605•249 6697 **F** 605•249 6696

Malacca Branch

95A, Jalan Melaka Raya 24
Taman Melaka Raya, 75000 Melaka

T 606•282 9111 **F** 606•283 9112