

# PRODUCT HIGHLIGHTS SHEET

## Areca Situational Income 2.0 Fund

(Date of Constitution: 22 August 2017)

### 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 Fund may invest in non-tradable and non-transferable equity related securities. The Fund is suitable only for investors who have a medium to long term investment horizon. You will not be able to redeem your Units within the first year from the Launch Date. You can only redeem once a month on the 15<sup>th</sup> of each month after the first year from the Launch Date. An exit fee will be imposed on redemption between 12 to 24 months from the Launch Date. An exit fee of 8% will be imposed on redemption made between 12 to 18 months from the Launch Date and 5% for redemption made between 18 to 24 months from the Launch Date. The Fund may invest up to 100% of its NAV in equity related-securities by a single issuer.

You are advised not to invest in this Fund if you are not able to accept the risks.

### STATEMENT OF DISCLAIMER

The relevant information and document in relation to the Areca Situational Income 2.0 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 Situational Income 2.0 Fund, including this Product Highlights Sheet, should not be taken to indicate that the Securities Commission Malaysia recommends the Areca Situational Income 2.0 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 Situational Income 2.0 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 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 Situational Income 2.0 Fund. Investors are advised to request, read and understand the disclosure documents of the Fund before deciding to invest.**

## PRODUCT HIGHLIGHTS SHEET

# ARECA SITUATIONAL INCOME 2.0 FUND

### BRIEF INFORMATION ON THE FUND

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

Fund category / type	Wholesale Fund with flexible asset allocation / Income and Growth
Manager	Areca Capital Sdn Bhd (730840-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 for Sophisticated Investors who:

- have medium to long term investment horizon;
- seek combination of income and capital growth that is higher than performance benchmark rate of returns.

### KEY FUND FEATURES

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

Launch date	28 August 2017
Initial Offer Period	30 days from the Launch Date. The Manager may shorten the Initial Offer Period.
Initial Offer Price	RM1.0000 (Fixed during Initial Offer Period)
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.
Investment Strategy	The Fund may invest up to 100% of its NAV in authorised investments with flexible allocation in its assets to achieve a higher possible return by freely changing risk degree according to current market conditions. Depending on the market conditions, the Fund may concentrate its investments on few selected asset classes or a single investment that has potential for capital growth or that will minimize the Fund exposure to market risks. For instance the Fund may just fully invested in only preference shares for dividends and income.  The Fund may also invest in collective investment schemes and place deposits with financial institutions.
Asset Allocation	Flexible allocation between equity and fixed income.
Performance Benchmark	Maybank's 12-month fixed 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.

Distribution of Income and Reinvestment Policy	Subject to availability of distributable income, the Fund will distribute income at least once a year. In the absence of any instructions, we will, at our discretion, 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.
Financial Year End	31 August

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

Manager	Areca Capital Sdn Bhd (730840-D)
Trustee	RHB Trustees Berhad (573019-U)
Auditors	Deloitte PLT (LLP0010145 – LCA), Chartered Accountants (AF 0080)
Tax Advisers	Deloitte Tax Services Sdn Bhd (36421-T)
Solicitor	Naqiz & 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 12-month fixed 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 refer 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

- **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 unit trust 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.

### Specific risks associated to the Fund

The Fund may invest in non-tradable and non-transferable equity related securities. The Fund is suitable only for investors who have a medium to long term investment horizon. You will not be able to redeem your Units within the first year from the Launch Date. You can only redeem once a month on the 15<sup>th</sup> of each month after the first year from the Launch Date. An exit fee will be imposed on redemption between 12 to 24 months from the Launch Date. An exit fee of 8% will be imposed on redemption made between 12 to 18 months from the Launch Date and 5% for redemption made between 18 to 24 months from the Launch Date. The Fund may invest up to 100% of its NAV in equity related-securities by a single issuer.

You are advised not to invest in this Fund if you are not able to accept the risks.

- **Illiquidity Risk**  
The investment to be made by the Fund would be generally illiquid. The eventual liquidity of all investment of the Fund will be dependent upon the success of the realisation strategy proposed for each investment which could adversely be affected by a variety of risk factors. The period of time required to liquidate the Fund's assets cannot be predicted with certainty
- **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.
- **Country Risk**  
Investments of the Funds 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 Funds invests in. For example, the deteriorating economic condition of the countries may adversely affect the value of the investments undertaken by the Funds 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 Funds is in Malaysian Ringgit, 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 than 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**  
The Fund's placements of deposits and/or investments in money market instruments with financial institutions are subject to the risk of the counterparty. Counterparty risk also refers to the possibility that the counterparty being unable to make timely payments of interest and/or principal payment on the maturity date. This may then lead to a default in the payment and/or interest and ultimately, affect the NAV per Unit of the Fund.

**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 4% of the Net Investment Amount</li> <li>▪ Third-party distributors: Up to 4% of the Net Investment Amount</li> </ul> <p>Net Investment Amount is the number of units at the NAV per Unit. Please note that the Entry Fee is subject to 6% GST. If you make a RM100,000 payment for investment in the Fund through a third party distributor with an Entry Fee of 4%, your net investment amount is RM95,932.46 (i.e. <math>RM100,000 \div [1 + (0.04 \times 1.06)]</math>)</p>
<b>Exit Fee</b>	<p>You will not be able to redeem any Units within 12 months from the Launch Date of the Fund. An exit fee will be imposed on redemption between 12 to 24 months from the Launch Date of the Fund. The exit fee are as follows:</p> <p>Between 12 to 18 months : 8% Between 18 to 24 months : 5%</p> <p>The exit fee will be credited to the Fund</p>
<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 2.00% p.a. of the NAV of the Fund.
<b>Performance Fee</b>	The Manager is entitled to a performance fee of 30% on any excess of aggregate total returns of above the Watermark Return per annum, computed on each investor's account individually.
<b>Annual Trustee Fee</b>	Up to 0.07% p.a. 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 once a week on the first Business Day of the week.

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>	<p><b>Direct investment through the Manager:</b> RM50,000 or such other lower amount as decided by the Manager.</p> <p><b>Third party distributors including IUTA:</b> RM50,000 or such other lower amount as decided by the Manager.</p>
<b>Minimum Additional Investment</b>	<p><b>Direct investment through the Manager:</b> RM10,000 or such other lower amount as decided by the Manager.</p> <p><b>Third party distributors including IUTA:</b> RM10,000 or such other lower amount as decided by the Manager.</p>

<b>Cut-Off time</b>	<b>By 3.00pm on a Business Day.</b>
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**Note: The Manager reserves the right to accept or reject any application in whole or part thereof without assigning any reason.**

#### 10. How can I exit from this investment and what are the risks and costs involved?

<b>Minimum Redemption</b>	<p>The minimum redemption amount is RM50,000 or 50,000 Units or such other amount as decided by the Manager. However, if the redemption request leaves you with less than 50,000 Units (minimum balance), all the Units in your account will be redeemed automatically.</p> <p>Redemption notice must be submitted before 3 p.m. We will not process your transaction if we receive your application after the cut-off time. If the transaction date falls on a weekend or holiday, your transaction date will take place on the next Business Day.</p>
<b>Minimum Balance</b>	50,000 Units or such other limit at the Manager's discretion.
<b>Redemption Restriction/Frequency</b>	<p>You will not be able to redeem your Units within the first 12 months from the Launch Date of the Fund. After the first 12 months, any redemption between 12 to 24 months is subject to an Exit Fee. You can only redeem once a month on the 15<sup>th</sup> of each month. If the transaction date falls on a weekend or holiday, your transaction date will take place on the next business day.</p> <p>Please note that you might not be able to redeem Units if the Fund is not able to dispose its assets and has insufficient cash.</p>
<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 the next 3 Business Days from the transaction day for those Units purchased directly through the Manager. (i.e. T+3 days).
<b>Cut-Off time</b>	<b>By 3.00pm on a Business Day</b>

**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 August 2017.

#### CONTACT INFORMATION

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

**For enquiries/further information, please contact:**

**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](http://www.arecacapital.com)  
 E-mail: [invest@arecacapital.com](mailto:invest@arecacapital.com)

- For internal dispute resolution, you may contact:  
 Areca Capital Sdn Bhd – Investor Care: 03-7956 3111
- 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):
  - via phone to : 03-2282 2280
  - via fax to : 03-2282 3855
  - via e-mail to : [info@sidrec.com.my](mailto:info@sidrec.com.my)
  - 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>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>(a) 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) Islamic bank;</li> </ul> <p>(b) 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; “licensed investment bank” has the same meaning as given under the Financial Services Act 2013; “islamic bank” means a bank licensed under the Islamic Financial Services Act 2013”</p>
<b>Fund</b>	Areca Situational Income 2.0 Fund;
<b>GST</b>	Goods and Services Tax;
<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>Jointholder</b>	A person who holds Units together with another person or persons;
<b>Manager/We/Us</b>	Areca Capital Sdn Bhd;
<b>Medium to Long Term</b>	A period of two to above five years,
<b>NAV</b>	The net asset value of the Fund, which is the value of all the assets of the Fund less the total liabilities of the Fund at the valuation point;

<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>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 1965 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> </ul>
	<ul style="list-style-type: none"> <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;
<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>Watermark Return</b>	A total return of 9% per annum on NAV to NAV basis.