

PRODUCT HIGHLIGHTS SHEET

Areca Dividend Income Fund

(Date of Constitution: 20 January 2017)

RESPONSIBILITY STATEMENT

This Product Highlights Sheet has been reviewed and approved by the Board of Directors of Areca Capital Sdn Bhd and they have collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable inquiries, they confirm to the best of their knowledge and belief, that there are no false or misleading statements, or omission of other facts which would make any statement in the Product Highlights Sheet false or misleading.

STATEMENT OF DISCLAIMER

The Securities Commission Malaysia has authorised the issuance of Areca Dividend Income Fund and a copy of this Product Highlights Sheet has been lodged with the Securities Commission Malaysia.

The authorisation of the Areca Dividend Income Fund and lodgement of this Product Highlights Sheet, should not be taken to indicate that the Securities Commission of Malaysia recommends the Areca Dividend 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 the Areca Capital Sdn Bhd responsible for the Areca Dividend 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 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 Dividend Income Fund. Investors are advised to request, read and understand the disclosure documents of the Fund before deciding to invest.

PRODUCT HIGHLIGHT SHEET

ARECA DIVIDEND INCOME FUND

BRIEF INFORMATION ON THE FUND

1. What is this fund about?

| | |
|----------------------|-------------------------|
| Fund category / type | Equity Fund / Income |
| Manager | Areca Capital Sdn Bhd |
| Trustee | Maybank Trustees Berhad |

PRODUCT SUITABILITY

2. Who is this fund suitable for?

This Fund is suitable for Investors who:

- seek regular income and capital appreciation;
- seek an inflation hedge diversified investment;
- have a moderate-to-high risk-tolerance; and
- have a long term investment horizon.

KEY FUND FEATURES

3. What am I investing in?

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| Launch date | 15 February 2017 |
| Initial Offer Period | 21 days from 15 February 2017 to 07 March 2017 |
| Initial Offer Price | RM1.0000 (Fixed during Initial Offer Period) |
| Objective of the Fund | The Fund seeks to provide regular income while providing long term capital appreciation. |
| Investment Strategy | The Manager adopts an active investment strategy in managing the Fund and will invest tactically during uncertain times (by changing the equity exposure in the range of 70% and 98%). Focus will be on companies / issuers with sound management practice, resilient business models and, good earning prospects and relative low valuations. The Manager may also invest in growth or recovery stocks which have the potential to adopt a strong dividend payout policy. |
| Asset Allocation | The Fund will invest in income-generating securities, including dividend-paying shares, preference shares and other equity-related securities, to achieve its objective. The Fund will invest a maximum of 98% of its NAV(at least 70% locally and a maximum 28% in Asia region), in income-generating securities with a minimum of 2% of its NAV in liquid assets. |
| Performance Benchmark | 1-year Average Returns of the funds under "Equity Malaysia Income" Non-Islamic category. (The Average Returns can also be obtained from the weekly Edge / Lipper Fund Table). |
| Income Distribution and Reinvestment Policy | The Fund will declare income distribution quarterly subject to the availability of the realized income received. Distributions, after the deduction of taxation and expenses (including bank charges and fee on payment), will be payable via bank transfer to the Maybank account of the Unit Holders. However, the Manager will not make payment of distribution to an account of a Unit Holder for any amount that is less |

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| | <p>than RM100; instead, it is the policy to automatically reinvest the distribution amount in addition Units of the Fund based on the NAV of a Unit on the ex-date without entry fee.</p> <p>The Manager is deemed authorized to reinvest any distribution amount (in addition Units of the Fund based on the NAV of a Unit on the ex-date without entry fee) for those Unit Holders that do not provide sufficient information on their Maybank account.</p> |
| Financial Year End | 30 September |

4. Who am I investing in?

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|--------------------|--|
| Manager | Areca Capital Sdn Bhd (740840-D) |
| Trustee | Maybank Trustees Berhad (5004-P) |
| Trustee's Delegate | Malayan Banking Berhad (3813-K) (as Custodian) |
| Auditors | Deloitte (AF 0080) |
| Tax Advisers | Deloitte Tax Services Sdn Bhd (36421-T) |
| 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 1-year Average Returns of the funds under "Equity Malaysia Income" Non-Islamic category (The Average Returns can also be obtained from the weekly Edge / Lipper Fund Table). 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.
- **Liquidity Risk**
Liquidity risks refer to the ease of liquidating an asset depending on the asset's volume traded in the market. If the fund hold assets that 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.
- **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.

- **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.
- **Loan Financing Risk**
The risk occurs when investors take a loan/financing to finance their investment and afterwards being unable to service the loan repayments. If units are used as collateral, an investor may be required to top-up the investor's existing instalment if the prices of units fall below a certain level due to market conditions. Failing which, the units may be sold at a lower net asset value per unit as compared to the net asset value per unit at the point of purchase towards settling the loan.
- **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 with the investment portfolio of Areca Dividend Income Fund

- **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 stock will adversely affect the Fund's NAV.
- **Equity-related Securities Risk**
The Fund may invest in equity-related securities such as rights and warrants. The price of equity-related securities depends on the price movement of the underlying equities. Their prices generally fluctuate more because of the higher risk, as these equity related securities are a leveraged form of investment. This may affect the volatility of the Fund's NAV.
- **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 may cause the NAV or prices of Units to fall.
- **Currency Risk**
As the base currency of the Fund 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.

The above should not be considered to be an exhaustive list of the risks which investors should consider before investing in the Fund. Investors should be aware that an investment in the Fund may be exposed to other risks of an exceptional nature from time to time.

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

FEES & CHARGES

7. What are the fees and charges involved?

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| Entry Fee (Sales Charge) | <ul style="list-style-type: none"> ▪ Direct investment with Manager: Up to 2% of the Net Investment Amount ▪ Third-party distributors: Up to 4.5% of the Net Investment Amount <p>The entry fee payable for investments in a Fund is equivalent to the specified percentage of the NAV per unit of the Fund.</p> |
| Exit Fee | Nil |
| Switching Fee | Not Applicable |
| Transfer Fee | Not Applicable |
| Annual Management Fee | <p>Up to 1.90% per annum of NAV of the Fund.</p> <p>*It is the Manager's intention to set the annual management fee at 1.50% for the first financial year period.</p> |

| | |
|---------------------------|--|
| Annual Trustee Fee | 0.05% per annum of NAV of the Fund, subject to a minimum of RM6,000 per annum. |
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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 Prospectus will be lodged and issued.

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| VALUATION AND EXITING FROM INVESTMENT |
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| 8. How often are valuations available? |
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The valuation of the assets of the Fund is carried out on each Business Day.

The NAV per unit of the Fund will generally be found on the Manager's website at www.arecacapital.com.

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| 9. How can I invest in this investment? |
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| Minimum Initial Investment | Direct investment through the Manager: RM50,000 or such other lower amount as decided by the Manager. Third party distributors including IUTA: RM50,000 or such other lower amount as decided by the Manager. |
| Minimum Additional Investment | Direct investment through the Manager: RM5,000 or such other lower amount as decided by the Manager. Third party distributors including IUTA: RM5,000 or such other lower amount as decided by the Manager. |
| Cut-Off time | By 3.00pm on a Business Day. |

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

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| 10. How can I exit from this investment and what are the risks and costs involved? |
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| Minimum Redemption | Direct investment through the Manager: RM50,000 or such other lower amount as decided by the Manager. Third party distributors including IUTA: RM50,000 or such other lower amount as decided by the Manager. You must maintain 50,000 Units or such other lower amount as decided by the Manager in your account. You are required to redeem all your investment if you have less than the minimum balance in the Fund. |
| Minimum Balance | 50,000 Units or such other limit at the Manager's discretion. |
| Redemption Notice/Frequency | Any business day. |
| Redemption Payment | 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). |
| Cut-Off time | By 3.00pm on a Business Day |

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.

FUND PERFORMANCE (for the financial year ended 30 September)

Source of fund performance and Benchmark Performance: Lipper for Investment Management.

11. Portfolio Structure

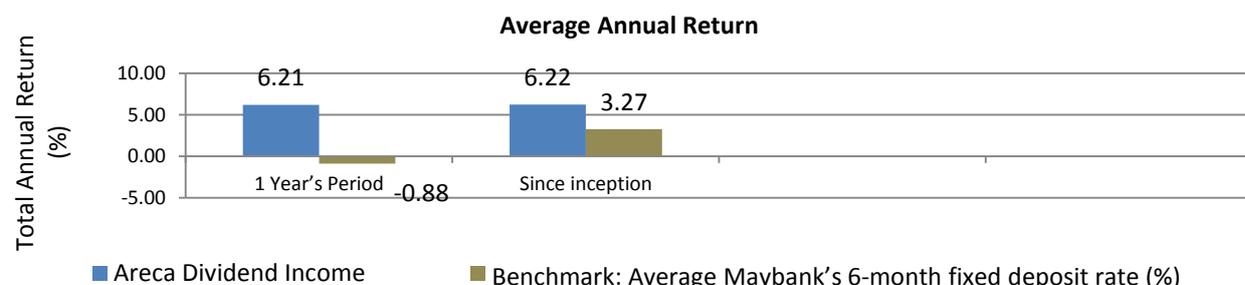
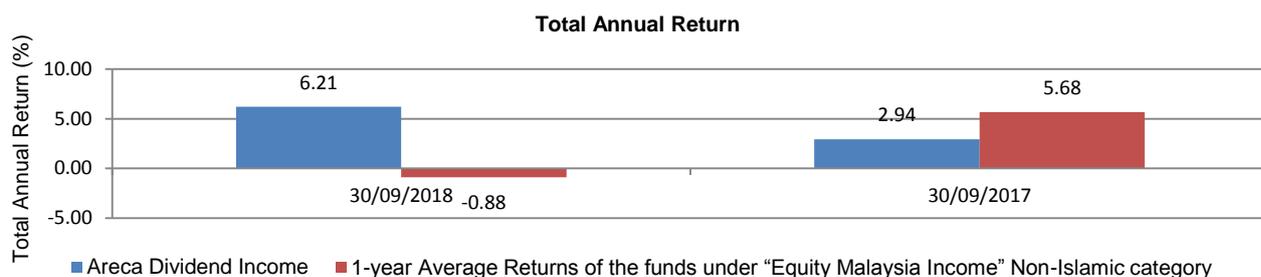
| | 2018 | 2017 |
|--------------------------------------|----------------|----------------|
| Equity and equity-related securities | 36.17% | 60.28% |
| Real estate investment trust | - | - |
| Loan stocks | - | - |
| Negotiable instrument of deposit | - | - |
| Collective investment scheme | 7.20% | 11.26% |
| Unquoted fixed income securities | - | - |
| Cash & cash equivalents | 56.63% | 28.46% |
| TOTAL | 100.00% | 100.00% |
| Remarks | | |

12. Performance Data

| Annual Total Return | 2018 | 2017 |
|---|-------|------|
| Areca Dividend Income | 6.21 | 2.94 |
| 1-year Average Returns of the funds under "Equity Malaysia Income" Non-Islamic category | -0.88 | 5.68 |

| Average Total return per annum (%) | 1 Year's Period | Since inception |
|--|-----------------|-----------------|
| Areca Dividend Income | 6.21 | 6.22 |
| Benchmark: 1-year Average Returns of the funds under "Equity Malaysia Income" Non-Islamic category | -0.88 | 3.27 |

13. Performance Chart



Basis of calculation and assumptions made in calculating the returns:

* Percentage growth = $\frac{NAV_t - NAV_{t-1}}{NAV_{t-1}}$

where t = current year

t-1 = previous year

| 14. Distribution | | | |
|--|---|--------------------|--|
| | 2018 | 2017 | |
| Gross Distribution Per Unit (sen) | 3.50 (28 Dec 2017) 3.00 (29 June 2018) | 1.00 (7 July 2017) | |
| Net Distribution Per Unit (sen) | 3.50 (28 Dec 2017) 3.00 (29 June 2018) | 1.00 (7 July 2017) | |

Distribution is in the form of automatically reinvested into additional units on the same day at NAV per unit after distribution at no entry fee.

| 15. Unit Split |
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There was no unit split exercise for the financial period under review.

| 16. Portfolio Turnover Ratio (PTR) |
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| | 2018 | 2017 | |
|--------------------|-------------|-------------|--|
| PTR (times) | 0.66 | 0.55 | |
| Remarks | | | |

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| PAST PERFORMANCE OF THE FUND IS NOT AN INDICATION OF ITS FUTURE PERFORMANCE. |
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For more information, please refer to the Prospectus dated 15 February 2017.

| CONTACT INFORMATION |
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| 11. Who should I contact for further information or to lodge a complaint? |
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For enquiries/further information, please contact:

| | | | |
|--------------------|--|---|--|
| Head Office | 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 | | |
| Branches | Pulau Pinang Tel: 604-210 2011 Fax: 604-210 2013 | Malacca Tel: 606-282 9111 Fax: 606-283 9112 | |
| | Ipoh Tel: 605-249 6697 Fax: 605-249 6696 | Kuching Tel: 082-572 472 | |

- 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
 - 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.
- 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:
 - via phone to the Aduan Hotline at : 03-6204 8999
 - via fax to : 03-6204 8991
 - via e-mail to : aduan@seccom.com.my
 - via online complaint form available at www.sc.com.my
 - via letter to : Investor Affairs & Complaints Department
Securities Commission Malaysia
No. 3 Persiaran Bukit Kiara, Bukit Kiara
50490 Kuala Lumpur
- Federation of Investment Managers Malaysia (FIMM)'s Complaints Bureau:
 - via phone to : 03-2092 3800
 - via fax to : 03-2093 2700
 - via e-mail to : complaints@fimm.com.my
 - via online complaint form available at www.fimm.com.my
 - 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

| | |
|--------------------------------|---|
| Areca/Manager/We/Us/Our | Areca Capital Sdn Bhd; |
| Bursa Malaysia | The stock exchange managed or operated by Bursa Malaysia Securities Berhad; |
| Business Day | A day on which the Bursa Malaysia is open for trading; |
| CMSA | The Capital Markets and Services Act, 2007 including all amendments thereto; |
| Deed(s) | The deed in relation to the Fund and any other supplemental deeds that may be entered into between the Manager and the Trustee and registered with the SC; |
| Deposits | Deposits with Financial Institutions; |
| FIMM | Federation of Investment Managers Malaysia; |
| Financial Institution | <p>(a) if the institution is in Malaysia –</p> <p>(i) licensed bank;</p> <p>(ii) licensed investment bank;</p> <p>(iii) licensed Islamic bank;</p> <p>(b) if the institution is outside Malaysia, any institution that is licensed, registered, approved or authorised by the relevant banking regulator to provide financial services;</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>“islamic bank” means a bank licensed under the Islamic Financial Services Act 2013;</p> |
| Fund | Areca Dividend Income Fund; |
| Fund Manager | A person who holds a capital market services representative’s license to carry on the regulated activity of fund management on behalf of the Manager; |
| GST | Goods and Services Tax; |
| Guidelines | Guidelines on Unit Trust Funds issued by the SC as may be amended from time to time; |
| IUTA | Institutional unit trust adviser, which is an institution, body or organisation that is registered with the FIMM to market and distribute unit trust; |
| Jointholder | A person who holds Units together with another person or persons; |
| Long Term | Means a period of at least five (5) years |
| Prospectus | Prospectus in relation to the Fund; |
| NAV | 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; |
| NAV per Unit | The NAV of the Fund divided by the number of Units in circulation at the valuation point; |
| Repo | A repurchase agreement or an agreement between a Financial Institution and an investor to sell and buy-back a money market instrument at an agreed price, inclusive of interest, on a specific future date; |
| RM | Means Rigit Malaysia, The lawful currency of Malaysia |
| SC | The Securities Commission Malaysia which was established under the Securities Commission Malaysia Act 1993; |
| Transferable securities | Equities, debentures and warrants; |
| Trustee | Maybank Trustees Berhad; |
| Units | Units of a Fund and includes a fraction of a Unit; |
| Unit Holder/You | A person for the time being who is registered pursuant to the Deed as a holder of Units, including a Jointholder. |