

# Quarterly Report

# June 2018

For the Period Ended 30 June 2018

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Areca Dynamic Growth Fund

Management Company



(740840-D)



# QUARTERLY REPORT JUNE 2018

## ✦ ARECA DYNAMIC GROWTH FUND

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## CORPORATE DIRECTORY

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

### BOARD OF DIRECTORS

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

### INVESTMENT COMMITTEE MEMBERS

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

### TRUSTEE

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

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## MANAGER'S OFFICE AND BRANCHES

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### 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](http://www.arecacapital.com)  
e-mail: [invest@arecacapital.com](mailto: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 JUNE 2018**  
ARECA DYNAMIC GROWTH FUND

**FUND INFORMATION**

| <b>Name of the Fund</b>  | Areca Dynamic Growth Fund   |                         |                            |   |                            |   |             |   |   |   |   |                 |   |   |   |   |                  |   |   |   |   |                   |   |   |   |   |                   |   |   |   |   |               |   |   |   |   |
|--|---|-------------------------|----------------------------|---|----------------------------|---|-------------|---|---|---|---|-----------------|---|---|---|---|------------------|---|---|---|---|-------------------|---|---|---|---|-------------------|---|---|---|---|---------------|---|---|---|---|
| <b>Fund Category/ Type</b>   | Wholesale Equity Fund/ Growth   |                         |                            |   |                            |   |             |   |   |   |   |                 |   |   |   |   |                  |   |   |   |   |                   |   |   |   |   |                   |   |   |   |   |               |   |   |   |   |
| <b>Objective of the Fund</b>   | The Fund aims to provide medium to long term capital growth.  |                         |                            |   |                            |   |             |   |   |   |   |                 |   |   |   |   |                  |   |   |   |   |                   |   |   |   |   |                   |   |   |   |   |               |   |   |   |   |
| <b>Performance Benchmark</b>   | Absolute returns of 10% per annum   |                         |                            |   |                            |   |             |   |   |   |   |                 |   |   |   |   |                  |   |   |   |   |                   |   |   |   |   |                   |   |   |   |   |               |   |   |   |   |
| <b>Distribution Policy of the Fund</b>   | 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.   |                         |                            |   |                            |   |             |   |   |   |   |                 |   |   |   |   |                  |   |   |   |   |                   |   |   |   |   |                   |   |   |   |   |               |   |   |   |   |
| <b>Profile of unitholdings</b>   | <i>As at 30 June 2018</i>   |                         |                            |   |                            |   |             |   |   |   |   |                 |   |   |   |   |                  |   |   |   |   |                   |   |   |   |   |                   |   |   |   |   |               |   |   |   |   |
|  | <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;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> </tr> <tr> <td>500,001 and above</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><b>Total*</b></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> </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 | - | - | - | - | 500,001 and above | - | - | - | - | <b>Total*</b> | - | - | - | - |
| 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  | -   | -                       | -                          | - |                            |   |             |   |   |   |   |                 |   |   |   |   |                  |   |   |   |   |                   |   |   |   |   |                   |   |   |   |   |               |   |   |   |   |
| 500,001 and above  | -   | -                       | -                          | - |                            |   |             |   |   |   |   |                 |   |   |   |   |                  |   |   |   |   |                   |   |   |   |   |                   |   |   |   |   |               |   |   |   |   |
| <b>Total*</b>  | -   | -                       | -                          | - |                            |   |             |   |   |   |   |                 |   |   |   |   |                  |   |   |   |   |                   |   |   |   |   |                   |   |   |   |   |               |   |   |   |   |
| <i>* excluding units held by the Manager( please refer to Notes to Financial Statement – Note 4)</i> |   |                         |                            |   |                            |   |             |   |   |   |   |                 |   |   |   |   |                  |   |   |   |   |                   |   |   |   |   |                   |   |   |   |   |               |   |   |   |   |
| <b>Rebates &amp; Soft Commissions</b>  | 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.  |                         |                            |   |                            |   |             |   |   |   |   |                 |   |   |   |   |                  |   |   |   |   |                   |   |   |   |   |                   |   |   |   |   |               |   |   |   |   |
| <b>Inception Date</b>  | 11 November 2016  |                         |                            |   |                            |   |             |   |   |   |   |                 |   |   |   |   |                  |   |   |   |   |                   |   |   |   |   |                   |   |   |   |   |               |   |   |   |   |
| <b>Initial Offer Price</b>   | RM1.0000 per unit during the initial offer period of 10 days ended 20 November 2016   |                         |                            |   |                            |   |             |   |   |   |   |                 |   |   |   |   |                  |   |   |   |   |                   |   |   |   |   |                   |   |   |   |   |               |   |   |   |   |
| <b>Pricing Policy</b>  | Single Pricing – Selling and repurchase of units by Manager are at Net Asset Value per unit   |                         |                            |   |                            |   |             |   |   |   |   |                 |   |   |   |   |                  |   |   |   |   |                   |   |   |   |   |                   |   |   |   |   |               |   |   |   |   |
| <b>Financial Year End</b>  | 31 March  |                         |                            |   |                            |   |             |   |   |   |   |                 |   |   |   |   |                  |   |   |   |   |                   |   |   |   |   |                   |   |   |   |   |               |   |   |   |   |

**QUARTERLY REPORT JUNE 2018**  
ARECA DYNAMIC GROWTH FUND

**FUND PERFORMANCE**

|  | <b>01.04.2018<br/>to<br/>30.06.2018</b> | <b>01.01.2018<br/>to<br/>31.03.2018</b> |
|--|---|---|
| <b>Total Net Asset Value ("NAV")</b>   |   |   |
| Total Net Asset Value (RM million)   | -                                       | -                                       |
| Units in circulation (million units)   | -                                       | -                                       |
| NAV per unit (RM)  | 0.9968                                  | 0.9968                                  |
| <b>HIGHEST &amp; LOWEST NAV per unit</b>   |   |   |
| <i>Please refer to <b>Note 1</b> for further information on NAV and pricing policy</i> |   |   |
| Highest NAV per unit (RM)  | 0.9971                                  | 1.0074                                  |
| Lowest NAV per unit (RM)   | 0.9971                                  | 0.9734                                  |
| <b>ASSET ALLOCATION % of NAV</b>   |   |   |
| <i>Cash &amp; cash equivalent including placements &amp; repo</i>                      | 100.00                                  | 100.00                                  |
| <b>DISTRIBUTION</b>  |   |   |
| There was no distribution for the financial period under review.                       |   |   |
| <b>UNIT SPLITS</b>   |   |   |
| There was no unit split exercise for the financial period under review.                |   |   |
| <b>EXPENSE/ TURNOVER for the period ended</b>  |   |   |
| Management expense ratio (MER) (%)   | -                                       | 0.54                                    |
| <i>Please refer to <b>Note 2</b> for further information</i>                           |   |   |
| Portfolio turnover ratio (PTR) (times)   | -                                       | 0.79                                    |
| <i>Please refer to <b>Note 3</b> for further information</i>                           |   |   |
| <b>TOTAL RETURN for the period ended</b>   |   |   |
| <i>Please refer to <b>Note 4</b> for further information</i>                           |   |   |
| Total Return (%)   | -                                       | 2.06                                    |
| - Capital Return (%)   | -                                       | -                                       |
| - Income Return (%)  | -                                       | 2.06                                    |
| Annual Total Return (%)  | -                                       | 10.00                                   |
| *Annualised for comparison purpose only  |   |   |

**QUARTERLY REPORT JUNE 2018**  
ARECA DYNAMIC GROWTH FUND

|                               |       |       |
|-------------------------------|-------|-------|
| Total Return since launch (%) | -0.29 | -0.29 |
|-------------------------------|-------|-------|

|                                    |                     |                     |                     |
|------------------------------------|---------------------|---------------------|---------------------|
| Average Total Return per annum (%) | <b>1-yr</b><br>0.80 | <b>3-yrs</b><br>N/A | <b>5-yrs</b><br>N/A |
|------------------------------------|---------------------|---------------------|---------------------|

**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.**

## FUND REVIEW

The NAV per unit of the Fund was RM0.9968 as at 30 June 2018. 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.

The unitholder's capital is hold by the Manager as the fund is at a dormant position with no investment held.

The Fund has achieved its objective to offer investor regular income and incidental capital appreciation based on current market investment opportunities for the period under review.

### 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 June 2018

RM0.9968

### Asset Allocation / Portfolio Composition

**30.06.2018**

**31.03.2018**

Unlisted securities

-

-

Cash & cash equivalents

100.00%

100.00%



**QUARTERLY REPORT JUNE 2018**  
ARECA DYNAMIC GROWTH FUND

**STATEMENT BY THE MANAGER**

**To the Unitholders of Areca Dynamic Growth Fund**

We, **WONG TECK MENG** and **EDWARD ISKANDAR TOH BIN ABDULLAH**, two of the Directors of the Manager, Areca Capital Sdn Bhd, do hereby state that in the opinion of the Manager, the 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 June 2018 and the financial performance and the cash flows of the Fund for the financial period ended on that date.

**For and on behalf of the Manager**  
**Areca Capital Sdn Bhd**

WONG TECK MENG  
CEO/ EXECUTIVE DIRECTOR

Kuala Lumpur  
20 August 2018

EDWARD ISKANDAR TOH BIN ABDULLAH  
CIO/ EXECUTIVE DIRECTOR

Kuala Lumpur  
20 August 2018

**QUARTERLY REPORT JUNE 2018**  
ARECA DYNAMIC GROWTH FUND

**UNAUDITED STATEMENT OF FINANCIAL POSITION**

*As Of 30th June, 2018*

|   | Note | 30.06.2018<br>RM | 31.03.2018<br>RM |
|---|------|------------------|------------------|
| <b>Assets</b>                                       |      |                  |                  |
| <b>Investments</b>                                  |      |                  |                  |
| Unlisted securities                                 | 3    | -                | -                |
| Total Investments                                   |      | -                | -                |
| <b>Other Assets</b>                                 |      |                  |                  |
| Cash at bank  |      | 15,024           | 31,182           |
| <b>Total Assets</b>                                 |      | <b>15,024</b>    | <b>31,182</b>    |
| <b>Unitholder's Fund and Liability</b>              |      |                  |                  |
| <b>Liability</b>                                    |      |                  |                  |
| Accruals  |      | 14,000           | 30,158           |
| Total liability                                     |      | 14,000           | 30,158           |
| <b>Unitholders' Fund</b>                            |      |                  |                  |
| Unitholders' capital                                |      | 46,766           | 46,766           |
| Realised reserve                                    |      | (45,742)         | (45,742)         |
| <b>Net Asset Value attributable to unit holders</b> |      | <b>1,024</b>     | <b>1,024</b>     |
| <b>Total Unitholders' Fund and Liability</b>        |      | <b>15,024</b>    | <b>31,182</b>    |
| <b>Number of Units in Circulation</b>               |      | <b>1,027</b>     | <b>1,027</b>     |
| <b>Net Asset Value Per Unit</b>                     |      | <b>0.9968</b>    | <b>0.9968</b>    |

**UNAUDITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*For The Financial Period Ended 30th June, 2018*

|   | 01.04.2018<br>to<br>30.06.2018<br>RM | 01.01.2018<br>to<br>31.03.2018<br>RM |
|---|--------------------------------------|--------------------------------------|
| <b>Expenditure</b>  |                                      |                                      |
| Management fee  | -                                    | 2,419                                |
| Trustee's fee   | -                                    | 107                                  |
| Tax Agent's Fee   | -                                    | 1,780                                |
| Other expenses  | -                                    | 1,608                                |
| Total Expenditure   | -                                    | 5,914                                |
| <b>Net Loss Before Tax</b>  | -                                    | (5,914)                              |
| <b>Income Tax Expense</b>   | -                                    | -                                    |
| <b>Net Loss After Tax/Total Comprehensive Loss For The Period</b> | -                                    | (5,914)                              |
| <b>Net Loss After Tax Is Made Up Of:</b>                          |                                      |                                      |
| Realised loss   | -                                    | (5,914)                              |
| Unrealised gain   | -                                    | -                                    |
|   | -                                    | (5,914)                              |

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

**QUARTERLY REPORT JUNE 2018**  
ARECA DYNAMIC GROWTH FUND

**UNAUDITED STATEMENT OF CHANGES IN NET ASSET VALUE**

*For The Financial Period Ended 30th June, 2018*

|   | Unitholders'<br>capital<br>RM | Realised<br>reserve<br>RM | Total net<br>asset value<br>RM |
|---|-------------------------------|---------------------------|--------------------------------|
| <b>As of 1st January, 2018</b>          | 1,724,197                     | (39,828)                  | 1,684,369                      |
| Amount paid for units cancelled         | (1,677,431)                   | -                         | (1,677,431)                    |
| Total comprehensive loss for the period | -                             | (5,914)                   | (5,914)                        |
| <b>As of 31st March, 2018</b>           | <u>46,766</u>                 | <u>(45,742)</u>           | <u>1,024</u>                   |
| <b>As of 1st April, 2018</b>            | 46,766                        | (45,742)                  | 1,024                          |
| Total comprehensive loss for the period | -                             | -                         | -                              |
| <b>As of 30th June, 2018</b>            | <u><u>46,766</u></u>          | <u><u>(45,742)</u></u>    | <u><u>1,024</u></u>            |

**UNAUDITED STATEMENT OF CASH FLOWS**

*For The Financial Period Ended 30th June, 2018*

|   | <b>01.04.2018<br/>to<br/>30.06.2018<br/>RM</b> | <b>01.01.2018<br/>to<br/>31.03.2018<br/>RM</b> |
|---|--|--|
| <b>Cash Flows From/(Used In) Operating And Investing Activities</b>       |  |  |
| Proceeds from disposal of investments                                     | -  | 1,721,210                                      |
| Management fee paid   | (15,236)                                       | (12,759)                                       |
| Trustee's fee paid  | (7)  | (157)  |
| Payment for other fees and expenses                                       | (915)  | (811)  |
| Net Cash Used In/ From Operating And Investing Activities                 | <u>(16,158)</u>                                | <u>1,707,483</u>                               |
| <b>Cash Flows From/(Used In) Financing Activities</b>                     |  |  |
| Payment for cancellation of units   | -  | (1,677,431)                                    |
| Net Cash Used In Financing Activities                                     | <u>-</u>                                       | <u>(1,677,431)</u>                             |
| <b>Net (Decrease)/ Increase In Cash And Cash Equivalents</b>              | (16,158)                                       | 30,052   |
| <b>Cash And Cash Equivalents At The Beginning of The Financial Period</b> | <u>31,182</u>                                  | <u>1,130</u>                                   |
| <b>Cash And Cash Equivalents At The End of The Financial Period</b>       | <u><u>15,024</u></u>                           | <u><u>31,182</u></u>                           |
| Cash and cash equivalents consist of the following amounts:               |  |  |
|   | <b>30.06.2018<br/>RM</b>                       | <b>31.03.2018<br/>RM</b>                       |
| Cash at bank  | <u><u>15,024</u></u>                           | <u><u>31,182</u></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

|                          | <b>30.06.2018</b> | <b>31.03.2018</b> |
|--------------------------|-------------------|-------------------|
|                          | <b>RM</b>         | <b>RM</b>         |
| <b>At aggregate cost</b> |                   |                   |
| Unlisted securities      | -                 | -                 |
|                          | <hr/>             | <hr/>             |
| <b>At market value</b>   |                   |                   |
| Unlisted securities      | -                 | -                 |
|                          | <hr/>             | <hr/>             |

Investment represents investment in unlisted securities which had been disposed off during the period.

### 4 UNITS HELD BY THE MANAGER

As at end of the financial period, the total number and value of units held by the Manager is as follow:-

|             | <b>&lt;-----30.06.2018-----&gt;</b> |           | <b>&lt;-----31.03.2018-----&gt;</b> |           |
|-------------|-------------------------------------|-----------|-------------------------------------|-----------|
|             | <b>No. of units</b>                 | <b>RM</b> | <b>No. of units</b>                 | <b>RM</b> |
| The Manager | 1,027                               | 1,024     | 1,027                               | 1,024     |
|             | <hr/>                               | <hr/>     | <hr/>                               | <hr/>     |

### 5 RISK MANAGEMENT POLICIES

#### FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund seeks to preserve capital as well as to provide regular income over the short to medium term period by investing in fixed income instruments. In order to meet its stated

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investment objectives, the Fund utilises risk management for both defensive and proactive purposes. Rigorous analysis of sources of risk in the portfolio is carried out and the following policies are implemented to provide effective ways to reduce future risk and enhance future returns within the Fund's mandate.

The key risks faced by the Fund are credit risk, liquidity risk, market risk (including interest rate risk and price risk).

**Categories of Financial Instruments**

|                                   | <b>30.06.2018</b> | <b>31.3.2018</b> |
|-----------------------------------|-------------------|------------------|
|                                   | <b>RM</b>         | <b>RM</b>        |
| <b>Financial asset</b>            |                   |                  |
| <b>Loans and receivables:</b>     |                   |                  |
| Cash at bank                      | 15,024            | 31,182           |
| <b>Financial liability</b>        |                   |                  |
| <b>Other financial liability:</b> |                   |                  |
| Accruals                          | 14,000            | 30,158           |

**Credit risk management**

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Fund by failing to discharge an obligation. The Fund is exposed to the risk of credit-related losses that can occur as a result of a counterparty or issuer being unable or unwilling to honour its contractual obligations to make timely repayments of interest, principal and proceeds from realisation of investments.

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

The Fund's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position. None of the Fund's financial assets were past due or impaired as at 30th June, 2018.

The credit risk for cash at bank considered negligible, since the counterparties are reputable banks with high quality ratings.

**Liquidity risk management**

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

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

|                             | <b>Up to<br/>1 month<br/>RM</b> | <b>1 - 3<br/>months<br/>RM</b> | <b>3 months<br/>to 1 year<br/>RM</b> | <b>Total<br/>RM</b> |
|-----------------------------|---------------------------------|--------------------------------|--------------------------------------|---------------------|
| <b>30.6.2018</b>            |                                 |                                |                                      |                     |
| <b>Financial Liability</b>  |                                 |                                |                                      |                     |
| <b>Non-interest bearing</b> |                                 |                                |                                      |                     |
| Accruals                    | -                               | 14,000                         | -                                    | 14,000              |
| <b>31.3.2018</b>            |                                 |                                |                                      |                     |
| <b>Financial Liability</b>  |                                 |                                |                                      |                     |
| <b>Non-interest bearing</b> |                                 |                                |                                      |                     |
| Accruals                    | 7                               | 16,151                         | 14,000                               | 30,158              |

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**Market risk management**

This is a class of risk that inherently exists in an economy and cannot be avoided by any business or fund. It is usually due to changes in market variables such as interest rates and markets prices. This risk cannot be removed from an investment portfolio, which is solely invested within that particular market, by diversification.

During the current financial period, as the Fund invests only in Malaysian unlisted securities, the performance of the Fund might go up or down in accordance with the prevailing market risk of Malaysia.

**Price rate management**

Price risk is the risk of unfavourable changes in the value of unlisted securities as the result of changes in the levels of the equity indices. The price risk exposure arises from the Fund's investment in unlisted securities. The Manager manages the risk of unfavourable changes in prices by continuous monitoring of the performance and risk profile of the investment portfolio.

**Capital risk management**

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

**6 QUARTERLY ACCOUNTS**

The quarterly accounts for the 3-month period ended 30th June, 2018 have not been audited.





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