

# Annual Report September 2024

For the Year Ended 30 September 2024

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Areca Dividend Income Fund

Management Company



200601021087(740840-D)



# ANNUAL REPORT SEPTEMBER 2024

## ✦ ARECA DIVIDEND INCOME FUND

Contents

CORPORATE DIRECTORY	2
MANAGER'S REPORT	
Fund Information, Performance & Review	3
Market Review & Outlook	8
TRUSTEE'S REPORT	10
STATEMENT BY MANAGER	10
AUDITORS' REPORT	11
FINANCIAL STATEMENTS FOR Areca Dividend Income Fund	14

## CORPORATE DIRECTORY

### MANAGER

Areca Capital Sdn Bhd  
Company No: 200601021087 (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

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

### INVESTMENT COMMITTEE MEMBERS

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

### TRUSTEE

Maybank Trustees Berhad  
Company No: 196301000109 (5004-P)  
8th Floor, Menara Maybank  
100 Jalan Tun Perak  
50050 Kuala Lumpur  
Tel: 03-2070 8833, 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](http://www.arecacapital.com)  
e-mail: [invest@arecacapital.com](mailto:invest@arecacapital.com)

### PENANG BRANCH

368-2-02 Belissa Row  
Jalan Burma, Georgetown  
10350 Pulau Pinang  
Tel : 604-210 2011  
Fax: 604-210 2013

### IPOH BRANCH

11, Persiaran Greentown 5  
Greentown Business Centre  
30450 Ipoh, Perak  
Tel : 605-249 6697  
Fax: 605-249 6696

### MALACCA BRANCH

95A, Jalan Melaka Raya 24  
Taman Melaka Raya  
75000 Melaka  
Tel : 606-282 9111  
Fax: 606-283 9112

### KUCHING BRANCH

1st Floor, Sublot 3  
Lot 7998, Block 16  
KCLD, Cha Yi Goldland  
Jalan Tun Jugah/Stutong  
93350 Kuching, Sarawak  
Tel : 6082-572 472

### JOHOR BRANCH

No 105, Jalan Meranti Merah  
Taman Melodies  
80250 Johor Bahru  
Tel : 607-336 3689

### KOTA KINABALU BRANCH

Unit No 5-1-8, 1st Floor  
Lorong Api-Api 1  
Api-Api Centre  
88000 Kota Kinabalu, Sabah  
Tel : 6088-276 757

**ANNUAL REPORT SEPTEMBER 2024**  
ARECA DIVIDEND INCOME FUND

**FUND INFORMATION**

<b>Name of the Fund</b>	Areca Dividend Income Fund
<b>Fund Category/ Type</b>	Equity Fund/Income and Growth
<b>Objective of the Fund</b>	To provide investors regular income while providing long term capital appreciation.
<b>Performance Benchmark</b>	1-year Average Returns of the funds under "Equity Malaysia Income" Non-Islamic category
<b>Distribution Policy of the Fund</b>	The Fund will declare income distribution quarterly subject to the availability of the realised income received.
<b>Rebates &amp; Soft Commissions</b>	<p>The Manager will retain soft commissions received from brokers or dealers, provided that:</p> <ul style="list-style-type: none"><li>(a) the soft commissions bring direct benefit or advantage to the management of the Fund and may include research and advisory related services;</li><li>(b) any dealing with the broker or dealer is executed on terms which are the most favourable for the Fund; and</li><li>(c) the availability of soft commissions is not the sole or primary purpose to perform or arrange transactions with such broker or dealer, and the Manager or fund manager shall not enter into unnecessary trades in order to achieve a sufficient volume of transactions to qualify for soft commissions.</li></ul> <p>The soft commissions may be in 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, will be directed to the account of the Fund. During the year under review, the Manager had not received any soft commissions.</p>
<b>Inception Date</b>	15 February 2017
<b>Financial Year End</b>	30 September

**ANNUAL REPORT SEPTEMBER 2024**  
ARECA DIVIDEND INCOME FUND

**FUND PERFORMANCE**

	2024	2023	2022
<b>NET ASSET VALUE ("NAV")</b>			
Net Asset Value (RM million)	102.29*	107.78	114.31*
Units in circulation (million units)	74.11*	86.32	91.39*
NAV per unit (RM)	1.3803*	1.2486	1.2508*
<i>* Ex-Distribution</i>			

<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)	1.5199*	1.2859	1.5696*
Lowest NAV per unit (RM)	1.2216*	1.1711	1.2090*
<i>* Ex-Distribution</i>			

<b>ASSET ALLOCATION % of NAV</b>			
<b>Quoted equity securities</b>			
Construction	14.45	1.18	-
Consumer Products & Services	8.12	18.81	19.09
Energy	6.92	8.46	2.71
Financial Services	13.46	11.29	25.46
Health Care	0.85	2.77	2.53
Industrial Products & Services	4.37	8.36	4.81
Plantation	2.05	-	-
Property	-	3.54	-
Real Estate Investment Trust	5.63	7.42	-
Technology	10.58	10.37	27.98
Telecommunications & Media	5.20	-	-
Utilities	8.32	-	-
<b>Collective investment schemes</b>	4.89	19.62	12.04
<b>Liquid assets and other net current assets</b>	15.16	8.18	5.38

<b>DISTRIBUTION</b>			
<i>Please refer to <b>Note 2</b> for further information</i>			
Distribution dates	28 Jun 2024	-	30 Jun 2022
	-	-	5 Oct 2021
Gross distribution (sen per unit)	5.0000 (28 Jun)	-	3.2000 (30 Jun)
	-	-	1.5000 (5 Oct)
Net distribution (sen per unit)	5.0000 (28 Jun)	-	3.2000 (30 Jun)
	-	-	1.5000 (5 Oct)
NAV before distribution (RM per unit)	1.4677 (27 Jun)	-	1.2815 (29 Jun)
	-	-	1.5055 (4 Oct)
NAV after distribution (RM per unit)	1.4216 (28 Jun)	-	1.2440 (30 Jun)
	-	-	1.4912 (5 Oct)

<b>UNIT SPLIT</b>	
There was no unit split exercise for the financial year under review.	

<b>EXPENSE/TURNOVER</b>			
Total expense ratio (TER) (%)	1.89	1.79	1.89
<i>Please refer to <b>Note 3</b> for further information</i>			
Portfolio turnover ratio (PTR) (times)	1.54	1.62	0.78
<i>Please refer to <b>Note 4</b> for further information</i>			

**ANNUAL REPORT SEPTEMBER 2024**  
ARECA DIVIDEND INCOME FUND

**FUND PERFORMANCE**

	<b>2024</b>	<b>2023</b>	<b>2022</b>
<b>TOTAL RETURN</b>			
<i>Please refer to <b>Note 5</b> for further information</i>			
Total Return (%)	14.43	(0.17)	(14.03)
- Capital growth (%)	10.54	(0.17)	(17.02)
- Income distribution (%)	3.89	-	2.99

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Annual Total Return (%)	14.43	(0.17)	(14.03)	17.66	52.18
Performance Benchmark (%): 1-year Average Returns of the funds under "Equity Malaysia Income" Non-Islamic category	18.77	9.51	(9.46)	15.87	8.83

	<b>1-yr</b>	<b>3-yrs</b>	<b>5-yrs</b>
Average Total Return per annum (%)	14.43	(0.60)	15.21

**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:** Net distribution of 5.0000 sen per unit was declared on 28 June 2024 and was automatically reinvested into additional units on the same day at the NAV per unit after distribution at no entry fee.

**Note 3:** TER 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 4:** 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 5:** Fund performance figures are calculated based on NAV to NAV and assume reinvestment of distributions (if any) at NAV. The total return and benchmark data are sourced from Lipper.

The abovementioned performance computations have been adjusted to reflect distribution payments and unit splits wherever applicable.

**Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.**

**FUND REVIEW**

During the year under review, the Fund underperformed its benchmark (1-year average returns for all the Funds under “Equity Malaysia Income” Non-Islamic category of the Malaysia Lipper Fund table, “peers benchmarking”) with a total return of 14.43% compared to benchmark’s return of 18.77%. Owing to the short term (1-year) underperformance, the Fund has not achieved its investment objective this year.

Since launch in February 2017, the Fund recorded a total return of 92.16% compared to the benchmark return of 52.85%. In view of the outperformance over longer-term benchmark, the Fund has actually achieved its investment objective to provide investors regular income while providing long term capital appreciation.

The current strategy of the Fund is to invest in high quality dividend yield names to cushion the market volatility. Meanwhile, we also reserve a decent level of cash as we plan to accumulate high-quality stocks during periods of weakness, focusing on those with solid fundamentals that are well-positioned for long-term growth.

**Investment Policy and Strategy**

The current strategy of the Fund is to invest mainly in conventionally high dividend yield stocks in sectors such as financials (benefitting from interest rate hikes), Real Estate Investment Trust (REIT) and consumers (benefitting from economic reopening), while remaining invested in some future dividend growers which are either cash rich or generate strong free cash flows for medium to long term prospect.

**NAV per unit** as at 30 September 2024

RM1.3803

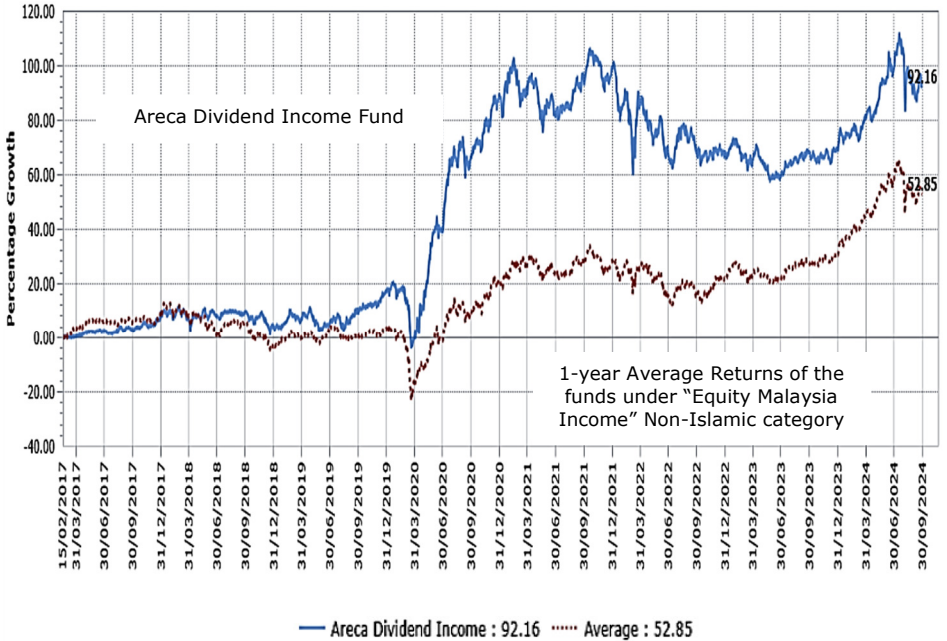
<b>Asset Allocation/Portfolio Composition</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>
Quoted equity securities	79.95%	72.20%	82.58%
Collective investment schemes	4.89%	19.62%	12.04%
Liquid assets and other net current assets	15.16%	8.18%	5.38%



FUND REVIEW

Performance of Areca Dividend Income Fund  
for the period since inception to 30 September 2024

Total Return of Areca Dividend Income Fund vs Benchmark



Source: Lipper

**MALAYSIAN EQUITY MARKET REVIEW**

During the financial year under review, The FTSE Bursa Malaysia KLCI Index ("FBMKLCI") surged 15.80% to close at 1,649 points, while the FTSE Bursa Malaysia EMAS Index ("FBMEMAS") gained 16.40% to 12,322 points. The FTSE Bursa Malaysia Small Cap Index ("FBMSCAP") rose 7.20% to 17,359 points, underperforming large-cap stocks.

Foreign investors were net buyers in eight of the twelve months, with net inflows of MYR3.19 billion (compared to -MYR4.28 billion in the preceding corresponding period). Domestic institutions also saw net inflows of MYR2.02 billion, while domestic retail investors were net sellers, offloading MYR5.19 billion.

Equities rallied on easing inflation, boosting expectations of United States ("US") Federal Reserve ("Fed") policy loosening. This was further supported by optimism surrounding Malaysia's economic reforms, record-high approved investments, and robust corporate earnings. Notably, foreign inflows favoured the construction, property, and utilities sectors, driven by an increase in construction activities and data centre development in Johor. The financial sector also outperformed, benefiting from expectations of US Fed easing.

A brief market dip occurred late in the period due to weaker US jobs data and disappointing tech earnings, but markets subsequently rebounded on renewed confidence in a soft landing in the US economy. By the end of the period, investors shifted their focus to Chinese equities following the announcement of broad stimulus measures by China's Central Bank.

Key events include Malaysia securing RM85.4 billion in foreign investments in the first half of 2024 ("1H2024"). Notable agreements included Infineon's commitment of RM30 billion to expand its Kulim facility and the UAE's Masdar committing \$8 billion to renewable energy initiatives. Additionally, Malaysia solidified its involvement Belt and Road Initiative Initiative. The Malaysian Government also introduced incentives to stimulate the Forest City Special Financial Zone, including special corporate income tax rates and 0.00% tax rates for family offices.

In terms of commodities, Brent crude oil prices declined 13.00% to \$71.40/barrel amid supply glut and demand fears. Conversely, crude palm oil ("CPO") prices rose by 11.30% to RM3,686/tonne. Meanwhile, the Dollar index fell by 5.10% to 100.78 for the period.

Sector-wise, construction (+55.00%), utilities (+53.00%), and properties (+27.00%) led gains, while technology (-5.00%), energy (-4.00%), and telecommunications (-3.00%) lagged. Top FBMKLCI gainers included Sunway (+113.00%), YTL Power (+79.00%), and YTL Corp (+65.00%), while laggards were Petronas Chemicals (-22.00%), Petronas Dagangan (-20.00%), and Nestle Malaysia (-18.00%).

## **MALAYSIAN EQUITY MARKET OUTLOOK AND STRATEGY**

The United States Dollar ("USD") is weakening amid the US interest rate cuts, which bodes well for emerging markets, including Malaysia. This is evident from the strong foreign fund inflows into the Malaysian stock market, totaling approximately RM3.8 billion year-to-date. Foreign interest has been further supported by Malaysia's solid Gross Domestic Product ("GDP") growth, with year-on-year increases of 4.20% in first quarter of year 2024 ("1Q2024") and 5.90% in second quarter of year 2024 ("2Q2024"), driven by strong performance across all sectors. Notably, the construction sector has gained momentum due to the data center boom and robust foreign direct investment ("FDI") inflows. However, the sharp appreciation of the Malaysian Ringgit ("MYR") against the USD in September triggered a major sell-off in some export-oriented companies, as concerns over significant negative forex impacts emerged. Although Bank Negara Malaysia ("BNM") is expected to keep interest rates steady at 3.00% to support consumer spending, the Government's subsidy rationalisation plan, particularly regarding petrol prices, could dampen consumption. Adding to the uncertainty are mixed economic signals from the US and the upcoming US presidential election. Nonetheless, the upcoming Budget 2025 announcement could provide a boost to market sentiment. We remain optimistic about Malaysia's economic outlook, supported by the global semiconductor recovery, rising FDI driven by the "China + 1" strategy, and the National Energy Transition Roadmap ("NETR"). Increased investments in data centers and construction further reinforce our strategy for navigating this volatile period. In light of these factors, we suggest to accumulate high-quality stocks during periods of market weakness, focusing on companies with solid fundamentals that are well-positioned for long-term secular growth.

### **CROSS TRADE**

No cross trade transactions have been carried out during the financial year under review.

### **SECURITIES FINANCING TRANSACTIONS**

The Fund had not undertaken any securities financing transactions during the financial year under review.

### **STATE OF AFFAIRS**

There has been neither significant change to the state of affairs of the Fund nor any circumstances that materially affect any interests of the unitholders during the financial year under review.

## ANNUAL REPORT SEPTEMBER 2024

### ARECA DIVIDEND INCOME FUND

#### TRUSTEE'S REPORT

##### To the Unitholders of Areca Dividend Income Fund ("Fund")

We have acted as Trustee of the Fund for the financial year ended 30 September 2024 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, Areca Capital Sdn Bhd has operated and managed the Fund during the year covered by these financial statements in accordance with the following:

1. Limitations imposed on the investment powers of the management company under the deeds, securities laws and the Guidelines on Unit Trust Funds;
2. Valuation and pricing is carried out in accordance with the deeds; and
3. Any creation and cancellation of units are carried out in accordance with the deeds and any regulatory requirement.

We are of the opinion that the distribution of income by the Fund is appropriate and reflects the investment objective of the Fund.

**For Maybank Trustees Berhad  
[Company No: 196301000109 (5004-P)]**

NORHAZLIANA BINTI MOHAMMED HASHIM  
HEAD, UNIT TRUST & CORPORATE OPERATIONS

Kuala Lumpur  
22 November 2024

#### STATEMENT BY MANAGER

##### To the Unitholders of Areca Dividend Income 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 financial statements are drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of the Fund as at 30 September 2024 and the financial performance and the cash flows of the Fund for the financial year ended on that date.

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

WONG TECK MENG  
CEO/EXECUTIVE DIRECTOR

EDWARD ISKANDAR TOH BIN ABDULLAH  
CIO/EXECUTIVE DIRECTOR

Kuala Lumpur  
22 November 2024

**INDEPENDENT AUDITORS' REPORT  
TO THE UNITHOLDERS OF ARECA DIVIDEND INCOME FUND**

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the financial statements of **ARECA DIVIDEND INCOME FUND** ("the Fund"), which comprise the statement of financial position as at 30 September 2024, and the statement of profit or loss and other comprehensive income, statement of changes in net asset value and statement of cash flows for the year then ended, and notes to the financial statements including material accounting policy information, as set out on pages 14 to 34.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 30 September 2024, and of its financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

**Basis for Opinion**

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Independence and Other Ethical Responsibilities*

We are independent of the Fund in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

**Information Other than the Financial Statements and Auditors' Report Thereon**

The Manager of the Fund is responsible for the other information. The other information comprises Manager's and Trustee's reports, but does not include the financial statements of the Fund and our auditors' report thereon.

Our opinion on the financial statements of the Fund does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Fund, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Fund or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of the Manager and Trustee for the Financial Statements**

The Manager of the Fund is responsible for the preparation of the financial statements of the Fund that give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Manager is also responsible for such internal control as the Manager determines is necessary to enable the preparation of financial statements of the Fund that are free from material misstatement, whether due to fraud or error. The Trustee is responsible for ensuring that the Manager maintains proper accounting and other records as are necessary to enable the fair presentation of these financial statements.

In preparing the financial statements of the Fund, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements of the Fund as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Fund, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

**ANNUAL REPORT SEPTEMBER 2024**

ARECA DIVIDEND INCOME FUND

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Other Matter**

This report is made solely to the unitholders of the Fund, as a body, and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

**DELOITTE PLT (LLP0010145-LCA)**

**Chartered Accountants (AF 0080)**

**MAK WAI KIT**

**Partner - 03546/12/2024 J**

**Chartered Accountant**

22 November 2024

**ANNUAL REPORT SEPTEMBER 2024**

## ARECA DIVIDEND INCOME FUND

**STATEMENT OF FINANCIAL POSITION***As At 30 September 2024*

	<b>Note</b>	<b>2024 RM</b>	<b>2023 RM</b>
<b>Assets</b>			
Investments	5	86,783,514	98,964,903
Cash and cash equivalents	6	15,339,222	9,235,119
Amount due from Manager		31,714	-
Amount due from stockbrokers		-	562,379
Dividend receivables		305,131	197,000
<b>Total Assets</b>		<u>102,459,581</u>	<u>108,959,401</u>
<b>Unitholders' Fund and Liabilities</b>			
<b>Liabilities</b>			
Amount due to stockbrokers		-	1,011,168
Other payables and accrued expenses	7	172,831	165,567
<b>Total Liabilities</b>		<u>172,831</u>	<u>1,176,735</u>
<b>Unitholders' Fund</b>			
Unitholders' capital		104,470,445	121,868,488
Accumulated losses		(2,183,695)	(14,085,822)
<b>Net Asset Value Attributable To Unitholders</b>		<u>102,286,750</u>	<u>107,782,666</u>
<b>Total Unitholders' Fund And Liabilities</b>		<u>102,459,581</u>	<u>108,959,401</u>
<b>Number Of Units In Circulation</b>	8	74,106,380	86,320,913
<b>Net Asset Value Per Unit (*Ex Distribution) (RM)</b>		<u>1.3803*</u>	<u>1.2486</u>

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



**ANNUAL REPORT SEPTEMBER 2024**

## ARECA DIVIDEND INCOME FUND

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME***For The Financial Year Ended 30 September 2024*

	Note	2024 RM	2023 RM
<b>Investments Income</b>			
Dividend income		3,082,261	3,265,221
Interest income		273,497	430,270
Net gain/(loss) on investments at fair value through profit or loss ("FVTPL")	5	15,449,510	(1,324,727)
Total Investments Income		<u>18,805,268</u>	<u>2,370,764</u>
<b>Expenditure</b>			
Management fee	9	1,985,752	1,930,829
Trustee's fee	10	54,575	56,313
Audit fee		10,000	10,000
Tax agent's fee		3,650	4,081
Transaction costs		892,094	818,198
Other expenses		52,809	9,813
Total Expenditure		<u>2,998,880</u>	<u>2,829,234</u>
<b>Net Income/(Loss) Before Tax</b>		15,806,388	(458,470)
<b>Income Tax Expense</b>	11	-	-
<b>Net Income/(Loss) After Tax And Total Comprehensive Income/(Loss) For The Financial Year</b>		<u>15,806,388</u>	<u>(458,470)</u>
<b>Net Income/(Loss) After Tax Is Made Up Of:</b>			
Realised gain/(loss)		16,101,224	(14,125,418)
Unrealised (loss)/gain		(294,836)	13,666,948
		<u>15,806,388</u>	<u>(458,470)</u>
<b>Distribution For The Financial Year:</b>			
Net distribution	12	3,904,261	-
Gross distribution per unit (sen)	12	5.0000	-
Net distribution per unit (sen)	12	<u>5.0000</u>	-

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

**ANNUAL REPORT SEPTEMBER 2024**

## ARECA DIVIDEND INCOME FUND

**STATEMENT OF CHANGES IN NET ASSET VALUE***For The Financial Year Ended 30 September 2024*

	<b>Unitholders' capital RM</b>	<b>Accumulated losses RM</b>	<b>Total net asset value RM</b>
<b>Balance as at 1 October 2022</b>	127,936,537	(13,627,352)	114,309,185
Amounts received from units created	8,541,112	-	8,541,112
Amounts paid for units cancelled	(14,609,161)	-	(14,609,161)
Total comprehensive loss for the financial year	-	(458,470)	(458,470)
<b>Balance as at 30 September 2023</b>	<b>121,868,488</b>	<b>(14,085,822)</b>	<b>107,782,666</b>
<b>Balance as at 1 October 2023</b>	121,868,488	(14,085,822)	107,782,666
Amounts received from units created	4,572,407	-	4,572,407
Reinvestment of units	3,883,340	-	3,883,340
Amounts paid for units cancelled	(25,853,790)	-	(25,853,790)
Total comprehensive income for the financial year	-	15,806,388	15,806,388
Distribution to unitholders for the financial year (Note 12)	-	(3,904,261)	(3,904,261)
<b>Balance as at 30 September 2024</b>	<b>104,470,445</b>	<b>(2,183,695)</b>	<b>102,286,750</b>

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

**ANNUAL REPORT SEPTEMBER 2024**  
ARECA DIVIDEND INCOME FUND

**STATEMENT OF CASH FLOWS**

*For The Financial Year Ended 30 September 2024*

	<b>Note</b>	<b>2024</b>	<b>2023</b>
		<b>RM</b>	<b>RM</b>
<b>Cash Flows From Operating Activities</b>			
Proceeds from disposal of investments		181,814,716	194,076,342
Purchase of investments		(154,627,425)	(183,053,603)
Dividend income received		2,927,761	3,653,821
Interest received		273,497	430,270
Management fee paid		(1,978,275)	(1,683,360)
Trustee's fee paid		(54,788)	(56,840)
Transaction costs paid		(897,275)	(847,321)
Payment for other fees and expenses		(20,090)	(23,894)
Net Cash Generated From Operating Activities		<u>27,438,121</u>	<u>12,495,415</u>
<b>Cash Flows From Financing Activities</b>			
Cash proceeds from units created		4,540,693	8,544,112
Payment for cancellation of units		(25,853,790)	(14,684,181)
Distribution to unitholders		(20,921)	-
Net Cash Used In Financing Activities		<u>(21,334,018)</u>	<u>(6,140,069)</u>
<b>Net Increase In Cash And Cash Equivalents</b>		6,104,103	6,355,346
<b>Cash And Cash Equivalents At Beginning Of Year</b>		<u>9,235,119</u>	<u>2,879,773</u>
<b>Cash And Cash Equivalents At The End Of Year</b>		<u><u>15,339,222</u></u>	<u><u>9,235,119</u></u>
<b>Cash And Cash Equivalents Comprise:</b>			
Cash at bank	6	184,810	165,846
Short-term deposits	6	15,154,412	9,069,273
		<u>15,339,222</u>	<u>9,235,119</u>

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

**NOTES TO THE FINANCIAL STATEMENTS****1 GENERAL INFORMATION**

Areca Dividend Income Fund ("the Fund") was established pursuant to the Trust Deed dated 20 January 2017 ("the Deeds") as modified by the First Supplemental Deed dated 29 August 2022 between Areca Capital Sdn Bhd as the Manager, Maybank Trustees Berhad as the Trustee and all the registered unitholders of the Fund.

The principal activity of the Fund is to invest in "Permitted Investments" as defined under Schedule 7 of the Deeds, which include ordinary shares and other equity-related securities such as convertible securities, preference shares, and warrants listed on the Bursa Malaysia or other public exchanges in Malaysia, securities in foreign stock exchanges which have been approved by the relevant authorities from time to time, unlisted securities including securities not listed or quoted on stocks exchange but have been approved by the relevant regulatory authority for such listing or quotation and are offered directly to the Fund by the issuer, placement of deposits with financial institution, units and shares in other collective investment scheme, derivatives such as future contract for hedging purposed only and any form of investments arising from exercising of an entitlement accruing on the other permitted investment. The Fund was launched on 15 February 2017 and will continue its operations until terminated by the Trustee in accordance with Part 11 of the Deeds.

The investment objective of the Fund is to provide investors with regular income while providing long term capital appreciation. Any material changes to the Fund's objective would require unitholders' approval.

The Manager of the Fund is Areca Capital Sdn Bhd, a company incorporated in Malaysia. It is engaged in managing, administering, marketing and distributing unit trust funds, managing and administering funds under private mandates and the regulated activities of financial planning and providing investment advice.

The financial statements were authorised for issue by the Board of Directors of the Manager on 22 November 2024.

**2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS**

The financial statements of the Fund have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") as issued by the Malaysian Accounting Standards Board ("MASB"), International Financial Reporting Standards ("IFRSs") and the relevant Securities Commission Malaysia guidelines.

**Adoption of Amendments to MFRSs**

The Fund has applied the following relevant Amendments for the first time for the financial year beginning on 1 October 2023:

Amendments to MFRS 101 *Disclosure of Accounting Policies*  
Amendments to MFRS 108 *Definition of Accounting Estimates*  
Amendments to MFRS 112 *International Tax Reform - Pillar Two Model Rules*

The adoption of the above did not give rise to any material effects on the financial statements of the Fund.

## ANNUAL REPORT SEPTEMBER 2024

### ARECA DIVIDEND INCOME FUND

#### **New MFRS and Amendments to MFRSs in Issue But Not Yet Effective**

At the date of authorisation for issue of these financial statements, relevant new MFRS and revised Amendments to MFRSs which were in issue by the MASB but not yet effective and not early adopted by the Fund are listed below:

	<b>Effective for annual periods beginning on or after</b>
MFRS 18 <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to MFRS 9 <i>Financial Instruments</i> and MFRS 7 <i>Financial Instruments: Disclosures</i>	1 January 2026

The Manager of the Fund anticipates that the abovementioned new MFRS and Amendments to MFRSs will be adopted in the annual financial statements of the Fund when they become effective and that the adoption of these Amendments will have no material impact on the financial statements of the Fund in the period of initial application.

### **3 MATERIAL ACCOUNTING POLICIES**

#### **Basis of Accounting**

The financial statements of the Fund have been prepared under the historical cost convention except for financial instruments that are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Fund takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of MFRS 2, leasing transactions that are within the scope of MFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in MFRS 102 or value in use in MFRS 136.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies adopted are set out below.

### **Income Recognition**

Dividend income is recognised based on the date when the right to receive the dividend has been established.

Interest income from short-term deposits is recognised on an accrual basis based on the effective yield of the asset.

Realised gain and loss on disposal of investments is arrived at based on net sales proceeds less carrying value. Any unrealised gain and loss previously charged to profit or loss in relation to the disposal of this investment will be reversed and classified as realised gain or loss during the financial year.

Unrealised gains and losses are calculated based on changes in the fair value of financial instruments at the end of the reporting year.

### **Transaction Costs**

Transaction costs are costs incurred to acquire or dispose financial assets or liabilities at fair value through profit or loss. They include fees and commissions paid to agents, advisers, brokers and dealers. Transaction costs, when incurred, are immediately recognised in the profit or loss.

### **Income Tax**

Pursuant to Paragraph 35 and 35A, Schedule 6 of the Income Tax Act 1967, interest income derived by the Fund is exempt from tax, and pursuant to Paragraph 61(1)(b) of the Income Tax Act 1967, gains from realisation of investments are not treated as income and is also exempt from tax.

### **Distribution**

Distributions are made at the discretion of the Trustee. A distribution to the Fund's Unitholders is accounted for as a deduction from realised reserve. A proposed distribution is recognised as a liability in the year in which it is approved by the Trustee.

### **Functional and Presentation Currency**

The financial statements are measured using the currency of the primary economic environment in which the Fund operates ("functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is also the Fund's functional currency.

### **Unitholders' Capital**

The unitholders' contributions to the Fund meet the definition of puttable instruments classified as equity instruments.

The units in the Fund are puttable instruments which entitle the unitholders to a pro-rata share of the net asset value of the Fund. The units are subordinated and have identical features. There is no contractual obligation to deliver cash or another financial asset other than the obligation on the Fund to repurchase the units. The total expected cash flows from the units in the Fund over the life of the units are based on the change in the net asset value of the Fund.

### **Creation and Cancellation of Units**

The Fund issues cancellable units, which are cancelled at the unitholders' option and are classified as equity. Cancellable units can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's net asset value. The outstanding units are carried at the redemption amount that is payable at the net asset value if the holder exercises the right to put the units back to the Fund.

## ANNUAL REPORT SEPTEMBER 2024

### ARECA DIVIDEND INCOME FUND

Units are created and cancelled at the unitholders' option at prices based on the Fund's net asset value per unit at the time of creation or cancellation. The Fund's net asset value per unit is calculated by dividing the net assets attributable to unitholders with the total number of outstanding units.

#### Financial Instruments

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Fund changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting year following the change of the business model.

#### Financial Assets

##### (i) Classification

The Fund classified its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, the Fund can make an irrevocable election at the time of initial recognition to account for the equity investment either at fair value through other comprehensive income ("FVTOCI") or fair value through profit or loss ("FVTPL").

##### (ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Fund commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all the risks and rewards of ownership.

##### (iii) Measurement

At initial recognition, the Fund measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

#### Impairment of Financial Assets

The Fund assesses at the end of each reporting year whether there is any objective evidence that a financial asset is impaired.

The Fund applies the simplified approach under MFRS 9 which requires expected lifetime loss to be recognised from initial recognition. The expected loss allowance is based on provisional matrix.

**Derecognition of Financial Assets**

The Fund derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Fund neither transfer nor retain substantially all the risks and rewards of ownership and continues to control the transferred asset, the Fund recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Fund retains substantially all the risks and rewards of ownership of a transferred financial asset, the Fund continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

**Equity Instruments**

The Fund measures its equity investments at fair value with gains or losses on valuation recognised in profit or loss unless the Fund's management has made an irrevocable election to recognise the fair value gains and losses in other comprehensive income at its initial stage.

**Financial Liabilities**

Financial liabilities are classified as measured at amortised cost or FVTPL.

A financial liability is any liability with contractual obligation to deliver cash or another financial asset to another enterprise, or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable.

**Financial Liabilities Measured Subsequently at Amortised Cost**

Financial liabilities that are not held for trading, or designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant years. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

**Investments**

Investments in quoted equity securities are classified as FVTPL and valued at the last done market price quoted on Bursa Malaysia at the end of the reporting year.

Investments in collective investment schemes are valued at FVTPL based on the Net Asset Value of such collective investment schemes at the end of the reporting year.

Gains or losses arising from the changes in the fair value of the investments are recognised in the profit or loss and are classified as unrealised gain or loss.



**Classification of Realised and Unrealised Gains and Losses**

Gains or losses arising from the disposal of financial instruments are recognised as realised gains or losses in the profit or loss.

Gains or losses arising from the changes in the valuation of financial instruments at the end of the reporting year are recognised as unrealised gains or losses in the profit or loss.

**Provisions**

Provisions are recognised when the Fund has a present obligation (legal or constructive) as a result of a past event, where it is probable that the Fund will be required to settle that obligation and a reliable estimate can be made of the amount or timing of the obligation.

The amount recognised as a provision will be the best estimate of the amount required to settle the present obligation at the reporting date, taking into account the uncertainties surrounding the obligation. Where a provision is measured using the estimated cash flows to settle the present obligation, its carrying amount will be the present value of those cash flows.

**Statement of Cash Flows**

The Fund adopts the direct method in the preparation of the statement of cash flows.

Cash and cash equivalents, which comprise cash and balances with banks and other financial institutions and deposit placements, are short-term, highly liquid investments with maturities of three months or less from the date of acquisition or are readily convertible to cash with insignificant risk of changes in value.

**4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

**(i) Critical judgements in applying accounting policies**

In the process of applying the Fund’s accounting policies, which are described in Note 3 above, the Manager is of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements.

**(ii) Key sources of estimation uncertainty**

The Manager believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**5 INVESTMENTS**

	<b>2024</b>	<b>2023</b>
	<b>RM</b>	<b>RM</b>
<b>Financial assets at FVTPL:</b>		
Quoted equity securities	81,782,920	77,818,281
Collective investment schemes	5,000,594	21,146,622
	<u>86,783,514</u>	<u>98,964,903</u>
 <b>Net gain/(loss) on investments at FVTPL comprise:</b>		
Realised gain/(loss) on disposals	15,744,346	(14,991,675)
Unrealised (loss)/gain on changes in fair value	(294,836)	13,666,948
	<u>15,449,510</u>	<u>(1,324,727)</u>

## ANNUAL REPORT SEPTEMBER 2024

### ARECA DIVIDEND INCOME FUND

Financial assets at fair value through profit or loss as at 30 September 2024 are as follows:

	No. of Shares Units	Aggregate Cost RM	Fair Value RM	Fair Value as a % of Net Asset Value %
<b>QUOTED EQUITY SECURITIES</b>				
<b>ACE Market</b>				
<b>Construction</b>				
MN Holdings Bhd	1,871,500	1,689,014	1,693,707	1.65
Southern Score Builders Bhd	5,474,500	3,487,327	2,983,603	2.92
		<u>5,176,341</u>	<u>4,677,310</u>	<u>4.57</u>
<b>Main Market</b>				
<b>Construction</b>				
AME Elite Consortium Bhd	387,900	612,494	647,793	0.63
Gamuda Bhd	823,372	4,850,260	6,652,846	6.50
IJM Corporation Bhd	959,000	1,789,522	2,809,870	2.75
		<u>7,252,276</u>	<u>10,110,509</u>	<u>9.88</u>
<b>Consumer Products &amp; Services</b>				
99 Speed Mart Retail Holdings Bhd	1,050,000	1,732,500	2,341,500	2.29
Genting Bhd	1,410,000	6,315,662	5,964,300	5.83
		<u>8,048,162</u>	<u>8,305,800</u>	<u>8.12</u>
<b>Energy</b>				
DIALOG Group Bhd	1,422,000	3,300,566	3,057,300	2.99
Yinson Holdings Bhd	1,500,000	4,153,768	4,020,000	3.93
		<u>7,454,334</u>	<u>7,077,300</u>	<u>6.92</u>
<b>Financial Services</b>				
AMMB Holdings Bhd	1,700,500	5,181,891	8,502,500	8.31
Public Bank Bhd	450,000	2,088,000	2,052,000	2.01
RHB Bank Bhd	520,000	3,168,485	3,213,600	3.14
		<u>10,438,376</u>	<u>13,768,100</u>	<u>13.46</u>
<b>Health Care</b>				
Hartalega Holdings Bhd	310,000	827,160	864,900	0.85
		<u>827,160</u>	<u>864,900</u>	<u>0.85</u>
<b>Industrial Products &amp; Services</b>				
Kelington Group Bhd	200,000	577,740	612,000	0.60
SAM Engineering & Equipment (M) Bhd	247,900	1,266,125	1,041,180	1.02
Sunway Bhd	670,000	2,555,976	2,814,000	2.75
		<u>4,399,841</u>	<u>4,467,180</u>	<u>4.37</u>
<b>Plantation</b>				
Genting Plantations Bhd	400,000	2,508,480	2,096,000	2.05
		<u>2,508,480</u>	<u>2,096,000</u>	<u>2.05</u>
<b>Real Estate Investment Trust</b>				
Pavilion Real Estate Investment Trust	4,000,000	4,880,000	5,760,000	5.63
		<u>4,880,000</u>	<u>5,760,000</u>	<u>5.63</u>

**ANNUAL REPORT SEPTEMBER 2024**

ARECA DIVIDEND INCOME FUND

	<b>No. of Shares Units</b>	<b>Aggregate Cost RM</b>	<b>Fair Value RM</b>	<b>Fair Value as a % of Net Asset Value %</b>
<b>QUOTED EQUITY SECURITIES</b>				
<b>Main Market</b>				
<b>Technology</b>				
D & O Green Technologies Bhd	690,000	1,525,452	1,469,700	1.44
Frontken Corporation Bhd	252,200	827,653	925,574	0.90
Genetec Technology Bhd	2,432,800	4,822,097	2,019,224	1.97
Inari Amertron Bhd	645,000	2,098,176	1,870,500	1.83
JCY International Bhd	4,065,400	3,250,191	1,768,449	1.73
MY E.G. Services Bhd	1,150,000	1,036,035	1,023,500	1.00
VSTECs Bhd	575,800	1,818,989	1,744,674	1.71
		<u>15,378,593</u>	<u>10,821,621</u>	<u>10.58</u>
<b>Telecommunications &amp; Media</b>				
Telekom Malaysia Bhd	510,000	3,445,152	3,427,200	3.35
TIME dotCom Bhd	400,000	2,030,000	1,896,000	1.85
		<u>5,475,152</u>	<u>5,323,200</u>	<u>5.20</u>
<b>Utilities</b>				
Tenaga Nasional Bhd	450,000	5,345,968	6,498,000	6.35
YTL Power International Bhd	550,000	1,961,440	2,013,000	1.97
		<u>7,307,408</u>	<u>8,511,000</u>	<u>8.32</u>
Total quoted equity securities		<u>79,146,123</u>	<u>81,782,920</u>	<u>79.95</u>
	<b>Quantity Units</b>	<b>Aggregate Cost RM</b>	<b>Fair Value RM</b>	<b>Fair Value as a % of Net Asset Value %</b>
<b>COLLECTIVE INVESTMENT SCHEMES</b>				
Areca Progressive Income Fund	2,970,885	3,000,000	3,000,594	2.93
Areca Progressive Income Fund 4.0	1,999,800	2,000,000	2,000,000	1.96
Total collective investment schemes		<u>5,000,000</u>	<u>5,000,594</u>	<u>4.89</u>
<b>Total investments</b>		<u>84,146,123</u>	<u>86,783,514</u>	<u>84.84</u>
<b>Unrealised gain on investments</b>			<u>2,637,391</u>	

## ANNUAL REPORT SEPTEMBER 2024

### ARECA DIVIDEND INCOME FUND

Financial assets at fair value through profit or loss as at 30 September 2023 are as follows:

	No. of Shares Units	Aggregate Cost RM	Fair Value RM	Fair Value as a % of Net Asset Value %
<b>QUOTED EQUITY SECURITIES</b>				
<b>ACE Market</b>				
<b>Industrial Products &amp; Services</b>				
L&P Global Bhd	4,900,000	2,378,357	2,205,000	2.05
		<u>2,378,357</u>	<u>2,205,000</u>	<u>2.05</u>
<b>Technology</b>				
Genetec Technology Bhd	2,000,000	4,901,214	4,780,000	4.43
TT Vision Holdings Bhd	2,448,600	3,117,689	2,938,320	2.73
		<u>8,018,903</u>	<u>7,718,320</u>	<u>7.16</u>
<b>Main Market</b>				
<b>Construction</b>				
Muhibbah Engineering (M) Bhd	1,700,000	1,117,472	1,266,500	1.18
		<u>1,117,472</u>	<u>1,266,500</u>	<u>1.18</u>
<b>Consumer Products &amp; Services</b>				
Berjaya Food Bhd	9,350,000	7,704,964	7,012,500	6.50
Genting Bhd	1,600,000	7,143,495	6,672,000	6.19
Genting Malaysia Bhd	2,150,000	5,505,239	5,375,000	4.99
Heineken Malaysia Bhd	50,000	1,116,045	1,216,000	1.13
		<u>21,469,743</u>	<u>20,275,500</u>	<u>18.81</u>
<b>Energy</b>				
Hibiscus Petroleum Bhd	3,500,000	3,219,880	3,955,000	3.67
Uzma Bhd	2,000,000	1,220,000	1,690,000	1.57
Yinson Holdings Bhd	1,400,000	3,230,390	3,472,000	3.22
		<u>7,670,270</u>	<u>9,117,000</u>	<u>8.46</u>
<b>Financial Services</b>				
AMMB Holdings Bhd	2,452,000	7,149,338	9,072,400	8.42
Tune Protect Group Bhd	7,113,000	2,995,296	3,094,155	2.87
		<u>10,144,634</u>	<u>12,166,555</u>	<u>11.29</u>
<b>Health Care</b>				
Hartalega Holdings Bhd	1,500,000	3,010,056	2,985,000	2.77
		<u>3,010,056</u>	<u>2,985,000</u>	<u>2.77</u>
<b>Industrial Products &amp; Services</b>				
Dufu Technology Corp. Bhd	900,000	1,654,425	1,530,000	1.42
Press Metal Aluminium Holdings Bhd	450,000	2,134,755	2,119,500	1.97
Sunway Bhd	1,600,000	2,649,920	3,152,000	2.92
		<u>6,439,100</u>	<u>6,801,500</u>	<u>6.31</u>
<b>Property</b>				
IOI Properties Group Bhd	2,300,000	2,798,185	3,818,000	3.54
		<u>2,798,185</u>	<u>3,818,000</u>	<u>3.54</u>

**ANNUAL REPORT SEPTEMBER 2024**

ARECA DIVIDEND INCOME FUND

	<b>No. of Shares Units</b>	<b>Aggregate Cost RM</b>	<b>Fair Value RM</b>	<b>Fair Value as a % of Net Asset Value %</b>
<b>QUOTED EQUITY SECURITIES</b>				
<b>Main Market</b>				
<b>Real Estate Investment Trust</b>				
Pavilion Real Estate Investment Trust	6,557,300	7,999,906	7,999,906	7.42
		<u>7,999,906</u>	<u>7,999,906</u>	<u>7.42</u>
<b>Technology</b>				
Frontken Corporation Bhd	1,100,000	3,607,450	3,465,000	3.21
		<u>3,607,450</u>	<u>3,465,000</u>	<u>3.21</u>
Total quoted equity securities		<u>74,654,076</u>	<u>77,818,281</u>	<u>72.20</u>

	<b>Quantity Units</b>	<b>Aggregate Cost RM</b>	<b>Fair Value RM</b>	<b>Fair Value as a % of Net Asset Value %</b>
<b>COLLECTIVE INVESTMENT SCHEMES</b>				
Areca Focus Leverage Fund	6,130,275	6,300,000	5,993,570	5.56
Areca Global Emerging Momentum Fund 2 – MYR Class	4,942,691	5,078,600	5,152,755	4.78
Areca Progressive Income Fund	2,970,885	3,000,000	3,000,297	2.78
Areca Steady fixedINCOME Fund	5,847,465	7,000,000	7,000,000	6.50
Total collective investment schemes		<u>21,378,600</u>	<u>21,146,622</u>	<u>19.62</u>
<b>Total investments</b>		<u>96,032,676</u>	<u>98,964,903</u>	<u>91.82</u>
<b>Unrealised gain on investments</b>			<u>2,932,227</u>	

**6 CASH AND CASH EQUIVALENTS**

	<b>2024 RM</b>	<b>2023 RM</b>
Cash at bank	184,810	165,846
Short-term deposits	15,154,412	9,069,273
	<u>15,339,222</u>	<u>9,235,119</u>

Short-term deposits represent deposits placed with local licensed financial institutions.

The effective average interest rate for short-term deposits is 3.10% (2023: 3.08%) per annum and the average maturity period is 8 days (2023: 5 days).

**ANNUAL REPORT SEPTEMBER 2024**  
ARECA DIVIDEND INCOME FUND

**7 OTHER PAYABLES AND ACCRUED EXPENSES**

	<b>2024</b>	<b>2023</b>
	<b>RM</b>	<b>RM</b>
Accrued expenses:		
Management fee	154,979	147,502
Trustee's fee	4,202	4,415
Audit fee	10,000	10,000
Tax agent's fee	3,650	3,650
	<u>172,831</u>	<u>165,567</u>

**8 NUMBER OF UNITS IN CIRCULATION**

	<b>2024</b>	<b>2023</b>
	<b>Units</b>	<b>Units</b>
At beginning of the year	86,320,913	91,391,059
Created during the year	3,541,166	6,870,989
Reinvestment of units	2,731,669	-
Cancelled during the year	(18,487,368)	(11,941,135)
At end of the year	<u>74,106,380</u>	<u>86,320,913</u>

**9 MANAGEMENT FEE**

The Schedule 8 of the Deeds provides that the Manager is entitled to an annual management fee at a rate not exceeding 2.50% per annum computed daily on the net asset value of the Fund before the deduction of the management fee and Trustee's fee for the relevant day.

The management fee provided in the financial statements is 1.82% (2023: 1.71%) per annum for the financial year, net of management fee rebate on the collective investment schemes.

**10 TRUSTEE'S FEE**

The Schedule 9 of the Deeds provides that the Trustee is entitled to an annual Trustee's fee at rate not exceeding 0.50% per annum computed daily on the net asset value of the Fund before the deduction of the management fee and Trustee's fee for the relevant day.

The Trustee's fee provided in the financial statements is 0.05% (2023: 0.05%) per annum for the financial year.

**11 INCOME TAX EXPENSE**

There is no income tax expenses for the year as interest income derived by the Fund is exempted from tax pursuant to Paragraph 35 and 35A, Schedule 6 of the Income Tax Act 1967. Gains arising from realisation of investments are not treated as income pursuant to Paragraph 61(1)(b) of the Income Tax Act 1967.

**ANNUAL REPORT SEPTEMBER 2024**  
ARECA DIVIDEND INCOME FUND

**12 NET DISTRIBUTION**

	<b>2024</b> <b>RM</b>
Distribution to unitholders is from the following sources:	
Dividend income	3,082,261
Interest income	273,497
Realised gain on disposals	<u>3,547,383</u>
	6,903,141
Less: Expenses	<u>(2,998,880)</u>
Net distribution	<u><u>3,904,261</u></u>
<b>Distribution on 28 June 2024</b>	
Gross distribution per unit (sen)	5.0000
Net distribution per unit (sen)	<u>5.0000</u>

There was no income distribution for the previous financial year.

**13 TOTAL EXPENSE RATIO AND PORTFOLIO TURNOVER RATIO**

**Total Expense Ratio (TER)**

Total expense ratio for the Fund is 1.89% (2023: 1.79%) for the financial year ended 30 September 2024. The total expense ratio which includes management fee, trustee's fee, audit fee, tax agent's fee and other expenses, is calculated as follows:

$$\text{TER} = \frac{(A + B + C + D + E)}{F} \times 100$$

- A = Management fee
- B = Trustee's fee
- C = Audit fee
- D = Tax agent's fee
- E = Other expenses
- F = Average net asset value of the Fund

The average net asset value of the Fund for the financial year is RM108,846,634 (2023: RM112,621,292).

**Portfolio Turnover Ratio (PTR)**

The portfolio turnover ratio for the Fund is 1.54 times (2023: 1.62 times) for the financial year ended 30 Septemebr 2024. The portfolio turnover ratio is derived from the following calculation:

$$\frac{(\text{Total acquisition for the financial year} + \text{total disposal for the financial year}) \div 2}{\text{Average net asset value of the Fund for the financial year calculated on a daily basis}}$$

Where: total acquisition for the financial year = RM153,619,575 (2023: RM179,062,643)  
total disposal for the financial year = RM181,250,475 (2023: RM186,699,523)

## ANNUAL REPORT SEPTEMBER 2024

### ARECA DIVIDEND INCOME FUND

#### 14 UNITS HELD BY THE MANAGER AND PARTIES RELATED TO THE MANAGER

As at end of the financial year, the total number and value of units held by the Manager and related parties are as follows:

	←-----2024-----→	←-----2023-----→		
	No. of units	RM	No. of units	RM
The Manager	96,161	132,732	132	165
Directors of the Manager (The above units are held legally and beneficially)	116,612	160,960	112,650	140,655
	212,773	293,692	112,782	140,820

The Directors of the Manager are of the opinion that the transactions with the related parties have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties. These dealings with related parties have been transacted at arm's length basis.

#### 15 TRADE WITH BROKERS/DEALERS

Details of transactions with brokers/dealers are as follows:

	Value of Trades RM	% of Total Trades %	Fees RM	% of Total Brokerage Fee %
<b>2024</b>				
JPMorgan Securities (Malaysia) Sdn Bhd	79,561,189	25.96	229,990	25.78
Maybank Investment Bank Bhd	48,043,542	15.68	141,128	15.82
Public Investment Bank Bhd	45,262,726	14.77	134,529	15.08
CGS International Securities Malaysia Sdn Bhd (formerly known as CGS CIMB Securities Sdn Bhd)	32,402,740	10.57	90,906	10.19
RHB Investment Bank Bhd	27,252,188	8.89	76,337	8.56
Kenanga Investment Bank Bhd	22,859,590	7.46	52,050	5.83
CIMB Securities Sdn Bhd	21,496,688	7.01	84,412	9.46
UOB Kay Hian Securities (M) Sdn Bhd	13,700,976	4.47	43,975	4.93
Affin Hwang Investment Bank Bhd	9,955,990	3.25	23,595	2.65
CLSA Securities Malaysia Sdn Bhd	5,292,124	1.73	15,172	1.70
Others	642,000	0.21	-	-
	306,469,753	100.00	892,094	100.00
<b>2023</b>				
Maybank Investment Bank Bhd	95,242,131	28.84	245,512	30.01
CGS CIMB Securities Sdn Bhd	71,177,461	21.55	137,714	16.83
RHB Investment Bank Bhd	53,062,084	16.07	145,715	17.81
UOB Kay Hian Securities (M) Sdn Bhd	37,791,389	11.44	102,028	12.47
CLSA Securities Malaysia Sdn Bhd	26,036,133	7.88	77,315	9.45
Kenanga Investment Bank Bhd	17,448,601	5.28	38,716	4.73
JPMorgan Securities (Malaysia) Sdn Bhd	11,893,451	3.60	29,316	3.58
Affin Hwang Investment Bank Bhd	10,158,859	3.08	21,754	2.66
Public Investment Bank Bhd	7,447,174	2.26	20,128	2.46
	330,257,283	100.00	818,198	100.00



**16 RISK MANAGEMENT POLICIES****FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Fund seeks to provide regular income while providing long term capital appreciation by investing principally in equities and equity related securities. In order to meet its stated 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) primarily on its investment and capital risk.

**Categories of Financial Instruments**

	<b>2024</b>	<b>2023</b>
	<b>RM</b>	<b>RM</b>
<b>Financial assets</b>		
<b>Carried at FVTPL:</b>		
Investments	<u>86,783,514</u>	<u>98,964,903</u>
<b>Amortised costs:</b>		
Cash and cash equivalents	15,339,222	9,235,119
Amount due from Manager	31,714	-
Amount due from stockbrokers	-	562,379
Dividend receivables	<u>305,131</u>	<u>197,000</u>
<b>Financial liabilities</b>		
<b>Amortised costs:</b>		
Amount due to stockbrokers	-	1,011,168
Other payables and accrued expenses	<u>172,831</u>	<u>165,567</u>

**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 30 September 2024.

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

**ANNUAL REPORT SEPTEMBER 2024**

## ARECA DIVIDEND INCOME FUND

The following table set out the Fund's portfolio of investments by industry:

	<b>Short-term deposits RM</b>	<b>Quoted equity securities RM</b>	<b>Collective investment schemes RM</b>
<b>2024</b>			
<b>Industry</b>			
Construction	-	14,787,819	-
Consumer Products & Services	-	8,305,800	-
Energy	-	7,077,300	-
Financial Services	15,154,412	13,768,100	5,000,594
Health Care	-	864,900	-
Industrial Products & Services	-	4,467,180	-
Plantation	-	2,096,000	-
Real Estate Investment Trust	-	5,760,000	-
Technology	-	10,821,621	-
Telecommunications & Media	-	5,323,200	-
Utilities	-	8,511,000	-
	<u>15,154,412</u>	<u>81,782,920</u>	<u>5,000,594</u>
<b>2023</b>			
<b>Industry</b>			
Construction	-	1,266,500	-
Consumer Products & Services	-	20,275,500	-
Energy	-	9,117,000	-
Financial Services	9,069,273	12,166,555	21,146,622
Health Care	-	2,985,000	-
Industrial Products & Services	-	9,006,500	-
Property	-	3,818,000	-
Real Estate Investment Trust	-	7,999,906	-
Technology	-	11,183,320	-
	<u>9,069,273</u>	<u>77,818,281</u>	<u>21,146,622</u>

**Liquidity risk management**

Liquidity risk is defined as the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Exposure to liquidity risk arises because of the possibility that the Fund could be required to pay its liabilities or redeem its units earlier than expected. 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.

All financial liabilities are repayable on demand or due within 1 year from the date of the statement of financial position.

**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 market prices.

During the financial year, as the Fund invests in Malaysia listed quoted equity securities and collective investment schemes, the performance of the Fund might go up or down in accordance with the prevailing market risk of Malaysia.

## ANNUAL REPORT SEPTEMBER 2024

### ARECA DIVIDEND INCOME FUND

#### Interest rate risk management

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate. The Fund's short-term deposits and cash at bank earn interest at floating rates but is not exposed to any significant interest rate risk as the floating rates, represented by overnight cash rates, do not fluctuate significantly year-on-year.

#### Price risk management

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

#### Price risk sensitivity

The Manager's best estimate of the effect on the income for the year due to a reasonably possible change in price, with all other variables held constant is indicated in the table below:

	Changes in price %	Effect on profit or loss Increase/(Decrease) RM
<b>2024</b>		
Investments	+5/-5%	<u>4,339,176/(4,339,176)</u>
<b>2023</b>		
Investments	+5/-5%	<u>4,948,245/(4,948,245)</u>

#### Capital risk management

The capital of the Fund is represented by equity consisting of unitholders' capital and accumulated losses. 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.

## 17 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions.

For quoted equity securities in general, fair values have been estimated by reference to last done market price quoted on Bursa Malaysia Bhd at the end of the reporting year.

The fair value of the collective investment schemes are determined based on Net Assets Value ("NAV") per unit of such collective investment schemes as at the end of the reporting year.

For deposits and placements with financial institutions with maturities of less than twelve months, the carrying value is reasonable estimate of fair value.

The carrying amounts of other financial assets and financial liabilities approximate their fair values due to short maturity of these instruments.

## ANNUAL REPORT SEPTEMBER 2024

### ARECA DIVIDEND INCOME FUND

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
<b>2024</b>				
<b>Financial assets at FVTPL</b>				
Quoted equity securities	81,782,920	-	-	81,782,920
Collective investment schemes	-	5,000,594	-	5,000,594
<b>2023</b>				
<b>Financial assets at FVTPL</b>				
Quoted equity securities	77,818,281	-	-	77,818,281
Collective investment schemes	-	21,146,622	-	21,146,622

There is no transfer between Levels 1 and 2 during the financial year.

## 18 COMPARATIVE FIGURES

The following comparative figures have been reclassified to conform with current year's financial statements presentation:

	2023 RM	Reclassification RM	2023 RM
<b>Statement of financial position</b>			
<b>Assets</b>			
Quoted equity securities	77,818,281	(77,818,281)	-
Collective investment schemes	21,146,622	(21,146,622)	-
Cash at bank	165,846	(165,846)	-
Other receivables	762,044	(762,044)	-
Short-term deposits	9,066,608	(9,066,608)	-
Investments	-	98,964,903	98,964,903
Cash and cash equivalents	-	9,235,119	9,235,119
Amount due from stockbrokers	-	562,379	562,379
Dividend receivables	-	197,000	197,000
<b>Liabilities</b>			
Amount due to stockbrokers	-	1,011,168	1,011,168
Other payables and accrued expenses	1,176,735	(1,011,168)	165,567









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