

Annual Report

June 2024

For the Year Ended 30 June 2024

*Areca equity*TRUST Fund

Management Company



200601021087(740840-D)

ANNUAL REPORT JUNE 2024

✦ ARECA equityTRUST FUND

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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
e-mail: 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
e-mail: 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

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FUND INFORMATION

Name of the Fund	Areca equityTRUST Fund
Fund Category/ Type	Equity/Growth
Objective of the Fund	The investment objective of the Fund is to provide investors with medium to long term capital growth. To achieve this objective, the Fund will invest in equities and equity-related securities.
Performance Benchmark	1-year Average Returns of the funds under "Equity Malaysia" Non-Islamic category
Distribution Policy of the Fund	Incidental.
Rebates & Soft Commissions	<p>We will retain soft commissions received from brokers or dealers, provided that:</p> <ul style="list-style-type: none">(a) the soft commissions bring direct benefit or advantage to the management of the Fund and may include research and advisory related services;(b) any dealing with the broker or dealer is executed on terms which are the most favourable for the Fund; and(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. <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>
Inception Date	23 April 2007
Financial Year End	30 June

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FUND PERFORMANCE

	2024	2023	2022
NET ASSET VALUE ("NAV")			
Net Asset Value (RM million)	333.17*	249.70	263.63
Units in circulation (million units)	502.62*	457.86	493.74
NAV per unit (RM)	0.6629*	0.5454	0.5339
<i>* Ex-Distribution</i>			

HIGHEST & LOWEST NAV per unit			
<i>Please refer to Note 1 for further information on NAV and pricing policy</i>			
Highest NAV per unit (RM)	0.7322*	0.5815	0.6672
Lowest NAV per unit (RM)	0.5419*	0.5133	0.5286
<i>* Ex-Distribution</i>			

ASSET ALLOCATION % of NAV			
Quoted equity securities			
Construction	7.07	-	-
Consumer Products & Services	6.39	1.24	10.45
Energy	8.55	7.84	6.26
Financial Services	6.65	11.60	23.16
Health Care	-	2.14	1.26
Industrial Products & Services	14.93	22.61	14.41
Plantation	1.34	-	1.40
Properties	6.91	0.05	0.07
Real Estate Investment Trusts	1.06	1.27	-
Technology	15.44	24.48	6.06
Telecommunications & Media	4.04	4.56	-
Transportation & Logistics	4.66	3.53	-
Utilities	7.92	6.44	6.38
Collective investment schemes	5.45	1.52	-
Liquid assets and other net current assets	9.59	12.72	30.55

DISTRIBUTION			
<i>Please refer to Note 2 for further information</i>			
Distribution date	28 June 2024	-	-
Gross distribution (sen per unit)	5.0000 (28 Jun)	-	-
Net distribution (sen per unit)	5.0000 (28 Jun)	-	-
NAV before distribution (RM per unit)	0.7062 (27 Jun)	-	-
NAV after distribution (RM per unit)	0.6629 (28 Jun)	-	-

UNIT SPLIT			
There was no unit split exercise for the financial year under review.			

EXPENSE/TURNOVER			
Total expense ratio (TER) (%)	1.94	1.91	1.95
<i>Please refer to Note 3 for further information</i>			
Portfolio turnover ratio (PTR) (times)	1.03	0.78	1.01
<i>Please refer to Note 4 for further information</i>			

TOTAL RETURN			
<i>Please refer to Note 5 for further information</i>			
Total Return (%)	30.71	2.15	(11.98)
- Capital growth (%)	21.54	2.15	(11.98)
- Income distribution (%)	9.17	-	-

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FUND PERFORMANCE

	2024	2023	2022	2021	2020
Annual Total Return (%)	30.71	2.15	(11.98)	34.64	24.04
Performance Benchmark (%): 1-year Average Returns of the funds under "Equity Malaysia" Non-Islamic category	27.99	0.65	(8.43)	20.60	(2.33)
Average Total Return per annum (%)		1-yr 30.71	3-yrs 5.84	5-yrs 19.25	

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 outperformed its benchmark (1-year Average Returns of the funds under "Equity Malaysia" Non-Islamic category of the Malaysia Lipper Fund table, "peers benchmarking") with a gain of 30.71% compared to benchmark's gain of 27.99%. The outperformance of the Fund was due to its agile asset allocation level and stock selection. The Fund remain focused on positioning for medium to longer term growth. Since launch in April 2007, the Fund has recorded a total return of 662.16% compared to the benchmark return of 174.85%.

The Fund has consistently achieved its objective to provide investors with medium to long term capital growth, including for the year under review.

Investment Policy and Strategy

The Fund will invest between 70% - 98% of its NAV in equities and equity-related securities and a minimum of 2% of its NAV in Liquid Assets. Equity-related securities includes but is not limited to different classes of listed shares, warrants, options and convertible securities. The Fund will normally invest in securities issued by companies that exhibit a good management track record, a sound history of Long-Term profitability and earnings resilience, a strong balance sheet, and/or have a good competitive position in their respective industries.

NAV per unit as at 30 June 2024

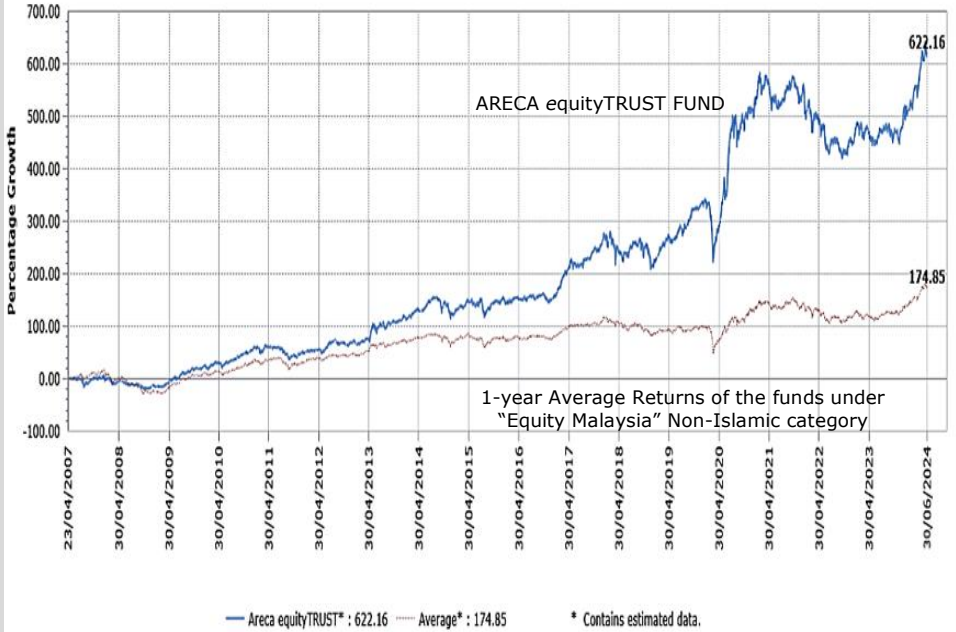
RM0.6629

Asset Allocation/Portfolio Composition	2024	2023	2022
Quoted equity securities	84.96%	85.76%	69.45%
Collective investment schemes	5.45%	1.52%	-
Liquid assets and other net current assets	9.59%	12.72%	30.55%

FUND REVIEW

Performance of Areca equityTRUST Fund
for the financial period since inception to 30 June 2024

Total Return of Areca equityTRUST Fund vs Benchmark



Source: Lipper

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GLOBAL ECONOMIC REVIEW

U.S.	Current (T)	Previous (T-1)	Previous (T-2)	Previous (T-3)
GDP (QoQ)	1.4% 1Q24	3.4% 4Q23	4.9% 3Q23	2.1% 2Q23
Inflation Rate (Annual)	3.0% Jun 24	3.3% May 24	3.4% Dec 23	3.2% Jul 23
Unemployment Rate	4.1% Jun 24	4.0% May 24	3.7% Dec 23	3.5% Jul 23

Against the backdrop of tightening monetary policy, the United States ("U.S.") economy showcased a resilient stride, marking a 2.50% growth in 2023, a slight uptick from the previous year's 1.90%. Looking ahead, the International Monetary Fund ("IMF") foresees a modest bump to 2.60% growth in 2024. Notably, the U.S. Gross Domestic Product ("GDP") celebrated its seventh consecutive quarter of expansion in first quarter of year 2024 ("1Q24"), a remarkable turnaround from the hiccup witnessed in first half of year 2022 ("1H22"). However, this expansion in 1Q24 was tempered by a slowdown in consumer and government spending.

Amidst this economic tango, inflation in the U.S. cooled off, averaging at 4.10% in 2023, a significant dip from the 8.00% recorded in 2022, largely attributed to reduced energy costs. The labor market remain robust, with an unemployment rate steady at 3.60% throughout 2023, mirroring the figures from the previous year.

In response to the inflationary pulse, the Federal Reserve ("Fed") nudged up the Fed Funds Rate ("FFR") incrementally through 2023, bringing it to 5.25% - 5.50% currently. However, a softening stance emerged by year-end, hinting at potential rate cuts in 2024, though unlikely in the first half of the year.

E.U.	Current (T)	Previous (T-1)	Previous (T-2)	Previous (T-3)
GDP (QoQ)	0.3% 1Q24	0.0% 4Q23	0.1% 3Q23	0.1% 2Q23
Inflation Rate (Annual)	2.6% Jun 24	2.7% May 24	3.4% Dec 23	6.1% Jul 23
Unemployment Rate	6.0% May 24	6.0% Apr 24	6.0% Dec 23	6.0% Jul 23

Across the Atlantic, the European Union ("EU") experienced a tepid growth of 0.40% in 2023, a significant slowdown from the previous year's 3.40%. Looking ahead, the IMF forecasts a slight uptick, projecting a 0.90% growth for the EU economy in 2024.

Inflation, which peaked in 2022, gradually eased, with the average annual rate settling at 6.40% in 2023, down from 9.20% in 2022. The EU labor market saw a marginal improvement, with the unemployment rate averaging at 6.00% in 2023, slightly lower than the previous year's 6.10%.

To tackle inflationary pressures, the European Central Bank ("ECB") hiked interest rates throughout 2023, bringing it to 4.50%. Nevertheless, the ECB lowered the interest rates by 25 basis points ("bps") to 4.25% in June 2024, in light of the declining inflation rate.

China	Current (T)	Previous (T-1)	Previous (T-2)	Previous (T-3)
GDP (QoQ)	0.7% 2Q24	1.5% 1Q24	1.0% 4Q23	1.5% 3Q23
Inflation Rate (Annual)	0.2% Jun 24	0.3% May 24	-0.3% Dec 23	-0.3% Jul 23
Unemployment Rate	5.0% Jun 24	5.0% May 24	5.1% Dec 23	5.3% Jul 23

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As for the worlds’ second largest economy, China regained momentum with a 5.20% growth in 2023, fueled by supportive measures from Beijing. Despite grappling with a property downturn and deflationary trends, China set its sights on a 5.00% GDP growth target for 2024, backed by an eighth consecutive quarter of expansion in second quarter of year 2024 (“2Q24”).

Inflation remained subdued, with periodic contractions throughout 2023, but rebounded in early 2024, thanks to robust Lunar New Year spending. Unemployment figures showed improvement, averaging 5.20% in 2023, lower than the previous year.

China's policy response deviated from the global trend, with the People's Bank of China (“PBoC”) opting for monetary easing to stimulate the economy, reducing loan prime rates in multiple instances. The one-year loan prime rate (“LPR”) was reduced by 10 bps in June 2023, August 2023, and July 2024 to 3.35% currently, while the five-year LPR was reduced by 10 bps in June 2023, 25 bps in February 2024, and another 10 bps in July 2024 to 3.85% now.

Malaysia	Current (T)	Previous (T-1)	Previous (T-2)	Previous (T-3)
GDP (QoQ)	0.7% 2Q24	1.4% 1Q24	-1.0% 4Q23	2.4% 3Q23
Inflation Rate (Annual)	2.0% May 24	1.8% Apr 24	1.5% Dec 23	2.0% Jul 23
Unemployment Rate	3.3% May 24	3.3% Apr 24	3.3% Dec 23	3.4% Jul 23

Finally, back to our domestic economy, growth moderated to 3.70% in 2023, a notable slowdown from the previous year's 8.70%. Projections by the Bank Negara Malaysia (“BNM”) point towards a 4.00% to 5.00% GDP expansion in 2024. Malaysia GDP growth rate experienced fluctuations throughout the year, buoyed by domestic demand but hampered by a slowdown in private consumption and falling exports in fourth quarter of year 2023 (“4Q23”). Nonetheless, our GDP growth made a remarkable comeback in the first half of 2024 (“1H24”).

Local inflation eased to 2.50% in 2023, down from 3.40% in 2022, while the unemployment rate improved to 3.40%, a slight dip from the previous year's 3.80%.

To respond to the economic dynamics of the world, BNM raised the Overnight Policy Rate (“OPR”) to 3.00% since May 2023.

MALAYSIAN EQUITY MARKET REVIEW

During the year under review, the FTSE Bursa Malaysia KLCI Index (“FBMKLCI”), which is the barometer of the Malaysian equity market rose 15.50% to close at 1,590 points. The broader market FTSE Bursa Malaysia EMAS Index (“FBMEMAS”) gained 20.50% to 12,216 points while the FTSE Bursa Malaysia Small Cap Index (“FBMSCAP”) increased by 29.90% to 19,290 points. Malaysian equities staged a robust recovery in 1H24, after 3 consecutive years of negative annual returns. The market’s resurgence was fueled by portfolio flows by both foreign and domestic institutional funds, improved corporate earnings and thematic such as the National Energy Transition Roadmap, Johor-Singapore Special Economic Zone (“JSSEZ”) and data center investments. Meanwhile, global equity markets have also done well fueled by a rally of mega-cap tech stocks and Artificial Intelligence-themed companies.

FBMKLCI started 2024 on a positive note as Government-Linked Investment Companies reduced overseas investments and boosted local investments. Local institutional investors were the largest net buyers of domestic equities in 1H24 with total net buying value surpassing the entirety of 2023. The positive sentiment continued amid increasing Foreign Direct Investments (“FDIs”) in electrical and electronics (“E&E”) and data centers in Malaysia coupled with the signing of Memorandum of Understanding with Singapore to formalize the cooperation on the JSSEZ. This spurred rising interest in property, construction and utility sectors.

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Meanwhile, the Malaysian government introduced EPF Account 3 which allowed withdrawals and proposed a 13.00% increase in civil servants' salaries. These measures are expected to support consumption and cushion the impact of the government's subsidy rationalization plan which started with the hike of diesel price by 56.00%.

MALAYSIAN EQUITY MARKET OUTLOOK AND STRATEGY

Moving into second half of year 2024 ("2H24"), we maintain our optimistic outlook on markets given a resilient global economy backdrop and moderating inflation which would pave the way for monetary easing policies by central banks. Historically, equities return has been generally positive during the start of a rate cut cycle in a non-recessionary environment. We expect tailwinds for the local market driven by acceleration in corporate earnings in 2024, undemanding equity valuation and ongoing strong thematics.

Malaysia's GDP grew 5.80% in 2Q24, beating expectations and puts the economy on course to surpass the 4.00% - 5.00% growth forecast in 2024 by BNM. Growth is expected to be anchored by resilient domestic consumption, improving E&E exports and a pickup in tourism. The OPR is also anticipated to be unchanged and be supportive of economic expansion.

Among sectors, we favor construction and property driven by robust domestic project pipelines as well as ongoing strong FDIs. We remain optimistic in the technology sector as semiconductor inventories are bottoming and earnings are expected to benefit from a tech upcycle. In terms of portfolio strategy, we would maintain our high equity exposure in line with a constructive view of the market.

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.

TRUSTEE'S REPORT

To the Unitholders of Areca equityTRUST Fund ("Fund")

We have acted as Trustee of the Fund for the financial year ended 30 June 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
21 August 2024

STATEMENT BY MANAGER

To the Unitholders of Areca equityTRUST 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 June 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
21 August 2024

**INDEPENDENT AUDITORS' REPORT
TO THE UNITHOLDERS OF ARECA EQUITYTRUST FUND**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **ARECA EQUITYTRUST FUND** ("the Fund"), which comprise the statement of financial position as at 30 June 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 15 to 36.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 30 June 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.

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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

21 August 2024

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STATEMENT OF FINANCIAL POSITION

As At 30 June 2024

	Note	2024 RM	2023 RM
Assets			
Investments	5	301,229,261	217,948,485
Cash and cash equivalents	6	25,127,956	34,145,484
Amount due from Manager		9,279,255	14,969
Dividend receivables		225,276	332,843
Total Assets		335,861,748	252,441,781
Unitholders' Fund And Liabilities			
Liabilities			
Amount due to stockbrokers		2,196,522	2,321,535
Other payables and accrued expenses	7	499,488	416,677
Total Liabilities		2,696,010	2,738,212
Unitholders' Fund			
Unitholders' capital		258,338,526	226,053,319
Retained earnings		74,827,212	23,650,250
Net Asset Value Attributable To Unitholders		333,165,738	249,703,569
Total Unitholders' Fund And Liabilities		335,861,748	252,441,781
Number Of Units In Circulation	8	502,622,660	457,864,638
Net Asset Value Per Unit (*Ex-Distribution) (RM)		0.6629*	0.5454

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

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Financial Year Ended 30 June 2024

	Note	2024 RM	2023 RM
Investments Income			
Dividend income		4,637,563	6,438,559
Interest income		393,265	956,493
Net gain on investments at fair value through profit or loss ("FVTPL")	5	<u>77,177,754</u>	<u>4,579,217</u>
Total Investments Income		<u>82,208,582</u>	<u>11,974,269</u>
Expenditure			
Management fee	9	4,958,031	4,706,884
Trustee's fee	10	216,224	207,274
Audit fee		12,500	12,500
Tax agent's fee		4,000	4,000
Transaction costs		2,533,279	1,579,900
Other expenses		<u>48,211</u>	<u>9,047</u>
Total Expenditure		<u>7,772,245</u>	<u>6,519,605</u>
Net Income Before Tax		74,436,337	5,454,664
Income Tax Expense	11	<u>-</u>	<u>-</u>
Net Income After Tax And Total Comprehensive Income For The Financial Year		<u>74,436,337</u>	<u>5,454,664</u>
Net Income After Tax Is Made Up Of:			
Realised gain/(loss)		25,739,400	(6,876,696)
Unrealised gain		<u>48,696,937</u>	<u>12,331,360</u>
		<u>74,436,337</u>	<u>5,454,664</u>
Distribution for the Financial Year:			
Net distribution	12	23,259,375	-
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.

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STATEMENT OF CHANGES IN NET ASSET VALUE

For The Financial Year Ended 30 June 2024

	Unitholders' capital RM	Retained earnings RM	Total net asset value RM
Balance as at 1 July 2022	245,434,610	18,195,586	263,630,196
Amounts received from units created	18,725,683	-	18,725,683
Amounts paid for units cancelled	(38,106,974)	-	(38,106,974)
Total comprehensive income for the financial year	-	5,454,664	5,454,664
Balance as at 30 June 2023	<u>226,053,319</u>	<u>23,650,250</u>	<u>249,703,569</u>
Balance as at 1 July 2023	226,053,319	23,650,250	249,703,569
Amounts received from units created	66,223,438	-	66,223,438
Reinvestments of units	23,259,375	-	23,259,375
Amounts paid for units cancelled	(57,197,606)	-	(57,197,606)
Total comprehensive income for the financial year	-	74,436,337	74,436,337
Distribution to unitholders for the financial year (Note 12)	-	(23,259,375)	(23,259,375)
Balance as at 30 June 2024	<u>258,338,526</u>	<u>74,827,212</u>	<u>333,165,738</u>

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

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STATEMENT OF CASH FLOWS

For The Financial Year Ended 30 June 2024

	Note	2024 RM	2023 RM
Cash Flows From Operating Activities			
Proceeds from disposal of investments		274,546,297	190,925,659
Purchase of investments		(280,773,796)	(215,405,583)
Dividend income received		4,731,972	6,377,750
Interest received		393,265	956,493
Management fee paid		(4,879,128)	(4,746,871)
Trustee's fee paid		(212,316)	(208,707)
Transaction costs paid		(2,533,815)	(1,587,766)
Payment for other fees and expenses		(51,553)	(25,547)
Net Cash Used In Operating Activities		<u>(8,779,074)</u>	<u>(23,714,572)</u>
Cash Flows From Financing Activities			
Cash proceeds from units created		56,959,152	18,771,313
Payment for cancellation of units		(57,197,606)	(38,393,555)
Net Cash Used In Financing Activities		<u>(238,454)</u>	<u>(19,622,242)</u>
Net Decrease In Cash And Cash Equivalents		(9,017,528)	(43,336,814)
Cash And Cash Equivalents At Beginning Of Year		<u>34,145,484</u>	<u>77,482,298</u>
Cash And Cash Equivalents At The End Of Year		<u><u>25,127,956</u></u>	<u><u>34,145,484</u></u>
Cash And Cash Equivalents Comprise:			
Cash at bank	6	573,717	21,446
Short-term deposits	6	24,554,239	34,124,038
		<u><u>25,127,956</u></u>	<u><u>34,145,484</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Areca equityTRUST Fund (“the Fund”) was established pursuant to the Trust Deed dated 12 March 2007 as modified by the First Supplemental Deed dated 27 June 2007, Second Supplemental Deed dated 14 April 2008, Third Supplemental Deed dated 21 October 2008, Fourth Supplemental Master Deed dated 10 April 2009, Fifth Supplemental Master Deed dated 12 March 2013, Sixth Supplemental Master Deed dated 6 September 2013 and Seventh Supplemental Master Deed dated 29 August 2022 (“the Deeds”) between Areca Capital Sdn Bhd as the Manager, the Trustee and all the registered unitholders of the Fund.

The principal activity of the Fund is to invest in investments as defined under the Schedule 7 of the Deeds, which are ordinary shares and other equity-related securities such as convertible securities, preference shares, warrants listed on the Bursa Malaysia or other public exchanges in Malaysia, securities in Foreign Stock Exchange which has been approved by the relevant authorities from time to time, liquid assets, unlisted fixed income securities and commercial papers traded in money market, units and share in other collective investment schemes, derivatives such as future contracts for hedging purposes only and any other form of investments as may be approved by the relevant authorities from time to time. The Fund commenced operations on 23 April 2007 and will continue its operations until terminated by the Trustee in accordance with Part 12 of the Deeds.

The objective of the Fund is to provide investors with medium to long term capital growth by investing in equities and equity-related securities. Any material changes to the investment 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 21 August 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 Standard 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 July 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.

New MFRSs and Amendments to MFRSs in Issue But Not Yet Effective

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

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

The Manager of the Fund anticipates that the abovementioned new MFRSs and Amendments to MFRSs will be adopted in the annual financial statements of the Fund when they become effective and that the adoption of this 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. 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.

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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 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 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.

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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

	2024	2023
	RM	RM
Financial assets at FVTPL:		
Quoted equity securities	283,058,834	214,148,109
Collective investment schemes	18,170,427	3,800,376
	<u>301,229,261</u>	<u>217,948,485</u>
Net gain on investments at FVTPL comprise:		
Realised gain/(loss) on disposals	28,480,817	(7,752,143)
Unrealised gain on changes in fair value	48,696,937	12,331,360
	<u>77,177,754</u>	<u>4,579,217</u>

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

	No. of Shares Units	Aggregate Cost RM	Fair Value RM	Fair Value as a % of Net Asset Value %
QUOTED EQUITY SECURITIES				
ACE Market				
Consumer Products & Services				
Farm Price Holdings Bhd	6,059,700	2,433,979	3,938,805	1.18
Industrial Products & Services				
Topmix Bhd	6,000,000	2,588,400	3,480,000	1.05
Technology				
ECA Integrated Solution Bhd	11,395,100	8,353,515	4,671,991	1.40
Edelteq Holdings Bhd	5,317,600	2,591,552	2,259,980	0.68
Infomina Bhd	3,583,400	2,969,077	5,195,930	1.56
LGMS Bhd	1,973,600	2,836,501	2,703,832	0.81
Ramssol Group Bhd	6,867,700	4,333,530	4,464,005	1.34
SMRT Holdings Bhd	5,500,000	3,421,508	5,197,500	1.56
		<u>24,505,683</u>	<u>24,493,238</u>	<u>7.35</u>
Main Market				
Construction				
Gamuda Bhd	1,839,232	8,531,136	12,102,147	3.63
IJM Corporation Bhd	3,754,600	8,392,247	11,451,530	3.44
		<u>16,923,383</u>	<u>23,553,677</u>	<u>7.07</u>
Consumer Products & Services				
AirAsia X Bhd	261,900	421,659	392,850	0.12
Capital A Bhd	9,000,000	8,046,800	7,740,000	2.32
Mr D.I.Y. Group (M) Bhd	2,700,000	4,047,840	5,238,000	1.57
Parkson Holdings Bhd	15,292,900	4,596,670	3,976,154	1.20
		<u>17,112,969</u>	<u>17,347,004</u>	<u>5.21</u>
Energy				
Dayang Enterprise Holdings Bhd	3,134,800	5,678,065	8,244,524	2.48
DIALOG Group Bhd	2,500,000	5,337,250	5,975,000	1.79
Icon Offshore Bhd	2,913,300	2,248,294	2,884,167	0.87
Perdana Petroleum Bhd	14,689,900	4,493,808	5,802,510	1.74
Velesto Energy Bhd	21,000,000	5,263,800	5,565,000	1.67
		<u>23,021,217</u>	<u>28,471,201</u>	<u>8.55</u>
Financial Services				
AEON Credit Service (M) Bhd	789,800	5,724,623	5,899,806	1.77
Affin Bank Bhd	3,099,500	7,785,894	7,717,755	2.32
CIMB Group Holdings Bhd	1,257,400	6,118,476	8,550,320	2.56
		<u>19,628,993</u>	<u>22,167,881</u>	<u>6.65</u>

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	No. of Shares Units	Aggregate Cost RM	Fair Value RM	Fair Value as a % of Net Asset Value %
QUOTED EQUITY SECURITIES				
Main Market				
Industrial Products & Services				
CPE Technology Bhd	4,221,600	4,280,108	5,319,216	1.60
Hume Cement Industries Bhd	2,349,000	7,563,780	7,869,150	2.36
L&P Global Bhd	10,450,200	5,848,759	5,799,861	1.74
P.I.E Industrial Bhd	740,500	2,422,270	4,635,530	1.39
SAM Engineering & Equipment (M) Bhd	1,100,000	4,620,754	6,765,000	2.03
Sunway Bhd	2,365,800	4,120,729	8,540,538	2.56
V.S. Industry Bhd	5,771,000	5,364,300	7,329,170	2.20
		<u>34,220,700</u>	<u>46,258,465</u>	<u>13.88</u>
Plantation				
United Plantations Bhd	181,700	4,626,142	4,451,650	1.34
Properties				
Eco World Development Group Bhd	4,050,000	6,349,590	6,075,000	1.82
Mah Sing Group Bhd	3,900,000	7,167,950	6,747,000	2.02
Naim Holdings Bhd	3,996,200	4,443,060	5,674,604	1.70
S P Setia Bhd	3,203,300	2,927,655	4,420,554	1.33
S P Setia Bhd - Islamic Redeemable Convertible Preference Shares (RCPS-I)	128,520	128,520	119,524	0.04
		<u>21,016,775</u>	<u>23,036,682</u>	<u>6.91</u>
Real Estate Investment Trusts				
Pavilion Real Estate Investment Trust	2,550,000	3,111,000	3,544,500	1.06
Technology				
Frontken Corporation Bhd	1,319,100	4,416,721	5,883,186	1.77
Genetec Technology Bhd	2,500,000	6,078,696	5,600,000	1.68
Globetronics Technology Bhd	3,500,000	5,228,000	5,180,000	1.55
MY E.G. Services Bhd	5,500,000	6,162,850	5,610,000	1.68
SNS Network Technology Bhd	6,200,000	2,973,569	4,681,000	1.41
		<u>24,859,836</u>	<u>26,954,186</u>	<u>8.09</u>
Telecommunications & Media				
Axiata Group Bhd	2,376,900	6,583,377	6,203,709	1.86
TIME dotCom Bhd	1,440,000	6,902,200	7,243,200	2.18
		<u>13,485,577</u>	<u>13,446,909</u>	<u>4.04</u>
Transportation & Logistics				
Malaysia Airports Holdings Bhd	1,568,539	12,287,592	15,528,536	4.66

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	No. of Shares Units	Aggregate Cost RM	Fair Value RM	Fair Value as a % of Net Asset Value %
QUOTED EQUITY SECURITIES				
Main Market				
Utilities				
Mega First Corporation Bhd	1,630,000	4,082,503	7,677,300	2.30
YTL Corporation Bhd	3,900,000	4,773,162	13,455,000	4.04
YTL Power International Bhd	1,090,000	906,099	5,253,800	1.58
		<u>9,761,764</u>	<u>26,386,100</u>	<u>7.92</u>
Total quoted equity securities		<u>229,584,010</u>	<u>283,058,834</u>	<u>84.96</u>

	Quantity Units	Aggregate Cost RM	Fair Value RM	Fair Value as a % of Net Asset Value %
COLLECTIVE INVESTMENT SCHEMES				
Areca Progressive Income Fund	3,763,121	3,800,000	3,800,753	1.14
Areca Progressive Income Fund 7.0	3,230,143	3,703,682	4,153,318	1.25
Areca Steady fixedINCOME Fund	8,353,521	10,000,000	10,216,356	3.06
Total collective investment schemes		<u>17,503,682</u>	<u>18,170,427</u>	<u>5.45</u>
Total investments		<u>247,087,692</u>	<u>301,229,261</u>	<u>90.41</u>
Unrealised gain on investments			<u>54,141,569</u>	

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

	No. of Shares Units	Aggregate Cost RM	Fair Value RM	Fair Value as a % of Net Asset Value %
QUOTED EQUITY SECURITIES				
ACE Market				
Health Care				
UMediC Group Bhd	2,051,200	1,500,978	1,476,864	0.59
Industrial Products & Services				
Econframe Bhd	3,554,700	2,629,384	3,021,495	1.21
Econframe Bhd - Warrants 2022/2027	1,500,000	-	645,000	0.26
L&P Global Bhd	8,717,600	5,080,185	4,053,684	1.62
Nationgate Holdings Bhd	5,500,000	4,961,550	7,700,000	3.08
		<u>12,671,119</u>	<u>15,420,179</u>	<u>6.17</u>

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	No. of Shares Units	Aggregate Cost RM	Fair Value RM	Fair Value as a % of Net Asset Value %
QUOTED EQUITY SECURITIES				
ACE Market				
Technology				
Autocount Dotcom Bhd	3,877,400	2,330,586	2,365,214	0.95
Cnergenz Bhd	2,754,500	2,375,082	2,382,643	0.95
Eca Integrated Solution Bhd	10,700,000	8,939,120	9,416,000	3.77
Genetec Technology Bhd	2,440,000	6,245,547	5,660,800	2.27
Infomina Bhd	4,883,400	4,046,211	9,034,290	3.62
Oppstar Bhd	3,282,500	6,809,494	6,203,925	2.48
SFP Tech Holdings Bhd	10,500,000	6,529,750	10,132,500	4.06
SMRT Holdings Bhd	4,500,000	2,520,000	3,420,000	1.37
TT Vision Holdings Bhd	4,640,300	5,757,628	4,965,121	1.99
		<u>45,553,418</u>	<u>53,580,493</u>	<u>21.46</u>
Main Market				
Consumer Products & Services				
Berjaya Food Bhd	5,085,000	5,104,876	3,101,850	1.24
Energy				
Bumi Armada Bhd	15,665,600	8,048,043	7,362,832	2.95
Hibiscus Petroleum Bhd	5,417,200	6,003,423	4,685,878	1.88
Yinson Holdings Bhd	2,855,160	6,880,332	7,309,210	2.92
Yinson Holdings Bhd - Warrants 2022/2025	349,611	-	222,003	0.09
		<u>20,931,798</u>	<u>19,579,923</u>	<u>7.84</u>
Financial Services				
AMMB Holdings Bhd	1,371,400	4,262,261	4,964,468	1.99
CIMB Group Holdings Bhd	1,757,400	8,551,463	8,892,444	3.56
Hong Leong Bank Bhd	458,800	7,560,594	6,698,848	3.48
RHB Bank Bhd	1,181,888	6,524,328	6,417,652	2.57
		<u>26,898,646</u>	<u>28,973,412</u>	<u>11.60</u>
Health Care				
Kossan Rubber Industries Bhd	3,000,000	4,240,800	3,870,000	1.55
Industrial Products & Services				
Ancom Nylex Bhd	4,568,000	5,641,527	4,339,600	1.74
Cape EMS Bhd	6,300,000	9,054,840	8,190,000	3.28
Dufu Technology Corp. Bhd	2,458,900	4,583,521	4,671,910	1.87
EG Industries Bhd	3,836,100	4,899,635	4,373,154	1.75
P.I.E. Industrial Bhd	1,340,500	4,461,413	3,927,665	1.57
RGT Bhd	5,349,200	3,392,898	1,390,792	0.56
Sam Engineering & Equipment (M) Bhd	720,000	3,245,754	3,304,800	1.32
Samchem Holdings Bhd	3,329,300	3,089,719	1,731,236	0.69
Sunway Bhd	2,333,300	4,039,154	3,686,614	1.48
Thong Guan Industries Bhd	1,574,000	3,943,080	3,368,360	1.35
V.S. Industry Bhd	2,271,000	1,900,350	2,066,610	0.83
		<u>48,251,891</u>	<u>41,050,741</u>	<u>16.44</u>

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	No. of Shares Units	Aggregate Cost RM	Fair Value RM	Fair Value as a % of Net Asset Value %
QUOTED EQUITY SECURITIES				
Main Market Properties				
S P Setia Bhd - Islamic Redeemable Convertible Preference Shares (RCPS-I)	128,520	128,520	115,668	0.05
Real Estate Investment Trusts				
Pavilion Real Estate Investment Trust	2,550,000	3,111,000	3,162,000	1.27
Technology				
Frontken Corporation Bhd	869,100	2,416,696	2,737,665	1.10
Malaysian Pacific Industries Bhd	91,600	3,163,013	2,548,312	1.02
MY E.G. Services Bhd	3,000,000	2,310,600	2,250,000	0.90
		7,890,309	7,535,977	3.02
Telecommunications & Media				
Time Dotcom Bhd	1,740,000	8,340,158	9,048,000	3.62
Telekom Malaysia Bhd	477,097	2,577,662	2,342,546	0.94
		10,917,820	11,390,546	4.56
Transportation & Logistics				
Malaysia Airports Holdings Bhd	1,280,139	8,435,444	8,807,356	3.53
Utilities				
Mega First Corporation Bhd	1,630,000	4,082,503	5,004,100	2.00
Petronas Gas Bhd	310,000	5,210,703	5,177,000	2.07
YTL Power International Bhd	4,540,000	3,774,028	5,902,000	2.37
		13,067,234	16,083,100	6.44
Total quoted equity securities		208,703,853	214,148,109	85.76
	Quantity Units	Aggregate Cost RM	Fair Value RM	Fair Value as a % of Net Asset Value %
COLLECTIVE INVESTMENT SCHEMES				
Areca Progressive Income Fund	3,763,121	3,800,000	3,800,376	1.52
Total investments		212,503,853	217,948,485	87.28
Unrealised gain on investments			5,444,632	

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6 CASH AND CASH EQUIVALENTS

	2024	2023
	RM	RM
Cash at bank	573,717	21,446
Short-term deposits	24,554,239	34,124,038
	25,127,956	34,145,484

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

The effective average interest rate for short-term deposits is 3.07% (2023: 3.07%) per annum and the average maturity period is 3 days (2023: 8 days).

7 OTHER PAYABLES AND ACCRUED EXPENSES

	2024	2023
	RM	RM
Accrued expenses:		
Management fee	462,671	383,768
Trustee's fee	20,317	16,409
Audit fee	12,500	12,500
Tax agent's fee	4,000	4,000
	499,488	416,677

8 NUMBER OF UNITS IN CIRCULATION

	2024	2023
	Units	Units
At beginning of the year	457,864,638	493,738,720
Created during the year	100,161,311	34,080,493
Reinvestment of units	35,087,306	-
Cancelled during the year	(90,490,595)	(69,954,575)
At end of the year	502,622,660	457,864,638

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 1.84% (2023: 1.82%) per annum for the year, net of management fee rebate on the collective investment scheme.

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 (exclude foreign custody fee, if any) 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 0.08% (2023: 0.08%) per annum for the year.

11 INCOME TAX EXPENSE

There is no income tax expense for the year as interest income derived by the Fund is exempted income 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.

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12 NET DISTRIBUTION

	2024	2023
	RM	RM
Distribution to unitholders' is from the following sources:		
Dividend income	4,637,563	-
Interest income	393,265	-
Realised gain on disposals	26,000,792	-
	31,031,620	-
Less: Expenses	(7,772,245)	-
Net distribution	23,259,375	-
Distribution on 28 June 2024		
Gross distribution per unit (sen)	5.0000	-
Net distribution per unit (sen)	5.0000	-

13 TOTAL EXPENSE RATIO AND PORTFOLIO TURNOVER RATIO

Total Expense Ratio (TER)

Total expense ratio for the Fund is 1.94% (2023: 1.91%) for the financial year ended 30 June 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 RM269,527,527 (2023: RM259,078,280).

Portfolio Turnover Ratio (PTR)

The portfolio turnover ratio for the Fund is 1.03 times (2023: 0.78 times) for the financial year ended 30 June 2024. The portfolio turnover ratio is derived from the following calculation:

$$\frac{\text{Total acquisition for the financial year} + \text{total disposal for the financial year}}{\text{Average net asset value of the Fund for the financial year}} \div 2$$

Where: total acquisition for the financial year = RM280,649,318 (2023: RM217,716,183)
total disposal for the financial year = RM274,546,297 (2023: RM187,438,255)

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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	10	7	-	-
Directors of the Manager (The above units are held legally and beneficially)	3,773,374	2,501,370	2,251,163	1,227,784
	3,773,384	2,501,377	2,251,163	1,227,784

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:

Brokers/Dealers	Value of Trades RM	% of Total Trades %	Fees RM	% of Total Brokerage Fee %
2024				
CIMB Securities Sdn Bhd	80,157,665	14.88	350,698	13.84
Kenanga Investment Bank Bhd	75,783,791	14.07	368,491	14.55
CGS International Securities Malaysia Sdn Bhd (formerly known as CGS-CIMB Securities Sdn Bhd)	74,092,281	13.75	358,627	14.16
UOB Kay Hian Securities (M) Sdn Bhd	67,339,413	12.50	328,720	12.98
Maybank Investment Bank Bhd	51,744,679	9.61	248,597	9.81
RHB Investment Bank Bhd	50,184,393	9.32	243,026	9.59
CLSA Securities Malaysia Sdn Bhd	46,120,861	8.56	215,082	8.49
Hong Leong Investment Bank Bhd	37,646,878	6.99	155,012	6.12
Public Investment Bank Bhd	23,033,485	4.28	111,738	4.41
AmInvestment Bank Bhd	21,274,588	3.95	122,070	4.82
Others	11,238,736	2.09	31,218	1.23
	538,616,770	100.00	2,533,279	100.00
2023				
CGS-CIMB Securities Sdn Bhd	121,240,930	35.50	550,001	35.00
Kenanga Investment Bank Bhd	81,126,337	23.76	333,841	21.24
CLSA Securities Malaysia Sdn Bhd	72,583,735	21.25	360,236	22.92
Maybank Investment Bank Bhd	54,550,678	15.98	266,530	16.96
Philips Capital Sdn Bhd	11,974,025	3.51	61,048	3.88
	341,475,705	100.00	1,571,656	100.00

16 RISK MANAGEMENT POLICIES

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund seeks to preserve capital as well as to provide investors with medium to long-term capital growth by investing in securities that have potential for capital growth. 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 investments and capital risk.

Categories of Financial Instruments

	2024	2023
	RM	RM
Financial assets		
Carried at FVTPL:		
Investments	301,229,261	217,948,485
	<hr/>	<hr/>
Amortised costs:		
Cash and cash equivalents	25,127,956	34,145,484
Amount due from Manager	9,279,255	14,969
Dividend receivables	225,276	332,843
	<hr/>	<hr/>
Financial liabilities		
Amortised costs:		
Amount due to stockbrokers	2,196,522	2,321,535
Other payables and accrued expenses	499,488	416,677
	<hr/>	<hr/>

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 of 30 June 2024.

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

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

	Short-term deposits RM	Quoted equity securities RM	Collective investment schemes RM
2024			
Industry			
Construction	-	23,553,677	-
Consumer Products & Services	-	21,285,809	-
Energy	-	28,471,201	-
Financial Services	24,554,239	22,167,881	18,170,427
Industrial Products & Services	-	49,738,465	-
Plantation	-	4,451,650	-
Properties	-	23,036,682	-
Real Estate Investment Trusts	-	3,544,500	-
Technology	-	51,447,424	-
Telecommunications & Media	-	13,446,909	-
Transportation & Logistics	-	15,528,536	-
Utilities	-	26,386,100	-
	<u>24,554,239</u>	<u>283,058,834</u>	<u>18,170,427</u>

2023			
Industry			
Consumer Products & Services	-	3,101,850	-
Energy	-	19,579,923	-
Financial Services	34,124,038	28,973,412	3,800,376
Health Care	-	5,346,864	-
Industrial Products & Services	-	56,470,920	-
Properties	-	115,668	-
Real Estate Investment Trusts	-	3,162,000	-
Technology	-	61,116,470	-
Telecommunications & Media	-	11,390,546	-
Transportation & Logistics	-	8,807,356	-
Utilities	-	16,083,100	-
	<u>34,124,038</u>	<u>214,148,109</u>	<u>3,800,376</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 markets prices.

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

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 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. 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
2024		
Investments	+5/-5%	<u>15,061,463/(15,061,463)</u>
2023		
Investments	+5/-5%	<u>10,897,424/(10,897,424)</u>

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.

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 Securities Bhd at end of reporting year.

The fair value of the collective investment scheme is determined based on the last published repurchase price 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.

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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
2024				
Financial assets at FVTPL				
Quoted equity securities	283,058,834	-	-	283,058,834
Collective investment schemes	-	18,170,427	-	18,170,427
<hr/>				
2023				
Financial assets at FVTPL				
Quoted equity securities	214,148,109	-	-	214,148,109
Collective investment schemes	-	3,800,376	-	3,800,376
<hr/>				

There were no transfer between Level 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
Statement of financial position			
Assets			
Quoted securities	214,148,109	(214,148,109)	-
Collective investment scheme	3,800,376	(3,800,376)	-
Cash at bank	21,446	(21,446)	-
Other receivables	348,078	(348,078)	-
Short-term deposits	34,108,803	(34,108,803)	-
Investments	-	217,948,485	217,948,485
Cash and cash equivalents	-	34,145,484	34,145,484
Dividend receivables	-	332,843	332,843
<hr/>			
Liabilities			
Amount due to stockbrokers	2,738,212	(416,677)	2,321,535
Other payables and accrued expenses	-	416,677	416,677
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