

# Annual Report

# June 2024

For the Year Ended 30 June 2024

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*Areca money*TRUST Fund

Management Company



200601021087(740840-D)



# **ANNUAL REPORT JUNE 2024**

## **✧ ARECA *money*TRUST 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](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

RHB Trustees Berhad  
Company No: 200201005356 (573019-U)  
Level 10, Tower One, RHB Centre  
Jalan Tun Razak  
50400 Kuala Lumpur  
Tel: 03-9287 3888, Fax: 03-9281 9314

### 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

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ARECA moneyTRUST FUND

**FUND INFORMATION**

<b>Name of the Fund</b>	Areca moneyTRUST Fund
<b>Fund Category/ Type</b>	Money Market Fund
<b>Objective of the Fund</b>	The investment objective of the Fund is to provide investors with a high level of liquidity while providing current income and capital preservation (income could be in the form of Units or cash).
<b>Performance Benchmark</b>	Maybank's 1-month Repo rate
<b>Distribution Policy of the Fund</b>	Twice a year, subject to availability of distributable income.
<b>Rebates &amp; Soft Commissions</b>	<p>We 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>	23 April 2007
<b>Financial Year End</b>	30 June

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ARECA moneyTRUST FUND

**FUND PERFORMANCE**

	<b>2024</b>	<b>2023</b>	<b>2022</b>
<b>NET ASSET VALUE ("NAV")</b>			
Net Asset Value (RM million)	11.58	15.07	39.53*
Units in circulation (million units)	21.85	29.37	79.05*
NAV per unit (RM)	0.5300	0.5131	0.5000*
* <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)	0.5300	0.5131	0.5030*
Lowest NAV per unit (RM)	0.5131	0.5000	0.5000*
* <i>Ex-Distribution</i>			

<b>ASSET ALLOCATION % of NAV</b>			
<b>Unquoted fixed income securities</b>			
Commercial Papers	34.29	19.76	-
Unquoted Bonds	22.00	26.99	31.11
<b>Liquid assets and other net current assets</b>	<b>43.71</b>	<b>53.25</b>	<b>68.89</b>

<b>DISTRIBUTION</b>			
Distribution dates	-	-	30 July 2021
	-	-	30 Aug 2021
	-	-	30 Sep 2021
	-	-	29 Oct 2021
	-	-	30 Nov 2021
	-	-	31 Dec 2021
	-	-	31 Jan 2022
	-	-	30 Jun 2022
Gross distribution (sen per unit)	-	-	0.0700 (30 Jul)
	-	-	0.0600 (30 Aug)
	-	-	0.0700 (30 Sep)
	-	-	0.0600 (29 Oct)
	-	-	0.0600 (30 Nov)
	-	-	0.0500 (31 Dec)
	-	-	0.0600 (31 Jan)
	-	-	0.3000 (30 Jun)
Net distribution (sen per unit)	-	-	0.0700 (30 Jul)
	-	-	0.0600 (30 Aug)
	-	-	0.0700 (30 Sep)
	-	-	0.0600 (29 Oct)
	-	-	0.0600 (30 Nov)
	-	-	0.0500 (31 Dec)
	-	-	0.0600 (31 Jan)
	-	-	0.3000 (30 Jun)

**ANNUAL REPORT JUNE 2024**  
ARECA moneyTRUST FUND

**FUND PERFORMANCE**

	<b>2024</b>	<b>2023</b>	<b>2022</b>
NAV before distribution (RM per unit)	-	-	0.5007 (29 Jul)
	-	-	0.5006 (27 Aug)
	-	-	0.5007 (29 Sep)
	-	-	0.5006 (28 Oct)
	-	-	0.5006 (29 Nov)
	-	-	0.5005 (30 Dec)
	-	-	0.5006 (28 Jan)
	-	-	0.5030 (29 Jun)
NAV after distribution (RM per unit)	-	-	0.5000 (30 Jul)
	-	-	0.5000 (30 Aug)
	-	-	0.5000 (30 Sep)
	-	-	0.5000 (29 Oct)
	-	-	0.5000 (30 Nov)
	-	-	0.5000 (31 Dec)
	-	-	0.5000 (31 Jan)
	-	-	0.5000 (30 Jun)

**UNIT SPLIT**

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

**EXPENSE/TURNOVER**

Total expense ratio (TER) (%)	0.47	0.41	0.37
<i>Please refer to <b>Note 2</b> for further information</i>			
Portfolio turnover ratio (PTR) (times)	1.14	0.69	0.40
<i>Please refer to <b>Note 3</b> for further information</i>			

**TOTAL RETURN**

*Please refer to **Note 4** for further information*

Total Return (%)	3.29	2.62	1.47
- Capital growth (%)	3.29	2.62	-
- Income distribution (%)	-	-	1.47

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Annual Total Return (%)	3.29	2.62	1.47	1.73	2.73
Performance Benchmark (%): Maybank's 1-month Repo rate	1.92	1.62	0.89	0.86	1.91

	<b>1-yr</b>	<b>3-yrs</b>	<b>5-yrs</b>
Average Total Return per annum (%)	3.29	2.52	2.48

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### **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:** *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 3:** *PTR is computed based on the average of the total acquisitions and total disposals of the investment securities of the Fund, divided by the average net asset value calculated on a daily basis.*

**Note 4:** *Fund performance figures are calculated based on NAV to NAV and assume reinvestment of distributions (if any) at NAV. The total return 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**

For the year ended 30 June 2024, the Fund posted an annual return of 3.29%, outperforming the benchmark (Maybank's 1-month Repo rate) of 1.92%. The Fund did not make any income distribution this year but met the objective of providing current income and capital preservation with a high level of liquidity.

The Fund remains positioned in some better-yielding deposits and repo placements with various financial institutions, and at the same time maintains a short duration strategy to prioritise liquidity through investing in short-term Commercial Papers and Corporate Bonds. As at close of year 56.29% of the Fund was invested in short term Commercial Papers or Corporate Bonds with less than a year of maturity. We will continue to maintain the Fund with the objective of providing high level of liquidity.

**Investment Policy and Strategy**

The Fund will focus on providing high level of liquidity to meet the Short-Term cash flow requirements of its Unit Holders, optimizing returns while providing capital preservation.

To achieve its objective, the Fund shall invest at least 90% of its NAV in Deposits and Money Market instruments with eligible Financial Institution. The Fund may invest up to 10% in collective investment schemes with similar objectives.

An eligible Financial Institution is a Financial Institution with the minimum rating of "A" by RAM or equivalent rating by other rating agencies. Should the credit rating of the Financial Institutions be downgraded to below the minimum credit rating by any rating agencies, the Manager shall cease to place new monies with the financial institutions and/or use their best effort to dispose the holdings before maturity.

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

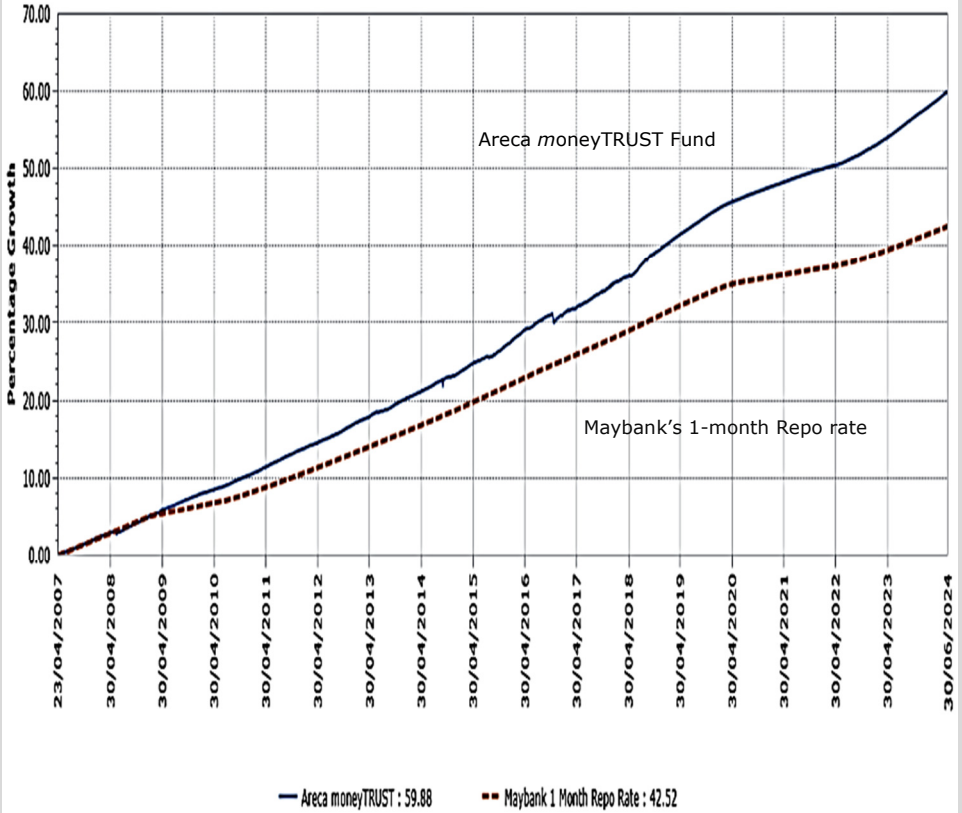
RM0.5300

<b>Asset Allocation/Portfolio Composition</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>
Unquoted fixed income securities	56.29%	46.75%	31.11%
Liquid assets and other net current assets	43.71%	53.25%	68.89%

FUND REVIEW

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

Total Return of Areca moneyTRUST Fund vs Benchmark



Source: Lipper

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ARECA moneyTRUST FUND

### GLOBAL FIXED INCOME MARKET REVIEW AND OUTLOOK

The year July 2023 to June 2024 under review began with the final Federal Fund Rate ("FFR") hike in a series of 11 post-Coronavirus disease-2019 ("Covid 19") pandemic hikes beginning with March 2022 from 0.25% to 5.50%. Global edginess has somewhat quelled as inflation pressure especially in the United States ("US") have eased to 3.00% with target of 2.00% now realistically in sight. With disinflation trend likely gaining dominance as a theme for the rest of 2024, the United States Federal Reserve ("US Fed") are expected to tilt into a rate cutting policy as growth softens moderately. Meanwhile, the US economy continue to grow at a slightly slower pace of 1.40% in first quarter ("Q1") amidst tight labour market with unemployment at an acceptable level of 4.00% in May.

In the latest update of the World Economic Outlook, the International Monetary Fund ("IMF") raised the forecast for global economic growth to 3.20% Year-on-Year ("Y-o-Y") in 2024 from prior 3.10% Y-o-Y while kept its 2025 growth estimate at 3.20% Y-o-Y. Meanwhile, forecast for global headline inflation was revised to 5.90% Y-o-Y in 2024 from previous 5.80% Y-o-Y, and 4.50% Y-o-Y (prior 4.40% Y-o-Y) in 2025. During the review period, the inversion of the US 2/10 Treasury yield curve opened up with a -1.08% before closing the period at a mere 35 basis points ("bps").

During the year, the European Central Bank ("ECB") raised key interest rate thrice from 3.75% to 4.50% before dropping it to 4.25% in June 2024 with Eurozone's headline inflation recording 2.60% Y-o-Y in May compared to 5.30% at the start of the review period. Despite the modest increase in services sector, Eurozone's inflation risk remains poised towards a downward trend with pressures from geopolitical tensions being contained so far. ECB's rate may be in line for further cuts. Similarly, the Bank of England ("BOE") delivered a cumulative hike of 50-bps during the year before maintaining its key interest rates unchanged at 5.25%. In May 2024, Britain's headline inflation fell to 2.00% Y-o-Y from 2.30% Y-o-Y in April. Meanwhile, core inflation declined to 3.50% Y-o-Y in May from 3.90% Y-o-Y.

US yields bearish-steepened but remain inverted as indicated in the table below.

Benchmark	30-June-23	30-June-24	Changes (bps)
UST 2y	4.90%	4.75%	-15
UST 5y	4.16%	4.37%	+21
UST 10y	3.84%	4.39%	+55
UST 30y	3.86%	4.55%	+69

### MALAYSIA FIXED INCOME MARKET REVIEW AND OUTLOOK

On the premise of a supportive growth outlook, Bank Negara Malaysia ("BNM") continued to maintain its policy stance in "accommodative" manner despite challenges from global economies. During the review period, BNM kept interest rate unchanged at 3.00% on the back of moderating inflation trend and resilient growth. Looking ahead, Malaysian inflation outlook is expected to stay manageable with its recent headline inflation inched up to 2.00% Y-o-Y in May 2024. However, the recent first phase of the subsidy rationalization came into effect in June this year; in the form of the increase in diesel prices. The upward adjustment in transport prices may have a tendency to put pressure on cost-push inflation. This on the other hand potentially increases government receipts from the reduction in subsidy payment to the tune of an estimated RM4bil. Although we do not expect inflation to be substantially derailed from the long-run annual forecast of 2.00%-3.50% Y-o-Y, we will watch closely the impact of diesel price hike and the planned subsidy removal of RON95. We expect BNM to keep interest rate steady at 3.00% throughout 2024.

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Malaysian Government Securities ("MGS") yields ended mostly higher across the curve as indicated below.

<b>Benchmark</b>	<b>End June23</b>	<b>End June24</b>	<b>Changes</b>
MGS 3y	<b>3.494%</b>	<b>3.529%</b>	+0.035
MGS 5y	<b>3.617%</b>	<b>3.649%</b>	+0.032
MGS 7y	<b>3.762%</b>	<b>3.804%</b>	+0.042
MGS 10y	<b>3.884%</b>	<b>3.879%</b>	-0.005
MGS 20y	<b>4.104%</b>	<b>4.124%</b>	+0.020
MGS 30y	<b>4.147%</b>	<b>4.220%</b>	+0.073

For the first quarter of 2024 ("1Q24"), Malaysian Gross Domestic Product ("GDP") growth accelerated to 4.20 % Y-o-Y from the previous quarter of 2.90% Y-o-Y. The faster pace of growth was mainly underpinned by improvement in domestic demand and smaller drag from net exports. Malaysian economy is expected to gain further traction for the remaining of the year premised on stable domestic demand coupled with continuous recovery in external demand.

The headline Consumer Price Index ("CPI") rose 2.00% Y-o-Y in May 2024, level last seen in August 2023. Core inflation registered 1.90% Y-o-Y in May, similar to previous month. We remain wary of developments resulting from the first phase of subsidy rationalisation and the possible follow up phases.

We expect economic growth to gain momentum with tourism industry gaining pace coupled with moderate inflation risks. Nonetheless, the Overnight Policy Rate ("OPR") is expected to remain unchanged at 3.00% for the year.

### **CROSS TRADE**

Cross trade transactions have been carried out during the reporting year and the Investment Committee of the Fund has reviewed that such transactions are in the best interest of the Fund and transacted on an arm's length (\*) and fair value basis.

\* Transactions at arm's length refer to transactions entered in the normal course of business at prevailing market price as at the date of cross trade.

### **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 *money*TRUST 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.

**For RHB Trustees Berhad  
[Company No. : 200201005356 (573019-U)]**

MOHD SOFIAN BIN KAMARUDDIN  
VICE PRESIDENT

LIM BEE FANG  
ASSISTANT VICE PRESIDENT

Kuala Lumpur  
21 August 2024

## **STATEMENT BY MANAGER**

### **To the Unitholders of Areca *money*TRUST 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 MONEYTRUST FUND**

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

**Opinion**

We have audited the financial statements of **ARECA MONEYTRUST 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 32.

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
<b>Assets</b>			
Investments	5	6,517,632	7,046,086
Cash and cash equivalents	6	<u>5,081,371</u>	<u>8,045,200</u>
<b>Total Assets</b>		<u><u>11,599,003</u></u>	<u><u>15,091,286</u></u>
<b>Unitholders' Fund and Liabilities</b>			
<b>Liabilities</b>			
Other payables and accrued expenses	7	<u>19,467</u>	<u>20,776</u>
<b>Total Liabilities</b>		<u><u>19,467</u></u>	<u><u>20,776</u></u>
<b>Unitholders' Fund</b>			
Unitholders' capital		7,578,143	11,547,325
Retained earnings		<u>4,001,393</u>	<u>3,523,185</u>
<b>Net Asset Value Attributable To Unitholders</b>		<u><u>11,579,536</u></u>	<u><u>15,070,510</u></u>
<b>Total Unitholders' Fund And Liabilities</b>		<u><u>11,599,003</u></u>	<u><u>15,091,286</u></u>
<b>Number Of Units In Circulation</b>	8	<u>21,846,544</u>	<u>29,372,973</u>
<b>Net Asset Value Per Unit (RM)</b>		<u><u>0.5300</u></u>	<u><u>0.5131</u></u>

*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*

	<b>Note</b>	<b>2024 RM</b>	<b>2023 RM</b>
<b>Investments Income</b>			
Interest income		402,409	689,251
Net gain on investments at fair value through profit or loss ("FVTPL")	5	<u>144,523</u>	<u>43,325</u>
Total Investments Income		<u>546,932</u>	<u>732,576</u>
<b>Expenditure</b>			
Management fee	9	44,326	75,610
Trustee's fee	10	4,433	7,561
Audit fee		12,500	12,500
Tax agent's fee		3,800	3,800
Other expenses		<u>3,665</u>	<u>3,566</u>
Total Expenditure		<u>68,724</u>	<u>103,037</u>
<b>Net Income Before Tax</b>		478,208	629,539
<b>Income Tax Expense</b>	11	-	-
<b>Net Income After Tax And Total Comprehensive Income For The Financial Year</b>		<u>478,208</u>	<u>629,539</u>
<b>Net Income After Tax Is Made Up Of:</b>			
Realised gain		435,268	560,499
Unrealised gain		<u>42,940</u>	<u>69,040</u>
		<u>478,208</u>	<u>629,539</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*

	<b>Unitholders' capital RM</b>	<b>Retained earnings RM</b>	<b>Total net asset value RM</b>
<b>Balance as at 1 July 2022</b>	36,633,484	2,893,646	39,527,130
Amounts received from units created	21,658,802	-	21,658,802
Amounts paid for units cancelled	(46,744,961)	-	(46,744,961)
Total comprehensive income for the financial year	-	629,539	629,539
<b>Balance as at 30 June 2023</b>	<b>11,547,325</b>	<b>3,523,185</b>	<b>15,070,510</b>
<b>Balance as at 1 July 2023</b>	11,547,325	3,523,185	15,070,510
Amounts received from units created	13,794,956	-	13,794,956
Amounts paid for units cancelled	(17,764,138)	-	(17,764,138)
Total comprehensive income for the financial year	-	478,208	478,208
<b>Balance as at 30 June 2024</b>	<b>7,578,143</b>	<b>4,001,393</b>	<b>11,579,536</b>

*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
<b>Cash Flows From Operating Activities</b>			
Proceeds from maturity of investments		17,100,000	20,000,000
Purchase of investments		(16,427,225)	(14,759,143)
Interest received		402,611	741,431
Management fee paid		(45,516)	(80,232)
Trustee's fee paid		(4,552)	(8,023)
Payment for other fees and expenses		(19,965)	(19,866)
Net Cash Generated From Operating Activities		<u>1,005,353</u>	<u>5,874,167</u>
<b>Cash Flows From Financing Activities</b>			
Cash proceeds from units created		13,794,956	21,768,958
Payment for cancellation of units		(17,764,138)	(46,744,961)
Net Cash Used In Financing Activities		<u>(3,969,182)</u>	<u>(24,976,003)</u>
<b>Net Decrease In Cash And Cash Equivalents</b>		(2,963,829)	(19,101,836)
<b>Cash And Cash Equivalents At Beginning Of Year</b>		<u>8,045,200</u>	<u>27,147,036</u>
<b>Cash And Cash Equivalents At The End Of Year</b>		<u><u>5,081,371</u></u>	<u><u>8,045,200</u></u>
<b>Cash And Cash Equivalents Comprise:</b>			
Cash at bank	6	6,727	453
Short-term deposits	6	5,074,644	8,044,747
		<u>5,081,371</u>	<u>8,045,200</u>

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

## NOTES TO THE FINANCIAL STATEMENTS

### 1 GENERAL INFORMATION

Areca moneyTRUST Fund ("the Fund") was established pursuant to the Trust Deed dated 12 March 2007, as modified by the First Supplemental Deed dated 25 August 2008, Second Supplemental Deed dated 10 April 2009, Third Supplemental Master Deed dated 15 August 2013, Fourth Supplemental Deed dated 7 December 2018 and Fifth Supplemental Deed dated 17 August 2022 ("the Deeds") between Areca Capital Sdn Bhd as the Manager, RHB Trustees Berhad as the Trustee and all the registered unitholders of the Fund.

The principal activity of the Fund is to invest in investments as defined under Schedule 7 of the Trust Deeds, which includes money market instruments guaranteed by the government of Malaysia or Bank Negara Malaysia or any state government in Malaysia, deposit and issues by Financial Institutions such as banker's acceptances and negotiable certificates of deposit, units and shares in other collective investment schemes with similar investment objective and any other form of investment as may be agreed upon by the Manager and Trustee from time to time and permitted by the relevant authorities, where necessary. 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 investment objective of the Fund is to provide investors with a high level of liquidity while providing current income and capital preservation (income could be in the form of units or cash). 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 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 MFRS and Amendments to MFRSs which were in issue but not yet effective and not early adopted by the Fund are listed below:

	<b>Effective for annual periods beginning on or after</b>
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**

Interest income from short-term deposits and unquoted fixed income securities are 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.

### **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.

### **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.

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**

Unquoted fixed income securities are valued at FVTPL and are generally valued by reference to published prices of an approved bond pricing agency ("BPA").

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>		
Unquoted fixed income securities	6,517,632	7,046,086
	<u>6,517,632</u>	<u>7,046,086</u>
<b>Net gain on investments at FVTPL comprise:</b>		
Realised gain/(loss) on disposals	101,583	(25,715)
Unrealised gain on changes in fair value	42,940	69,040
	<u>144,523</u>	<u>43,325</u>

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

<b>Issuer coupon (%) maturity rating</b>	<b>Nominal value RM</b>	<b>Adjusted Cost RM</b>	<b>Fair Value RM</b>	<b>Fair Value as a % of Net Asset Value %</b>
<b>UNQUOTED FIXED INCOME SECURITIES</b>				
<b>Commercial Papers</b>				
CGS International Securities Malaysia Sdn Bhd 20/09/2024 MARC-1	2,000,000	1,979,606	1,981,175	17.11
Gabungan AQRS Bhd 29/07/2024 MARC-1 IS	2,000,000	<u>1,935,178</u>	<u>1,988,959</u>	<u>17.18</u>
Total commercial papers		<u>3,914,784</u>	<u>3,970,134</u>	<u>34.29</u>
<b>Unquoted Bonds</b>				
Sabah Development Bank Bhd 4.40% 30/07/2024 AA1	1,500,000	1,524,829	1,527,799	13.19
CIMB Thai Bank Public Company Ltd 4.15% 06/07/2029 AA3	1,000,000	<u>1,019,769</u>	<u>1,019,699</u>	<u>8.81</u>
Total unquoted bonds		<u>2,544,598</u>	<u>2,547,498</u>	<u>22.00</u>
Total unquoted fixed income securities		<u>6,459,382</u>	<u>6,517,632</u>	<u>56.29</u>
<b>Unrealised gain on unquoted fixed income securities</b>			<u>58,250</u>	

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

<b>Issuer coupon (%) maturity rating</b>	<b>Nominal value RM</b>	<b>Adjusted Cost RM</b>	<b>Fair Value RM</b>	<b>Fair Value as a % of Net Asset Value %</b>
<b>UNQUOTED FIXED INCOME SECURITIES</b>				
<b>Commercial Paper</b>				
Gabungan AQRS Bhd 17/08/2023 MARC-1 IS	3,000,000	<u>2,958,789</u>	<u>2,978,499</u>	<u>19.76</u>
Total commercial paper		<u>2,958,789</u>	<u>2,978,499</u>	<u>19.76</u>
<b>Unquoted Bonds</b>				
CIMB Group Holdings Bhd 5.40% 23/10/2023 A1	2,000,000	2,033,165	2,029,105	13.46
Lafarge Cement Sdn Bhd 4.55% 07/07/2023 AA3	1,000,000	1,021,836	1,021,616	6.78

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Issuer coupon (%) maturity rating	Nominal value RM	Adjusted Cost RM	Fair Value RM	Fair Value as a % of Net Asset Value %
<b>UNQUOTED FIXED INCOME SECURITIES</b>				
<b>Unquoted Bonds</b>				
WCT Holdings Bhd				
5.00% 28/02/2024 AA-	1,000,000	1,016,986	1,016,866	6.75
Total unquoted bonds		<u>4,071,987</u>	<u>4,067,587</u>	26.99
Total unquoted fixed income securities		<u>7,030,776</u>	<u>7,046,086</u>	46.75
<b>Unrealised gain on unquoted fixed income securities</b>			<u>15,310</u>	

**6 CASH AND CASH EQUIVALENTS**

	2024 RM	2023 RM
Cash at bank	6,727	453
Short-term deposits	<u>5,074,644</u>	<u>8,044,747</u>
	<u>5,081,371</u>	<u>8,045,200</u>

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

The effective average interest rate for short-term deposits is 3.01% (2023: 2.91%) per annum and the average maturity period is 1 day (2023: 3 days).

**7 OTHER PAYABLES AND ACCRUED EXPENSES**

	2024 RM	2023 RM
Accrued expenses:		
Management fee	2,879	4,069
Trustee's fee	288	407
Audit fee	12,500	12,500
Tax agent's fee	<u>3,800</u>	<u>3,800</u>
	<u>19,467</u>	<u>20,776</u>

**8 NUMBER OF UNITS IN CIRCULATION**

	2024 Units	2023 Units
At beginning of the year	29,372,973	79,050,139
Created during the year	26,527,759	42,873,546
Cancelled during the year	<u>(34,054,188)</u>	<u>(92,550,712)</u>
At end of the year	<u>21,846,544</u>	<u>29,372,973</u>

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### 9 MANAGEMENT FEE

The Schedule 8 of the Deeds provides that the Manager is entitled to an annual management fee at 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 0.30% (2023: 0.30%) per annum for the year.

### 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 0.25% 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 0.03% (2023: 0.03%) 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.

### 12 TOTAL EXPENSE RATIO AND PORTFOLIO TURNOVER RATIO

#### Total Expense Ratio (TER)

Total expense ratio for the Fund is 0.47% (2023: 0.41%) 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 RM14,734,899 (2023: RM25,203,128).

#### Portfolio Turnover Ratio (PTR)

The portfolio turnover ratio for the Fund is 1.14 times (2023: 0.69 times) for the financial year ended 30 June 2024. The portfolio turnover ratio is derived from the following calculation:

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

Where: total acquisition for the financial year = RM16,502,665 (2023: RM14,863,779)  
total disposal for the financial year = RM17,100,000 (2023: RM20,000,000)

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**13 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 related parties are as follows:

	←-----2024-----→	←-----2023-----→		
	No. of units	RM	No. of units	RM
Directors of the Manager (The above units are held legally and beneficially)	17,760	9,413	-	-
	17,760	9,413	-	-

There are no units held by the Manager for the financial year under review.

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.

**14 TRADE WITH BROKERS/DEALERS**

Details of transactions with brokers/dealers are as follows:

<b>Brokers/Dealers</b>	<b>Value of Trades RM</b>	<b>% of Total Trades %</b>
<b>2024</b>		
Malayan Banking Bhd	7,592,090	46.01
Kenanga Investment Bank Bhd	6,387,279	38.70
CIMB Group Holdings Bhd	1,516,873	9.19
Affin Hwang Investment Bank Bhd	1,006,423	6.10
	16,502,665	100.00
<b>2023</b>		
Kenanga Investment Bank Bhd	5,918,922	39.82
RHB Investment Bank Bhd	5,908,562	39.75
Malayan Banking Bhd	2,018,074	13.58
Hong Leong Bank Bhd	1,018,221	6.85
	14,863,779	100.00

**15 RISK MANAGEMENT POLICIES**

**FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Fund seeks to provide high level of liquidity while providing current income and capital preservation by investing primarily in very short-term, highly liquid, near cash and money market instruments, and partially in unquoted fixed income 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.

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### 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>6,517,632</u>	<u>7,046,086</u>
<b>Amortised costs:</b>		
Cash and cash equivalents	<u>5,081,371</u>	<u>8,045,200</u>
<b>Financial liabilities</b>		
<b>Amortised costs:</b>		
Other payables and accrued expenses	<u>19,467</u>	<u>20,776</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 June 2024.

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

The Fund invests only in unquoted fixed income securities of at least investment grade as rated by a credit rating agency. The following table set out the Fund's portfolio of unquoted fixed income securities by rating categories.

<b>Credit Rating</b>	<b>Fair Value</b>	<b>As a % of</b>	<b>As a % of</b>
	<b>RM</b>	<b>unquoted fixed</b>	<b>NAV</b>
		<b>income securities</b>	<b>%</b>
		<b>%</b>	<b>%</b>
<b>2024</b>			
<b>Unquoted Fixed Income Securities</b>			
AA1	1,527,799	23.44	13.19
AA3	1,019,699	15.64	8.81
MARC-1	1,981,175	30.40	17.11
MARC-1 IS	<u>1,988,959</u>	<u>30.52</u>	<u>17.18</u>
	<u>6,517,632</u>	<u>100.00</u>	<u>56.29</u>
<b>2023</b>			
<b>Unquoted Fixed Income Securities</b>			
AA3	1,021,616	14.50	6.78
AA-	1,016,866	14.43	6.75
A1	2,029,105	28.80	13.46
MARC-1 IS	<u>2,978,499</u>	<u>42.27</u>	<u>19.76</u>
	<u>7,046,086</u>	<u>100.00</u>	<u>46.75</u>

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

	<b>Short-term deposits RM</b>	<b>Unquoted fixed income securities RM</b>
<b>2024</b>		
<b>Industry</b>		
Construction and property development	-	1,988,959
Finance, insurance and business services	5,074,644	4,528,673
	5,074,644	6,517,632
<b>2023</b>		
<b>Industry</b>		
Consumer product and services	-	5,016,981
Finance, insurance and business services	8,044,747	2,029,105
	8,044,747	7,046,086

**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 maintains sufficient level of liquid assets, after consultation with the Trustee, to meet anticipated payments and cancellations of unit by unitholders. The liquid assets comprise cash at bank and short-term deposits which are capable of being converted into cash within 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 unquoted fixed income 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 is not exposed to interest rate risk through the impact of market interest rate changes as the interest rates on unquoted fixed income securities are fixed on the inception. 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.

The Fund is exposed to risk of fluctuation in fair value of financial assets as a result of change in the market interest rate. The valuation for financial assets at FVTPL move inversely to the market interest rate movements. As the market interest rate rise, the fair value of financial assets at FVTPL decrease and vice versa.



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### Price risk management

Price risk is the risk of unfavourable changes in the fair value of unquoted fixed income securities as the result of changes in the levels of the equity indices and the value of individual securities. The price risk exposure arises from the Fund's investment in unquoted fixed income 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
<b>2024</b>		
Investments	+5/-5%	<u>325,882/(325,882)</u>
<b>2023</b>		
Investments	+5/-5%	<u>352,304/(352,304)</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.

## 16 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.

Unquoted fixed income securities are valued using fair value prices quoted by a bond pricing agency ("BPA"). When no market price is available or during abnormal market or when the Manager is of the view that the price quoted by BPA for a specific bond differs from the market price by more than 20 basis points, the Manager will separately assess the security to determine the price valuation, and the Manager will record the valuation basis and obtain the necessary internal approvals for using the non-BPA price.

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.

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.

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	<b>Level 1 RM</b>	<b>Level 2 RM</b>	<b>Level 3 RM</b>	<b>Total RM</b>
<b>2024</b>				
<b>Financial assets at FVTPL</b>				
Unquoted fixed income securities	-	6,517,632	-	6,517,632
<b>2023</b>				
<b>Financial assets at FVTPL</b>				
Unquoted fixed income securities	-	7,046,086	-	7,046,086

There were no transfer between Levels 1, 2 and 3 during the financial year.

**17 COMPARATIVE FIGURES**

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

	<b>2023 RM</b>	<b>Reclassification RM</b>	<b>2023 RM</b>
<b>Statement of financial position</b>			
<b>Assets</b>			
Unquoted fixed income securities	6,987,709	(6,987,709)	-
Cash at bank	453	(453)	-
Short-term deposits	8,044,106	(8,044,106)	-
Other receivables	59,018	(59,018)	-
Investments	-	7,046,086	7,046,086
Cash and cash equivalents	-	8,045,200	8,045,200





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