

Annual Report

June 2024

For the Year Ended 30 June 2024

Areca Steady fixedINCOME Fund

Management Company



200601021087(740840-D)

ANNUAL REPORT JUNE 2024

✦ ARECA Steady *fixed*INCOME 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

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

PricewaterhouseCoopers Taxation
Services Sdn Bhd (464731-M)
Level 10, 1 Sentral, Jalan Rakyat
Kuala Lumpur Sentral, P O Box 10192
50706 Kuala Lumpur
Tel: 03-2173 1188, Fax: 03-2173 1288

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
KLCD, 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 Steady fixed**INCOME** FUND

FUND INFORMATION

Name of the Fund	Areca Steady fixed INCOME Fund
Fund Category/ Type	Wholesale Fixed Income Fund/Income
Objective of the Fund	The Fund aims to provide stable stream of income while maintaining capital stability.
Performance Benchmark	Maybank's 12-month fixed deposit rate
Distribution Policy of the Fund	Yearly or more frequent, subject to the availability of distributable income.
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	11 May 2009
Financial Year End	30 June

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ARECA Steady fixed**INCOME FUND**

FUND PERFORMANCE

	2024	2023	2022
NET ASSET VALUE ("NAV")			
Net Asset Value (RM million)	100.31	106.09	99.22*
Units in circulation (million units)	82.02	89.59	85.92*
NAV per unit (RM)	1.2230	1.1842	1.1548*
<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)	1.2230	1.1916	1.3352*
Lowest NAV per unit (RM)	1.1916	1.1514	1.1548*
<i>* Ex-Distribution</i>			

ASSET ALLOCATION % of NAV			
Collective investment schemes	93.23	78.35	51.32
Unquoted fixed income securities			
Unquoted Bonds	3.87	20.26	21.05
Unquoted equity securities			
Preference Shares	-	-	19.50
Liquid assets and other net current assets	2.90	1.39	8.13

DISTRIBUTION			
Distribution date	-	-	30 June 2022
Gross distribution (sen per unit)	-	-	18.0000 (30 Jun)
Net distribution (sen per unit)	-	-	18.0000 (30 Jun)
NAV before distribution (RM per unit)	-	-	1.3349 (29 Jun)
NAV after distribution (RM per unit)	-	-	1.1548 (30 Jun)

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

EXPENSE/TURNOVER			
Total expense ratio (TER) (%)	0.45	0.73	0.74
<i>Please refer to Note 2 for further information</i>			
Portfolio turnover ratio (PTR) (times)	0.40	0.76	0.44
<i>Please refer to Note 3 for further information</i>			

TOTAL RETURN			
<i>Please refer to Note 4 for further information</i>			
Total Return (%)	2.64	3.19	6.52
- Capital growth (%)	2.64	3.19	(7.84)
- Income distribution (%)	-	-	14.36

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ARECA Steady fixed**INCOME** FUND

FUND PERFORMANCE

	2024	2023	2022	2021	2020
Annual Total Return (%)	2.64	3.19	6.52	5.21	6.72
Performance Benchmark (%):					
Maybank's 12-month fixed deposit rate	2.93	2.74	1.88	1.86	2.84
			1-yr	3-yrs	5-yrs
Average Total Return per annum (%)			2.64	4.27	5.33

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 the 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 a return of 2.64% against the benchmark Maybank's 12-month fixed deposit rate of 2.93%. The Fund underperformed the benchmark due to some underperforming collective investment schemes of which were invested for diversification and liquidity.

The Fund has an exposure to corporate bond issues and enhanced and diversified with 93.23% contribution from the structured high-yielding collective investment schemes.

We remain cautious of the global growth headwinds and persistent elevated inflation data. We also opine that the local bond market to remain well supported as hints of 'higher for longer' mantra is at its tail-end phase.

Investment Policy and Strategy

The Fund will primarily invest in a diversified portfolio of Fixed Income Investments with intention to hold until maturity. The Fund will focus mainly on those of quality debentures with Medium to Long Term maturity and some exposure to other maturity periods. Notwithstanding the above, the Fund may adopt a more concentrated strategy by holding higher exposure in single investment in order to achieve its objective.

The Fund may invest in derivatives such as futures contracts and options to protect the Fund against adverse movement of markets.

It is also the Fund's strategy to invest in CIS and other instrument such as preference shares. Investing in CIS or preference shares with similar investment objectives indirectly gives the Fund exposure to the underlying investment.

NAV per unit as at 30 June 2024

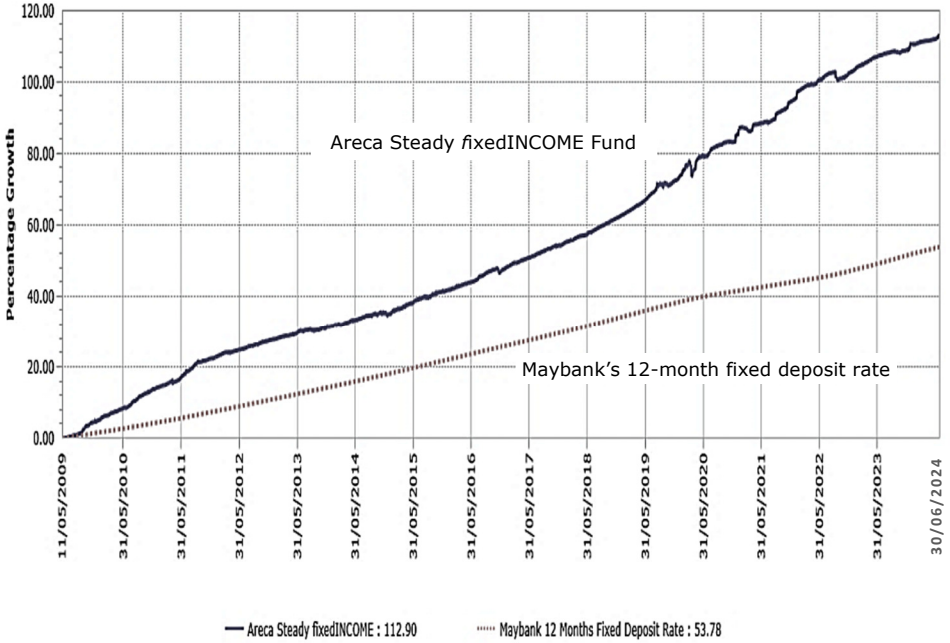
RM1.2230

Asset Allocation/Portfolio Composition	2024	2023	2022
Collective investment schemes	93.23%	78.35%	51.32%
Unquoted fixed income securities	3.87%	20.26%	21.05%
Unquoted equity securities	-	-	19.50%
Liquid assets and other net current assets	2.90%	1.39%	8.13%

FUND REVIEW

Performance of Areca Steady fixedINCOME Fund
for the period since inception to 30 June 2024

Total Return of Areca Steady fixedINCOME Fund vs Benchmark



Source Lipper

GLOBAL FIXED INCOME MARKET REVIEW AND OUTLOOK

The year July 2023 to June 2024 under review began with the final Federal Fund Rate hike in a series of 11 post-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 US Federal Reserve 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 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.

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-basis point 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 continued to maintain its policy stance in “accommodative” manner despite challenges from global economies. During the review year, Bank Negara Malaysia 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 Bank Negara Malaysia 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.

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

For the first quarter of 2024, 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 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. In relation to this Fund, a Third Supplemental Deed dated 7 June 2024 has been executed.

We also have issued a second supplemental Information Memorandum dated 28 February 2024 and subsequently a replacement Information Memorandum dated 1 July 2024. You may refer to **Appendix 1** for the list of changes.

TRUSTEE'S REPORT

To the Unitholders of Areca Steady fixedINCOME** 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 Unlisted Capital Market Products under the Lodge and Launch Framework;
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 Steady fixedINCOME** 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 STEADY FIXED INCOME FUND**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **ARECA STEADY FIXED INCOME 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 14 to 33.

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 Matters

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.

The financial statements of the Fund for the preceding financial year ended 30 June 2023 were audited by another firm of auditors whose report thereon dated 29 August 2023 expressed an unmodified opinion on those financial statements.

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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ARECA Steady fixed**INCOME** FUND

STATEMENT OF FINANCIAL POSITION

As At 30 June 2024

	Note	2024 RM	2023 RM
Assets			
Investments	5	97,392,731	104,624,618
Cash and cash equivalents	6	2,796,498	1,524,128
Amount due from Manager		59,000	-
Dividend receivables		102,870	-
Total Assets		<u>100,351,099</u>	<u>106,148,746</u>
Unitholders' Fund And Liabilities			
Liabilities			
Other payables and accrued expenses	7	45,891	53,855
Total Liabilities		<u>45,891</u>	<u>53,855</u>
Unitholders' Fund			
Unitholders' capital		90,609,846	99,788,759
Retained earnings		9,695,362	6,306,132
Net Asset Value Attributable To Unitholders		<u>100,305,208</u>	<u>106,094,891</u>
Total Unitholders' Fund And Liabilities		<u>100,351,099</u>	<u>106,148,746</u>
Number Of Units In Circulation	8	<u>82,017,181</u>	<u>89,592,071</u>
Net Asset Value Per Unit (RM)		<u>1.2230</u>	<u>1.1842</u>

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

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ARECA Steady fixed**INCOME** FUND

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		2,599,336	2,139,584
Interest income		605,209	1,621,326
Net gain/(loss) on investments at fair value through profit or loss ("FVTPL")	5	669,582	(360,909)
Total Investments Income		3,874,127	3,400,001
Expenditure			
Management fee	9	412,448	690,486
Trustee's fee	10	53,716	52,393
Audit fee		12,500	10,000
Tax agent's fee		3,900	6,900
Other expenses		2,333	2,657
Total Expenditure		484,897	762,436
Net Income Before Tax		3,389,230	2,637,565
Income Tax Expense	11	-	-
Net Income After Tax And Total Comprehensive Income For The Financial Year		3,389,230	2,637,565
Net Income After Tax Is Made Up Of:			
Realised gain		2,745,985	10,042,211
Unrealised gain/(loss)		643,245	(7,404,646)
		3,389,230	2,637,565

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

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ARECA Steady fixed **INCOME** FUND

STATEMENT OF CHANGES IN NET ASSET VALUE

For The Financial Year Ended 30 June 2023

	Unitholders' capital RM	Retained earnings RM	Total net asset value RM
Balance as at 1 July 2022	95,551,910	3,668,567	99,220,477
Amounts received from units created	11,638,626	-	11,638,626
Amounts paid for units cancelled	(7,401,777)	-	(7,401,777)
Total comprehensive income for the financial year	-	2,637,565	2,637,565
Balance as at 30 June 2023	<u>99,788,759</u>	<u>6,306,132</u>	<u>106,094,891</u>
Balance as at 1 July 2023	99,788,759	6,306,132	106,094,891
Amounts received from units created	20,140,000	-	20,140,000
Amounts paid for units cancelled	(29,318,913)	-	(29,318,913)
Total comprehensive income for the financial year	-	3,389,230	3,389,230
Balance as at 30 June 2024	<u>90,609,846</u>	<u>9,695,362</u>	<u>100,305,208</u>

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

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ARECA Steady fixed**INCOME** FUND

STATEMENT OF CASH FLOWS

For The Financial Year Ended 30 June 2023

	Note	2024 RM	2023 RM
Cash Flows From Operating Activities			
Proceeds from disposal of investments		46,329,175	72,389,494
Proceeds from maturity of investments		250,000	-
Purchase of investments		(39,388,980)	(86,267,383)
Dividend income received		2,496,466	2,139,584
Interest received		781,363	1,634,230
Amount received from the Manager - others		535,120	-
Management fee paid		(422,639)	(707,606)
Trustee's fee paid		(53,988)	(52,086)
Payment for other fees and expenses		(16,234)	(19,557)
Net Cash Generated From/(Used In) Operating Activities		<u>10,510,283</u>	<u>(10,883,324)</u>
Cash Flows From Financing Activities			
Cash proceeds from units created		20,081,000	11,652,596
Payment for cancellation of units		(29,318,913)	(7,401,777)
Net Cash (Used In)/Generated From Financing Activities		<u>(9,237,913)</u>	<u>4,250,819</u>
Net Increase/(Decrease) In Cash And Cash Equivalents		1,272,370	(6,632,505)
Cash And Cash Equivalents At Beginning Of Year		<u>1,524,128</u>	<u>8,156,633</u>
Cash And Cash Equivalents At The End Of Year		<u>2,796,498</u>	<u>1,524,128</u>
Cash And Cash Equivalents Comprise:			
Cash at bank	6	5,306	210,999
Short-term deposits	6	2,791,192	1,313,129
		<u>2,796,498</u>	<u>1,524,128</u>

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

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Areca Steady fixed**INCOME** Fund (“the Fund”) was formed under a custodian structure on 11 May 2009. A trustee was later appointed for the Fund with the signing of a Trust Deed dated 24 July 2009 as modified by the First Supplemental Deed dated 15 August 2013, Second Supplemental Deed dated 5 July 2023 and Third Supplemental Deed dated 7 June 2024 (“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 6 of the Deeds, which include fixed income securities issued by the Malaysian Government or Bank Negara Malaysia (“BNM”) or any other government related bodies. Such instruments include Malaysian Government Securities, Treasury Bills and Bank Negara Bills; issues guaranteed by the Government of Malaysia or BNM or any State Government in Malaysia; issues by bank or Financial Institution such as Banker’s Acceptances and Negotiable Certificate of Deposits; corporate bonds including those convertibles into equities; units and shares in collective investment schemes; preference shares; derivatives such as future contracts and options for hedging purposes only; foreign sovereign bonds and corporate bonds including those convertibles into equities; deposit with financial institutions; local or foreign money market instrument; and any other form of investments which are in line with the Fund’s objective and as may be agreed upon by the Manager and Trustee from time to time. The Fund commenced operations on 11 May 2009 and will continue its operations until terminated by the Trustee in accordance with Part 11 of the Deeds.

The objective of the Fund is to provide stable stream of income while maintaining stability. 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 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:

	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 Presentation and Disclosure in Financial Statements	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 on the effective yield of the asset.

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

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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 continue 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

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

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

Unquoted equity securities in preference shares are valued at FVTPL. Where no market data is available, the Fund will value the investment based on valuation methods and techniques generally recognised as standard within the industry.

Gains or losses arising from the changes in the fair values 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 except as disclosed below:

(a) Fair value estimation of preference shares

The preference shares is not quoted in an active market. Where no market data is available, the Fund will value the investment based on valuation methods and techniques generally recognised as standard within the industry, and are generally based on the net present value of contractual cash flows of the securities discounted using a discount rate which approximates the expected rate of return by the unitholders.

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5 INVESTMENTS

	2024	2023
	RM	RM
Financial assets at FVTPL:		
Collective investment schemes	93,510,115	83,130,332
Unquoted fixed income securities	3,882,615	21,494,285
Unquoted equity securities	1	1
	<u>97,392,731</u>	<u>104,624,618</u>
Net gain/(loss) on investments at FVTPL comprised:		
Realised gain on disposals	26,337	7,043,737
Unrealised gain/(loss) on changes in fair values	643,245	(7,404,646)
	<u>669,582</u>	<u>(360,909)</u>

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

	Quantity Units	Aggregate Cost RM	Fair Value RM	Fair Value as a % of Net Asset Value %
COLLECTIVE INVESTMENT SCHEMES				
Areca Dynamic Growth Fund 9.0	36,344,542	36,344,542	36,406,328	36.30
Areca Focus Leverage Fund 2 – MYR Class	1,536,743	1,531,210	1,664,446	1.66
Areca Progressive Income Fund	5,543,627	5,578,552	5,599,063	5.58
Areca Progressive Income Fund 3.0	4,394,419	4,482,308	4,636,991	4.62
Areca Progressive Income Fund 4.0	5,332,704	5,333,333	5,333,237	5.32
Areca Progressive Income Fund 6.0	2,268,526	2,316,597	2,501,730	2.49
Areca Strategic Income Fund	5,486,418	5,486,418	5,620,835	5.60
Areca Strategic Income Fund 2.0	5,247,463	5,257,522	5,254,809	5.24
Areca Strategic Income Fund 4.0	1,124,438	1,178,254	1,203,373	1.20
Areca Strategic Income Fund 5.0	1,225,626	1,233,333	1,253,203	1.25
Areca Strategic Income Fund 8.0	23,000,000	23,000,000	23,016,100	22.95
Areca Strategic Income Fund 11	1,000,000	1,000,000	1,020,000	1.02
Total collective investment schemes		<u>92,742,069</u>	<u>93,510,115</u>	<u>93.23</u>

	Nominal Value RM	Adjusted Cost RM	Fair Value RM	Fair Value as a % of Net Asset Value %
Issuer coupon (%) maturity rating				
UNQUOTED FIXED INCOME SECURITIES				
Unquoted Bonds				
Alpha Circle Sdn Bhd^ 5.60% 31/12/2024 C IS	535,500	535,500	-	-
Genting Capital Bhd 5.30% 11/07/2028 AA1 (S)	1,000,000	1,024,685	1,051,435	1.05
Lebuhraya Duke Fasa 3 Sdn Bhd 6.23% 21/08/2037 AA- IS	500,000	522,638	571,938	0.57

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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 %
UNQUOTED FIXED INCOME SECURITIES				
Unquoted bonds				
Menara ABS Bhd 5.30% 13/01/2025 D	1,201,882	1,201,882	1,201,882	1.20
Telekosang Hydro One Sdn Bhd 5.30% 06/08/2032 AA3	1,000,000	1,030,310	1,057,360	1.05
		4,315,015	3,882,615	3.87
Less: Impaired investment of Alpha Circle Sdn Bhd recovered from the Manager		(535,120)	-	-
Total unquoted fixed income securities		<u>3,779,895</u>	<u>3,882,615</u>	<u>3.87</u>

UNQUOTED EQUITY SECURITIES	Quantity Units	Aggregate Cost RM	Fair Value RM	Fair Value as a % of Net Asset Value RM
Preference Shares				
PNS Group Sdn Bhd [^]	666,667	666,667	-	-
PNS Group Sdn Bhd - Class B [^]	5,666,667	5,666,667	1	-
Total unquoted equity securities		<u>6,333,334</u>	<u>1</u>	<u>-</u>
Total investments		<u>102,855,298</u>	<u>97,392,731</u>	<u>97.10</u>
Unrealised loss on investments			<u>(5,462,567)</u>	

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

COLLECTIVE INVESTMENT SCHEMES	Quantity Units	Aggregate Cost RM	Fair Value RM	Fair Value as a % of Net Asset Value %
Areca Focus Leverage Fund 2 – MYR				
Class	1,536,743	1,531,211	1,570,244	1.48
Areca i-Value Assets Fund	25,664,209	26,023,508	26,236,521	24.73
Areca Progressive Income Fund	5,543,627	5,578,552	5,598,509	5.28
Areca Progressive Income Fund 3.0	5,022,383	5,122,830	5,200,175	4.90
Areca Progressive Income Fund 4.0	5,332,704	5,333,333	5,333,237	5.03
Areca Progressive Income Fund 6.0	2,448,124	2,500,000	2,622,430	2.47
Areca Strategic Income Fund	5,486,418	5,486,418	5,583,527	5.26
Areca Strategic Income Fund 2.0	5,247,463	5,257,523	5,260,057	4.96
Areca Strategic Income Fund 4.0	1,124,438	1,178,254	1,202,361	1.13
Areca Strategic Income Fund 5.0	1,490,626	1,500,000	1,523,271	1.43
Areca Strategic Income Fund 8.0	23,000,000	23,000,000	23,000,000	21.68
Total collective investment schemes		<u>82,511,629</u>	<u>83,130,332</u>	<u>78.35</u>

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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 %
UNQUOTED FIXED INCOME SECURITIES				
Unquoted bonds				
Affin Islamic Perpetual T1 5.65% 18/10/2023 A3	250,000	263,239	253,696	0.24
Alpha Circle Sdn Bhd^ 5.60% 23/08/2023 C IS	662,995	662,995	-	-
Amanat Lebuhraya Rakyat Bhd 5.09% 11/10/2023 AAA	5,000,000	5,055,084	5,327,634	5.02
Bank Pembangunan Malaysia Bhd 2.80% 10/10/2025 AAA (IS)	1,000,000	1,006,137	982,917	0.93
CIMB Group Holdings Bhd 5.40% 25/05/2116 A1	1,500,000	1,514,868	1,521,828	1.43
CIMB Thai Bank Public Company Ltd 4.15% 06/07/2029 AA3	1,000,000	1,019,670	1,018,550	0.96
Genting Capital Bhd 5.30% 11/07/2028 AA1 (S)	1,000,000	1,024,830	1,034,460	0.98
GII Murabahah 3.465% 15/10/2030 NR (LT)	7,500,000	7,325,123	7,380,223	6.95
Lebuhraya Duke Fasa 3 Sdn Bhd 6.23% 21/08/2037 AA- IS	500,000	522,724	539,109	0.51
Malaysia Rail Link Sdn Bhd 3.13% 05/07/2030 NR (LT)	500,000	507,546	484,516	0.46
Menara ABS Bhd 5.30% 13/01/2024 D	1,243,548	1,243,548	1,243,548	1.17
Telekosang Hydro One Sdn Bhd 5.30% 06/08/2023 AA3	1,000,000	1,030,310	1,012,600	0.95
TG Excellence Bhd 3.95% 27/02/2120 AA- IS (CG)	700,000	709,393	695,204	0.66
Total unquoted fixed income securities		<u>21,885,467</u>	<u>21,494,285</u>	<u>20.26</u>
	Quantity Units	Aggregate Cost RM	Fair Value RM	Fair Value as a % of Net Asset Value RM
UNQUOTED EQUITY SECURITIES				
Preference Shares				
PNS Group Sdn Bhd^	666,667	666,667	-	-
PNS Group Sdn Bhd - Class B^	5,666,667	5,666,667	1	-
Total unquoted equity securities		<u>6,333,334</u>	<u>1</u>	<u>-</u>
Total investments		<u>110,730,430</u>	<u>104,624,618</u>	<u>98.61</u>
Unrealised loss on investments			<u>(6,105,812)</u>	

^ The Fund has determined the fair value of Alpha Circle Sdn Bhd's unquoted fixed income security to be nil and PNS Group's preference shares to be RM1 (2023: RM1) as the Fund Manager is of the view that it is improbable for the issuer to redeem the securities. Consequently, the Fund Manager has reimbursed the cost of investment of Alpha Circle Sdn Bhd's unquoted fixed income security of RM535,120 to the Fund during the financial year.

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6 CASH AND CASH EQUIVALENTS

	2024	2023
	RM	RM
Cash at bank	5,306	210,999
Short-term deposits	2,791,192	1,313,129
	2,796,498	1,524,128

Short-term deposits represent deposits placed with a local licensed financial institution.

The effective average interest rate for short-term deposits is 3.00% (2023: 2.98%) per annum and the average maturity period is 1 day (2023: 3 days).

7 OTHER PAYABLES AND ACCRUED EXPENSES

	2024	2023
	RM	RM
Accrued expenses:		
Management fee	25,978	36,170
Trustee's fee	4,113	4,385
Audit fee	12,500	10,000
Tax agent's fee	3,300	3,300
	45,891	53,855

8 NUMBER OF UNITS IN CIRCULATION

	2024	2023
	Units	Units
At beginning of the year	89,592,071	85,921,074
Created during the year	16,822,763	10,006,407
Cancelled during the year	(24,397,653)	(6,335,410)
At end of the year	82,017,181	89,592,071

9 MANAGEMENT FEE

The Schedule 7 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 0.38% (2023: 0.66%) per annum for the year, net of management fee rebate on the collective investment schemes.

10 TRUSTEE'S FEE

The Schedule 8 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 0.05% (2023: 0.05%) per annum for the year.

11 INCOME TAX EXPENSE

There is no income tax expenses 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 0.45% (2023: 0.73%) 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 Fund

The average net asset value of the Fund for the financial year is RM107,137,379 (2023: RM104,783,122).

Portfolio Turnover Ratio (PTR)

The portfolio turnover ratio for the Fund is 0.40 times (2023: 0.76 times) for the financial year ended 30 June 2024. The portfolio turnover 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 = RM39,388,980 (2023: RM86,267,383)
total disposal for the financial year = RM46,579,175 (2023: RM72,389,494)

13 TRADE WITH BROKERS/DEALERS

Details of transactions with brokers/dealers are as follows:

Brokers/Dealers	Value of Trades RM	% of Total Trades %
2024		
Hong Leong Bank Bhd	7,971,879	40.83
Malayan Banking Bhd	7,717,200	39.52
CIMB Bank Bhd	1,500,000	7.68
Affin Hwang Investment Bank Bhd	1,473,255	7.55
Hong Leong Investment Bank Bhd	695,450	3.56
RHB Investment Bank Bhd	127,495	0.65
Kenanga Investment Bank Bhd	41,666	0.21
	19,526,945	100.00
2023		
Hong Leong Investment Bank Bhd	6,500,000	82.78
Kenanga Investment Bank Bhd	1,250,150	15.92
RHB Investment Bank Bhd	102,005	1.30
	7,852,155	100.00

14 RISK MANAGEMENT POLICIES

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund seeks to provide sophisticated investors with a stable stream of consistent income while maintaining capital stability by investing in fixed income investments with medium to long term investment horizon. 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	97,392,731	104,624,618
Amortised costs:		
Cash and cash equivalents	2,796,498	1,524,128
Amount due from Manager	59,000	-
Dividend receivables	102,870	-
Financial liabilities		
Amortised cost:		
Other payables and accrued expenses	45,891	53,855

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, except for an investment in unquoted fixed income securities with carrying value of nil (2023: nil) and an investment in preference shares with carrying value of RM1 (2023: RM1).

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 at inception. The Fund also invests in government backed/related securities which are not rated by credit rating agency. The following table set out the Fund's portfolio of unquoted fixed income securities by rating categories:

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Credit Rating	Fair Value RM	As a % of unquoted fixed income securities %	As a % of NAV %
2024			
Unquoted Fixed Income Securities			
AA1 (S)	1,051,435	27.08	1.05
AA3	1,057,360	27.23	1.05
AA- IS	571,938	14.73	0.57
D	1,201,882	30.96	1.20
	3,882,615	100.00	3.87
2023			
Unquoted Fixed Income Securities			
AAA	5,327,634	24.79	5.02
AAA (IS)	982,917	4.57	0.93
AA1 (S)	1,034,460	4.81	0.98
AA3	2,031,150	9.45	1.91
AA- IS	1,234,313	5.74	1.17
A1	1,521,828	7.08	1.43
A3	253,696	1.18	0.24
D	1,243,548	5.79	1.17
NR (LT)	7,864,739	36.59	7.41
	21,494,285	100.00	20.26

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

	Short-term deposits RM	Collective investment schemes RM	Unquoted fixed income securities RM	Unquoted equity securities RM
2024				
Industry				
Construction	-	-	571,938	1
Financial, insurance and business services	2,791,192	93,510,115	2,253,317	-
Power and electricity	-	-	1,057,360	-
	2,791,192	93,510,115	3,882,615	1
2023				
Industry				
Construction	-	-	6,351,259	1
Financial, insurance and business services	1,313,129	83,130,332	14,130,426	-
Power and electricity	-	-	1,012,600	-
	1,313,129	83,130,332	21,494,285	1

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 invest only in collective investment schemes, unquoted fixed income securities and unquoted equity 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 and unquoted equity 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 fluctuate 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.

Price risk management

Price risk is the risk of unfavourable changes in the fair value of unquoted fixed income securities and unquoted 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 unquoted fixed income securities and unquoted equity securities. The Manager manages the 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><u>4,869,637/(4,869,637)</u></u>
2023		
Investments	+5/-5%	<u><u>5,231,231/(5,231,231)</u></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.

15 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.

The fair value of the collective investment scheme is determined based on the last published repurchase price unit of such collective investment scheme as at the end of the reporting year.

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.

The fair value of preference shares which is not quoted in an active market may be determined by the Fund using reputable pricing sources (such as pricing agencies) or indicative prices from bond/debt market makers. Broker quotes as obtained from the pricing sources may be indicative and not executable or binding. The Fund would exercise judgement and estimates on the quantity and quality of pricing sources used. Where no market data is available, the Fund may value positions using its own models, which are usually based on valuation methods and techniques generally recognised as standard within the industry. The inputs into these models are primarily earning multiples and discounted cash flows. The models used to determine fair values are validated and periodically reviewed by experienced personnel, independent of the party that created them. The models used for the preference shares are based on net present value of estimated future cash flows, adjusted as appropriate for liquidity, and credit and market risk factors.

For deposits and placements with financial institutions with maturities of less than twelve months, the carrying value is a 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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	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2024				
Financial assets at FVTPL				
Collective investment schemes	-	93,510,115	-	93,510,115
Unquoted fixed income securities	-	3,882,615	-	3,882,615
Unquoted equity securities*	-	-	1	1
2023				
Financial assets at FVTPL				
Collective investment schemes	-	83,130,332	-	83,130,332
Unquoted fixed income securities	-	21,494,285	-	21,494,285
Unquoted equity securities*	-	-	1	1

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

* The fair value of the unquoted equity securities were determined based on expected future cash flows discounted at prevailing rate of interest at reporting date. As the expected future cash flow is determined to be RM1, the fair value was determined to be RM1.

16 COMPARATIVE FIGURES

Changes to the following comparative figures have been made to conform with current year's financial statements presentation and to correct an error in prior year's financial statements:

	2023 RM	Reclassification RM	2023 RM
Statement of financial position			
Liabilities			
Amount due to Manager – Management fee	36,170	(36,170)	-
Amount due to Trustee	4,385	(4,385)	-
Other payables and accruals	13,300	(13,300)	-
Other payables and accrued expenses	-	53,855	53,855
Statement of profit or loss and other comprehensive income			
Investments Income			
Net loss on investments at fair value through profit or loss	258,420	(619,329)	(360,909)
Expenses			
Management fee	1,309,815	(619,329)	690,486
Statement of cash flows			
Interest received from deposit with licensed financial institutions at amortised cost	633,359	(633,359)	-
Interest received from unquoted fixed income securities	1,000,871	(1,000,871)	-
Interest received	-	1,634,230	1,634,230

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APPENDIX 1 - LIST OF CHANGES FOR ARECA STEADY FIXEDINCOME FUND

Section	Existing		Revised		Comments
GLOSSARY			CIS IUTA RM	Collective investment schemes; Institutional Unit Trust Scheme Adviser; Means Ringgit Malaysia;	The following definition has been added.
	Jointholder NAV Unit Holder/You	A person who holds Units together with another person or persons; The net asset value of the Fund, which is the value of all the assets attributed to the Fund less the total liabilities attributed to the Fund at the point of valuation; A person for the time being who is registered pursuant to the Deed as a holder of Units, including a Jointholder.	Jointholder NAV Unit Holder/You	A <u>Sophisticated Investor</u> who holds Units together with another <u>Sophisticated Investor(s)</u> ; The net asset value of the Fund, which is the value of all the assets of the Fund less the <u>value of all liabilities of the Fund at a valuation point</u> ; A <u>Sophisticated Investor</u> for the time being who is registered pursuant to the Deed as a holder of Units, including a Jointholder.	The following definition has been amended.
	Sophisticated Investor	<ul style="list-style-type: none"> ▪ An individual whose total net personal assets, or total net joint assets with his or her spouse, exceed RM3 million or its equivalent in foreign currencies, excluding the value of the individual's primary residence; ▪ An individual who has a gross annual income exceeding RM300,000 or its equivalent in foreign currencies per annum in the preceding twelve months; ▪ An individual who, jointly with his or her spouse, has a gross annual income exceeding RM400,000 or its equivalent in foreign currencies per annum in the preceding twelve months; ▪ A corporation with total net assets exceeding RM10 million or its equivalent in foreign currencies based on the last audited accounts; ▪ A partnership with total net assets exceeding RM10 million or its equivalent in foreign currencies; ▪ A unit trust scheme or prescribed investment scheme; ▪ A private retirement scheme; ▪ A closed-end fund approved by the SC; ▪ A company that is registered as a trust company under the Trust Companies Act 1949 which has assets under management exceeding RM10 million or its equivalent in foreign currencies; ▪ A corporation that is a public company under the Companies Act 2016 which is approved by the SC to be a trustee under the CMSA and has assets under management exceeding RM10 million or its equivalent in foreign currencies; 	Sophisticated Investor	Refers to: (a) any person who is determined to be a sophisticated investor under: (i) the Guidelines on Categories of Sophisticated Investors; (ii) any relevant laws/guidelines for wholesale funds; or (b) any person who acquires any capital market product specified under the Guidelines where the consideration is not less than RM250,000 or its equivalent in foreign currencies for each transaction whether such amount is paid for in cash or otherwise;	The following definition has been amended pursuant to Guidelines On Categories Of Sophisticated Investors.

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Section	Existing	Revised	Comments
	<ul style="list-style-type: none"> ▪ A statutory body established by an Act of Parliament or an enactment of any State; ▪ A pension fund approved by the Director General of Inland Revenue under section 150 of the Income Tax Act 1967; ▪ Central Bank of Malaysia established under the Central Bank of Malaysia Act 2009; ▪ A holder of a capital markets services licence or an executive director or a chief executive officer of a holder of a capital markets services license; ▪ A licensed institution as defined in the Financial Services Act 2013; ▪ An Islamic bank as defined in the Islamic Financial Services Act 2013; ▪ An insurance company registered under the Financial Services Act 2013; ▪ A takaful operator registered under the Islamic Financial Services Act 2013; ▪ A bank licensee or insurance licensee as defined under the Labuan Financial Services and Securities Act 2010; ▪ An Islamic bank licensee or takaful licensee as defined under the Labuan Islamic Financial Services and Securities Act 2010; and ▪ Any other investor as may be defined by the SC from time to time; 		

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Section	Existing	Revised	Comments
CORPORATE DIRECTORY	<p>MANAGER</p> <p>Areca Capital Sdn Bhd (740840-D)</p> <p>Registered Office: Suite 30C, 3rd Floor, Wisma TCL, 470 Jalan Ipoh, 3rd Mile, 51200 Kuala Lumpur</p> <p>Business Address: 107, Blok B, Pusat Dagangan Phileo Damansara 1, No.9, Jalan 16/11, Off Jalan Damansara, 46350 Petaling Jaya Tel: 603-7956 3111 Fax: 603-7955 4111 Website: www.arecacapital.com E-mail: invest@arecacapital.com</p> <hr/> <p>TRUSTEE</p> <p>RHB Trustees Berhad (573019-U)</p> <p>Registered Office: Level 10, Tower One, RHB Centre, Jalan Tun Razak, 50400 Kuala Lumpur.</p> <p>Business Address Level 11, Tower Three, RHB Centre, Jalan Tun Razak, 50400 Kuala Lumpur.</p> <p>Tel: 03-9280 5933 Fax: 03-9280 5204</p>	<p>MANAGER</p> <p>ARECA CAPITAL SDN BHD</p> <p>Registration No. 200601021087 (740840-D)</p> <p>Registered Address: Suite 30C, 3rd Floor, Wisma TCL, 470 Jalan Ipoh, 3rd Mile, 51200 Kuala Lumpur Tel: 603-4044 9811</p> <p>Business Address: 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</p> <hr/> <p>TRUSTEE</p> <p>RHB TRUSTEES BERHAD</p> <p>Registration No: 200201005356 (573019-U)</p> <p>Registered Address: Level 10, Tower One, RHB Centre, Jalan Tun Razak, 50400 Kuala Lumpur.</p> <p>Business Address Level 11, Tower Three, RHB Centre, Jalan Tun Razak, 50400 Kuala Lumpur.</p> <p>Tel: 03-9280 5933 Fax: 03-9280 5204</p>	The Corporate Directory has been updated.

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Section	Existing	Revised	Comments
CORPORATE DIRECTORY	<p>BOARD OF DIRECTORS</p> <p>Raja Datuk Zaharaton binti Raja Dato' Zainal Abidin (Independent)</p> <p>Dr. Junid Saham (Independent)</p> <p>Danny Wong Teck Meng (Executive)</p> <p>Edward Iskandar Toh Bin Abdullah (Executive)</p> <hr/> <p>INVESTMENT COMMITTEE MEMBERS</p> <p>Raja Datuk Zaharaton binti Raja Dato' Zainal Abidin (Independent)</p> <p>Dr. Junid Saham (Independent)</p> <p>Dato' Seri Lee Kah Choon (Independent)</p> <hr/> <p>AUDITORS</p> <p>PricewaterhouseCoopers PLT (LLP0014401 & AF1146)</p> <p>Level 10, 1 Sentral, Jalan Rakyat, KL Sentral, PO Box 10192, 50706, Kuala Lumpr, Malaysia</p> <p>Tel: 03-2173 1188 Fax: 03-2173 1288</p> <hr/> <p>TAX ADVISERS</p> <p>PricewaterhouseCoopers Tax Services Sdn Bhd (464731-M)</p> <p>Level 10, 1 Sentral, Jalan Rakyat, KL Sentral, PO Box 10192, 50706, Kuala Lumpr, Malaysia</p> <p>Tel: 03-2173 1188 Fax: 03-2173 1288</p>		The Corporate Directory has been deleted.
BASE CURRENCY		<u>RM</u>	The Base Currency has been added.
INITIAL OFFER PRICE	RM1.0000		The Initial Offer Price has been deleted.

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Section	Existing	Revised	Comments
INVESTMENT STRATEGY	<p>The Fund will primarily invest in a diversified portfolio of Fixed Income Investments with intention to hold until maturity. The Fund will focus mainly on those of quality debentures with Medium to Long Term maturity and some exposure to other maturity periods. Notwithstanding the above, the Fund may adopt a more concentrated strategy by holding higher exposure in a single investment in order to achieve its objective.</p> <p>The minimum credit rating of debentures that the Fund will invest is "A3" by Rating Agency Malaysia (RAM) or its equivalent rating by Malaysia Rating Corporation Berhad (MARC) at time of purchase. If a security is downgraded to below the minimum investment grade and it causes the investment limit to be breached, the Manager would use their best efforts to dispose the holdings before maturity, failing which, it shall be held to maturity.</p> <p>Notwithstanding the above, the Fund may invest up to 30% of its NAV in debentures with credit rating below "A3" by RAM or unrated securities at time of purchase. The minimum-rating requirement, however, is not applicable to securities/ instruments issued by, or backed by Government or banks.</p> <p>The Fund may invest in derivatives such as futures contracts and options to protect the Fund against adverse movement of markets. It is also the Fund's strategy to invest in collective investment schemes ("CIS") and other instrument such as preference shares. Investing in CIS or preference shares with similar investment objectives indirectly gives the Fund exposure to the underlying investment.</p> <p>The Fund adopts various risk management strategies such as diversification, liquidity management and short-term defensive strategy in order to mitigate and diversify the inherent risks of the Fund. The Fund has also in place the limits and restrictions for asset allocation and diversification purposes.</p>	<p>The Fund will primarily invest in a diversified portfolio of Fixed Income Investments with intention to hold until maturity. The Fund will focus mainly on those of quality debentures with Medium to Long Term maturity and some exposure to other maturity periods. Notwithstanding the above, the Fund may adopt a more concentrated strategy by holding higher exposure in a single investment in order to achieve its objective.</p> <p>The minimum credit rating of debentures that the Fund will invest is "A3" by Rating Agency Malaysia (RAM) or its equivalent rating by Malaysia Rating Corporation Berhad (MARC) at time of purchase. If a security is downgraded to below the minimum investment grade and it causes the investment limit to be breached, the Manager would use their best efforts to dispose the holdings before maturity, failing which, it shall be held to maturity.</p> <p>Notwithstanding the above, the Fund may invest up to 30% of its NAV in debentures with credit rating below "A3" by RAM or unrated securities at time of purchase. The minimum-rating requirement, however, is not applicable to securities/ instruments issued by, or backed by Government or banks.</p> <p>The Fund may invest in derivatives such as futures contracts and options to protect the Fund against adverse movement of markets.</p> <p>It is also the Fund's strategy to invest in CIS and other instrument such as preference shares. Investing in CIS or preference shares with similar investment objectives indirectly gives the Fund exposure to the underlying investment.</p> <p>The Fund adopts various risk management strategies such as diversification, liquidity management and short-term defensive strategy in order to mitigate and diversify the inherent risks of the Fund. The Fund has also in place the limits and restrictions for asset allocation and diversification purposes.</p> <p><u>We adopt an active investment strategy in managing the Fund and will invest tactically during times of uncertainty. The Fund may adopt a temporary defensive strategy during adverse market conditions where the Fund may hold its entire assets in short-term commercial papers or cash to minimize the impact of capital loss from holding long-term securities.</u></p>	The Investment Strategy has been amended.

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Section	Existing	Revised	Comments
PERMITTED INVESTMENTS	<p>Unless otherwise prohibited by the relevant authorities or any relevant law and provided always that there are no inconsistencies with the objective of the Fund, the Fund may invest in the following:</p> <ul style="list-style-type: none"> • Fixed income securities issued by the Malaysian Government or Bank Negara Malaysia or any other government related bodies. Such instruments include Malaysian Government Securities, Treasury Bills and Bank Negara Bills. • Issues guaranteed by the Government of Malaysia or BNM or any State Government in Malaysia; • Issues by bank or Financial Institution such as Banker's Acceptances and Negotiable Certificate of Deposits; • Private debt securities including those convertibles into equities; • Units and shares in CIS; • Preference shares; • Derivatives such as future contracts and options for hedging purposes only; • Foreign sovereign bonds and corporate bonds; and • Any other form of investments which are in line with the Fund's objective and as may be agreed upon by the Manager and the Trustee from time to time. 	<p>Unless otherwise prohibited by the relevant authorities or any relevant law and provided always that there are no inconsistencies with the objective of the Fund, the Fund may invest in the following:</p> <ul style="list-style-type: none"> • Fixed income securities issued by the Malaysian Government or Bank Negara Malaysia or any other government related bodies. Such instruments include Malaysian Government Securities, Treasury Bills and Bank Negara Bills; • Issues guaranteed by the Government of Malaysia or BNM or any State Government in Malaysia; • Issues by bank or Financial Institution such as Banker's Acceptances and Negotiable Certificate of Deposits; • Corporate bonds including those convertibles into equities; • Units and shares in CIS; • Preference shares; • Derivatives such as future contracts and options for hedging purposes only; • Foreign sovereign bonds and corporate bonds <u>including those convertibles into equities;</u> • <u>Deposit with financial institutions;</u> • <u>Local or foreign money market instrument;</u> and • Any other form of investments which are in line with the Fund's objective and as may be agreed upon by the Manager and the Trustee from time to time. 	The Permitted Investment has been amended.
PERFORMANCE BENCHMARK	<p>Maybank's 12-month fixed deposit rate.</p> <p>The risk profile of the Fund is different from the risk profile of the performance benchmark. There is no guarantee that the Fund will outperform the performance benchmark.</p>	Maybank's 12-month fixed deposit rate.	The information on Performance Benchmark has been amended.
PRINCIPAL RISKS	<ul style="list-style-type: none"> • Liquidity risk • Currency risk • Country risk • Credit and default risk • Interest rate risk • Downgrade of Issuers Risk • Counterparty risk 		The Principal Risks has been deleted.
ENTRY FEE (SALES CHARGE)	<ul style="list-style-type: none"> • Direct investment with Manager: Up to 3% of the net investment amount • Third-party distributors: Up to 3% of the net investment amount <p>Net investment amount is the number of Units at the NAV per Unit.</p>	Up to 3% of the net investment amount of the Fund.	The Entry Fee (Sales Charge) has been amended.
EXIT FEE / PENALTY FEE	<p>As a measure to discourage the fluctuation of NAV due to the liquidation of assets to meet repurchase request which could be disruptive to the Fund's performance, Unitholders will be subjected to the following penalty/ exit fee if liquidation is made within 3 years from the date of investment:</p> <ul style="list-style-type: none"> • Direct investment with Manager: Up to 5% of the redemption amount • Third-party distributors: Up to 5% of the redemption amount <p>All exit/penalty fee will be credited to the Fund. However, no penalty/ exit fee will be imposed after the 3 years' period. The Manager may at its discretion waive the exit/penalty fee.</p>	<p><u>As a measure to discourage fluctuation of NAV due to liquidation of assets to meet redemption request which could be disruptive to the Fund's performance, Unit Holder will be subjected to a penalty or exit fee of up to 5% of the redemption proceeds if redemption is made within 3 years from the date of investment.</u></p> <p>All exit or penalty fee will be credited to the Fund. However, no penalty or exit fee will be imposed after the 3 years' period. The Manager may at its discretion waive the exit fee.</p>	The Exit Fee / Penalty Fee has been amended.

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Section	Existing	Revised	Comments
	ANY OTHER FEES PAYABLE INDIRECTLY BY AN INVESTOR	FUND EXPENSES	The following term has been redefined.
FUND EXPENSES	<p>These include but are not limited to:</p> <ul style="list-style-type: none"> • Commissions or fees paid to brokers; • Auditor's fee; • Tax adviser's fee; • Valuation fee; • Remuneration and out of pocket expenses of the independent members of the investment committee of the Fund. • Taxes and other duties charged on the Fund by the government and/or other authorities; • Tax vouchers; • Annual/quarterly reports/statements; • Cost incurred for the modification of the Deed other than those for the benefit of the Manager and/or Trustee; and • Cost, fees and expenses incurred for any meeting of the Unit Holders save where such meeting is convened for the benefit of the Manager and/or the Trustee. 	<p>These include but are not limited to:</p> <ul style="list-style-type: none"> • Commissions or fees paid to brokers or dealers; • Auditor's fee; • Tax adviser's fee; • Valuation fee; • Fund accounting fee; • Remuneration and out of pocket expenses of the person(s) or members of a committee undertaking the oversight function of the Fund; • <u>Taxes and other duties charged on the Fund by the government and/or other authorities;</u> • <u>Costs, fees and expenses incurred in connection with the printing and postage for tax vouchers, annual and quarterly reports/statements;</u> • Cost incurred for the modification of the Deed other than those for the benefit of the Manager and/or Trustee; and • Cost, fees and expenses incurred for any meeting of the Unit Holders save where such meeting is convened for the benefit of the Manager and/or the Trustee. 	The information on Fund Expenses has been amended.
MINIMUM INITIAL INVESTMENT	RM100,000 or such other limit at the Manager's discretion.	RM100,000 or such other <u>amount at the Manager's discretion.</u>	The minimum initial investment has been amended.
MINIMUM ADDITIONAL INVESTMENT	RM10,000 or such other limit at the Manager's discretion.	RM10,000 or such other <u>amount as decided by the Manager.</u>	The minimum additional investment has been amended.
MINIMUM REDEMPTION	RM100,000 or 100,000 Units or such other amount as decided by the Manager. However, if the redemption request leaves you with less than the Minimum Balance, the Manager may require you to fully redeem all the remaining Units; subject to the availability of Liquid Assets.	100,000 Units or such other <u>lower number of Units at the Manager's discretion.</u>	The minimum redemption has been amended.
REDEMPTION PAYMENT	We will pay you within 10 days upon receipt of the duly completed original redemption form. However, it is the Manager's general redemption policy to make payments within 3 Business Days of the transaction day (T+3 days).	<p>We will pay you within <u>seven (7) Business Days upon receipt of the duly completed original Redemption form. However, for this Fund, it is our general Redemption policy to make payment within three (3) Business Days (T+3 day).</u></p> <p><u>Please note that for third party distributors such as IUTA, the Redemption payment could be longer, however it will still be within seven (7) Business Day as aforementioned.</u></p> <p>Redemption proceeds will be only paid to the principal holder, unless requested by the principal Unit Holder to pay to the Jointholder. We do not pay the redemption proceeds to any third-party.</p>	The information on Redemption Payment has been amended.
	TRANSFER FACILITY	TRANSFER OF UNITS	The following term has been redefined.

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Section	Existing	Revised	Comments
CUT-OFF TIME	3.00p.m; we will process your transaction on the next Business Day if we receive your application after the cut off time.	<u>All completed transaction forms and investment notice must be submitted to the Manager before the cut-off time, on any Business Day. We will process your transaction on the next Business Day if we receive your application after the cut-off time. Distributors may impose an earlier cut-off time if you purchase the Units through our distributors. Redemption proceeds will only be credited into your account after we receive your original Redemption form. Please refer to our company website, www.arecacapital.com for the cut-off time.</u>	The information on Cut-Off Time has been amended.
CAPITAL DISTRIBUTION		<p>Capital distribution without cancellation / Redemption of Units ("Cash Capital Distribution") The Manager may declare Cash Capital Distribution by way of cash to Unit Holders at its discretion; Cash Capital Distribution will reduce the NAV of the Fund without reducing the total Units In circulation.</p> <p>Capital distribution by way of mandatory cancellation / Redemption of Units ("Capital Redemption") The Manager may make Capital Redemption through the compulsory Redemption of the Units held by the Unit Holders at its discretion.</p> <p>Capital distribution of the Fund (with or without cancellation of Units) is pursuant to the maturity of the investment, disposal of the investment by Manager or early redemption of the investment by issuer (if any) and the Manager does not intend to reinvest the investment proceeds.</p>	Information on Capital Distribution has been added.
	INCOME /CAPITAL DISTRIBUTION REINVESTMENT POLICY	INCOME DISTRIBUTION REINVESTMENT POLICY	The following term has been redefined.
INCOME DISTRIBUTION RE-INVESTMENT POLICY	In the absence of any instructions, we are entitled to reinvest the income distributed from the Fund in additional units of the Fund at the NAV per Unit of the distribution day without any entry fee. In regards to any capital distribution, very rare if any, we will reinvest the proceeds into another unit trust fund as determined by us at our discretion, at the NAV per Unit of the distribution day without any entry fee.	<u>In the absence of any instructions, we will, at our discretion, reinvest the income distribution or capital distribution of the Fund into another unit trust fund as determined by the Manager at the net asset value per unit of that unit trust fund on the distribution day of the Fund without any entry fee.</u>	The information on Income Distribution Reinvestment Policy has been amended.
	DISTRIBUTION OF INCOME	DISTRIBUTION POLICY	The following term has been redefined.
DEED THAT GOVERNS THE FUND	<ul style="list-style-type: none"> • The Deed dated 24 July 2009 • First Supplemental Deed Dated 15 August 2013 		The following information has been deleted.
SOFT COMMISSIONS	The Manager will retain soft commissions received from stockbrokers, provided these are of demonstrable benefit to the Unit Holders and in the form of research and advisory services that assist in the decision making process relating to the Fund's investments. 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.	<p>The Manager will retain soft commissions <u>received from brokers or dealer, provided that:</u></p> <ul style="list-style-type: none"> (a) <u>the soft commissions bring direct benefit or advantage to the management of the Fund and may include research and advisory related services;</u> (b) <u>any dealing with the broker or dealer is executed on terms which are the most favourable for the Fund; and</u> (c) <u>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 a fund manager shall not enter into unnecessary trades in order to achieve a sufficient volume of transactions to qualify for soft commissions.</u> 	The information on Soft Commission has been amended.

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Section	Existing	Revised	Comments
		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.	
RISKS FACTORS	<p>Market Risk Market risk refers to the possibility that an investment will lose value because of a general decline in financial markets, due to economic, political and/or other factors, which will result in a decline in the Fund's NAV.</p>	<p>Market Risk Market risk refers to the possibility that an investment will lose value because of a general decline in financial markets, due to economic, political, social and/or other factors, which will result in a decline in the fund's <u>net asset value</u>. <u>Market risk stems from the fact that there are economy-wide perils which impact all businesses. Investors will be exposed to market uncertainties no matter how a fund's investments are diversified. The fluctuations in the economy, political and social environment will affect the market price of the fund's investments either in a positive or negative way.</u></p>	The information on Market Risk has been amended.
	<p>Currency Risk As the base currency of the Fund is in Malaysian Ringgit, any fluctuation in the exchange rate between the base currency and the currencies in which the investments are denominated may have an impact on the value of these investments. Investors should be aware that if the currencies in which the investments are denominated depreciate against the base currency, this will have an adverse effect on the NAV of the Fund in the base currency and vice-versa. Investors should note that any gains or losses arising from the fluctuation in the exchange rate may further increase or decrease the returns of the investment.</p>	<p>Currency Risk As the base currency of the Fund is in Malaysian Ringgit, any fluctuation in the exchange rate between the base currency <u>of the Fund</u> and the currencies in which the investments <u>of the Fund</u> are denominated may have an impact on the value of these investments. Investors should be aware that if the currencies in which the investments <u>of the Fund</u> are denominated depreciate against the base currency <u>of the Fund</u>, this will have an adverse effect on the NAV of the Fund in the base currency <u>of the Fund</u> and vice-versa. Investors should note that any gains or losses arising from the fluctuation in the exchange rate may further increase or decrease the returns of the investment <u>of the Fund</u>.</p>	The information on Currency Risk has been amended.
	<p>Liquidity Risk Liquidity risk refers to the ease of liquidating an asset depending on the asset's volume traded in the market. If the Fund holds assets that are illiquid, or are difficult to dispose of, the value of the Fund will be negatively affected when it has to sell such assets at unfavourable prices.</p>	<p>Liquidity Risk Liquidity risks refer to the ease of liquidating an asset at or near its fair value depending on the asset's volume traded in the market. If the fund holds assets that are illiquid, or are difficult to dispose of, the value of the fund will be negatively affected when it has to sell such assets at unfavourable prices. <u>In situation where the fund has insufficient cash and is unable to liquidate its assets due to market condition as aforesaid, redemption requests made by the unit holders are likely to be affected as the manager may not be able to fulfil its payment obligation on time.</u></p>	The information on Liquidity Risk has been amended.
		<p>Financing Risk The risk occurs when investors take a financing to finance their investment and thereafter unable to service the financing payments. If units are used as collateral, an investor may be required to top-up the investor's existing instalment if the prices of units fall below a certain level due to market conditions. Failing which, the units may be sold at a lower net asset value per unit as compared to the net asset value per unit at the point of purchase towards settling the financing.</p> <p>Concentration Risk Concentration risk is the probability of loss arising from lack of diversification, investing with a single issuer. The strength of the issuer may be affected due to changes of financial performance, news of a possible merger or loss of key personnel of the issuer.</p> <p>Non-Compliance Risk This risk refers to the possibility that the manager may not follow the provisions set out in the information memorandum, the deed or the relevant laws, rules, guidelines or internal operating policies which governs the fund. Non-compliance may occur directly due to factors such as human error or system failure and can</p>	The following risk has been added.

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		<p>also occur indirectly due to amendment on the relevant regulatory frameworks, relevant laws, rules, and other legal practices affecting the fund. This risk may result in operational disruptions and potential losses to the fund.</p> <p>Suspension of Redemption Request Risk Having considered the best interests of unit holders, the redemption requests by the Unit Holders may be subject to suspension due to exceptional circumstances, where the market value or fair value of a material portion of the fund's assets cannot be determined. In such case, unit holders will not be able to redeem their units and will be compelled to remain invested in the fund for a longer period of time than original timeline. Hence, their investments will continue to be subject to the risks inherent to the fund.</p>											
<p>BASES OF VALUATION OF THE ASSETS OF THE FUND</p>	<table border="1"> <tr> <td data-bbox="285 500 495 610">Deposits</td> <td data-bbox="495 500 911 610">Deposits are valued by reference to the value of such investments and the profit accrued thereon for the relevant period.</td> </tr> <tr> <td data-bbox="285 610 495 1312">Unlisted Fixed Income Investment</td> <td data-bbox="495 610 911 1312"> <p>Fixed Income Investment shall be based using the appropriate price by reference to quotes/ yield published by bond pricing agency (BPA) registered with SC. Where the Manager is of the view that the price/ Yield quoted by BPA for a specific bond differs from the "market price: by more than 20 basis points, the Manager may use the "market price" provided that the Manager records its basis for using a non-BPA price, obtains the necessary internal approvals to use the non-BPA price and keeps and audit trail of all decisions and basis for adopting "market price".</p> <p>For foreign unquoted fixed income investment, valuation will be based on prices by reference to the average indicative yield quoted by three or more independent and reputable institutions. Where there are less than three indicative yields available, the Manager may consider to use other sources such as from Bloomberg or apply the indicative yield(s) available from the independent institutions if there are less than three, provided the indicative yield(s) are approximate to the fair value.</p> </td> </tr> </table>	Deposits	Deposits are valued by reference to the value of such investments and the profit accrued thereon for the relevant period.	Unlisted Fixed Income Investment	<p>Fixed Income Investment shall be based using the appropriate price by reference to quotes/ yield published by bond pricing agency (BPA) registered with SC. Where the Manager is of the view that the price/ Yield quoted by BPA for a specific bond differs from the "market price: by more than 20 basis points, the Manager may use the "market price" provided that the Manager records its basis for using a non-BPA price, obtains the necessary internal approvals to use the non-BPA price and keeps and audit trail of all decisions and basis for adopting "market price".</p> <p>For foreign unquoted fixed income investment, valuation will be based on prices by reference to the average indicative yield quoted by three or more independent and reputable institutions. Where there are less than three indicative yields available, the Manager may consider to use other sources such as from Bloomberg or apply the indicative yield(s) available from the independent institutions if there are less than three, provided the indicative yield(s) are approximate to the fair value.</p>	<table border="1"> <thead> <tr> <th data-bbox="974 500 1121 548">Investment Instruments</th> <th data-bbox="1121 500 1629 548">Valuation Basis</th> </tr> </thead> <tbody> <tr> <td data-bbox="974 548 1121 824">Investment instruments that are listed and quoted on an exchange</td> <td data-bbox="1121 548 1629 824"> <p>The official closing price or last known transacted price on the eligible market on which the investment is quoted.</p> <p>However, if the price is not representative, for example during abnormal market conditions or not available to the market including in the event of a suspension in the quotation of the investment instrument for a period exceeding fourteen (14) days, or such shorter period as agreed by the Trustee, the investment will be valued at fair value.</p> </td> </tr> <tr> <td data-bbox="974 824 1121 948">Investment instruments not listed or quoted on an exchange</td> <td data-bbox="1121 824 1629 948">At fair value as determined in good faith by the Manager.</td> </tr> </tbody> </table>	Investment Instruments	Valuation Basis	Investment instruments that are listed and quoted on an exchange	<p>The official closing price or last known transacted price on the eligible market on which the investment is quoted.</p> <p>However, if the price is not representative, for example during abnormal market conditions or not available to the market including in the event of a suspension in the quotation of the investment instrument for a period exceeding fourteen (14) days, or such shorter period as agreed by the Trustee, the investment will be valued at fair value.</p>	Investment instruments not listed or quoted on an exchange	At fair value as determined in good faith by the Manager.	<p>The following information has been amended.</p>
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	Money Market Instruments	Money Market Instruments shall be based on the value provided by the Financial Institution that issue the instruments.		
	Derivatives	Derivatives instruments are marked-to-market on a daily basis. Any changes in the value of the contracts are adjusted for directly in the margin accounts, with a corresponding recognition in the unrealised reserves.		
	Collective investment schemes	Investment in units or shares in other collective investment schemes will be valued based on the last published repurchase price of the collective investment scheme.		
	Debentures	Investment in debentures shall be valued based on the appropriate price by referring to quotes / yields published by approved bond pricing agency (BPA). Where the Manager is of the view that the price / yield quoted by BPA differs from the "market price" by more than 20 basis points, the Manager may use the "market price" provided that the Manager records its basis for using a non-BPA price, obtains the necessary internal approvals to use the non-BPA price and keeps an audit trail of all decisions and basis for adopting the "market price".		
	Any other instruments	Any other instruments will be valued at arm's length fair value as determined in good faith by the Manager.		

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VALUATION POINT	<p>Valuation point refers to the time(s) on a Business Day as may be decided by the Manager wherein the NAV of the Fund is calculated. The Manager, at its discretion, may consider additional valuation point(s) for the Fund when there is a material market movement within the day (more than 5% of the last valuation point). The Fund will be valued at the end of the Business Day.</p> <p>If and when the Fund invests in a foreign market, the valuation of the Fund may be carried by 5.00p.m (or such other time as may be permitted by the relevant authorities from time to time) on the following Business Day (T+1 Day).</p> <p>This is due to certain foreign markets in which the Fund may invest in have yet to close due to the different time zones. As such, the daily NAV of the Fund will be determined on T+1 Day and will be published on T+2.</p>	<p><u>Every Business Day is a dealing day of the Fund where the Fund is open for sale and repurchase of Units by the Manager. The Fund will be valued at least once every Business Day. The Fund will be valued at the end of every Business Day and the Manager will publish the NAV per Unit on the Manager's website at www.arecacapital.com following the valuation of the Fund.</u></p>	<p>The information of Valuation Point has been amended.</p>																														
HOW IS THE NAV (ACTUAL VALUE) PER UNIT CALCULATED?	<p>The Manager will calculate the NAV of the Fund at the end of valuation point. The NAV is defines as the total value of the Fund's investment, assets and properties less any liabilities or provisions. Where applicable, investment income, interest payable, fees and other liabilities will be accrued daily in arriving at the NAV of the Fund. The NAV per Unit is then determined by dividing the NAV of the Fund by the number of Units in circulation at the valuation point rounded nearest to four (4) decimal places or as agreed between Manager and Trustee.</p>	<p>The Manager will calculate the NAV of the Fund at the end of the valuation point. The NAV is defined as the total value of the Fund's investment, assets and properties less any liabilities or provisions of the Fund. Where applicable, investment income, fees and other liabilities will be accrued daily in arriving at the NAV of the Fund. The NAV per Unit is then determined by dividing the NAV of the Fund by the number of Units in circulation of the Fund at the valuation point rounded nearest to four (4) decimal places or as agreed between Manager and Trustee.</p> <table border="1" data-bbox="968 732 1661 1203"> <thead> <tr> <th colspan="3">Illustration 1: Computation of NAV</th> </tr> <tr> <th colspan="2"></th> <th align="right">RM</th> </tr> </thead> <tbody> <tr> <td></td> <td>Securities investment</td> <td align="right">224,607,604.00</td> </tr> <tr> <td>Add:</td> <td>Assets</td> <td align="right">2,320,028.00</td> </tr> <tr> <td></td> <td></td> <td align="right"><hr/>226,927,632.00</td> </tr> <tr> <td>Less:</td> <td>Liabilities</td> <td align="right">210,751.00</td> </tr> <tr> <td></td> <td>NAV before deducting annual management fee and annual trustee fee for the day</td> <td align="right">226,716,881.00</td> </tr> <tr> <td>Less:</td> <td>Annual management fee for the day (1.25% per annum)</td> <td align="right">7,764.28</td> </tr> <tr> <td>Less:</td> <td>Annual trustee fee for the day (0.05% per annum)</td> <td align="right">310.57</td> </tr> <tr> <td></td> <td>NAV</td> <td align="right"><hr/>226,708,806.15<hr/></td> </tr> </tbody> </table>	Illustration 1: Computation of NAV					RM		Securities investment	224,607,604.00	Add:	Assets	2,320,028.00			<hr/> 226,927,632.00	Less:	Liabilities	210,751.00		NAV before deducting annual management fee and annual trustee fee for the day	226,716,881.00	Less:	Annual management fee for the day (1.25% per annum)	7,764.28	Less:	Annual trustee fee for the day (0.05% per annum)	310.57		NAV	<hr/> 226,708,806.15 <hr/>	<p>The following illustration has been added and updated.</p>
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NAV PER UNIT	<p>The NAV per Unit is then determined by dividing the NAV of the Fund by the number of Units in circulation at the valuation point.</p>	<p>The NAV per Unit is then determined by dividing the NAV of the Fund by the number of Units in circulation of the Fund at the valuation point. If the Units in circulation are 436,555,891 Units at the point of valuation, therefore:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="2" style="text-align: left;">Illustration 2: Computation of NAV per Unit</th> </tr> </thead> <tbody> <tr> <td style="padding-left: 20px;">NAV per Unit of the Fund</td> <td style="padding-left: 20px;">= NAV ÷ Units in Circulation of the Fund</td> </tr> <tr> <td></td> <td style="padding-left: 20px;">= RM226,708,806.15 ÷ 436,555,891</td> </tr> <tr> <td></td> <td style="padding-left: 20px;">= RM0.5193</td> </tr> </tbody> </table>	Illustration 2: Computation of NAV per Unit		NAV per Unit of the Fund	= NAV ÷ Units in Circulation of the Fund		= RM226,708,806.15 ÷ 436,555,891		= RM0.5193	<p>The following illustration has been added and updated.</p>														
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COMPUTATION OF NET INVESTMENT AMOUNT AND UNITS ENTITLEMENT	<p>A. For investors who make a lump sum payment inclusive of fees and any relevant taxes which may be imposed by the government from time to time.</p> <p>The net investment amount (excluding fees and taxes) is determined by dividing the lump sum payment (excluding bank charges) with a Charge Factor (Charge Factor = 100% + Entry Fee in %).</p> <p>The number of Units invested is determined by dividing the net investment amount (excluding fee and taxes), with the NAV per Unit at the next valuation point after the Manager receives the investment application and rounded up to two (2) decimal places.</p> <p>B. For investors who prefer an even (rounded) net investment amount The number of Units invested is determined by dividing the net investment amount (excluding fee and taxes), with the NAV per Unit at the next valuation point after the Manager receives the investment application and rounded up to two (2) decimal places.</p>	<ul style="list-style-type: none"> • For investors who make a lump sum payment inclusive of fees and any relevant taxes which may be imposed by the government from time to time. <p>The net investment amount (excluding fees and taxes) is determined by dividing the lump sum payment (excluding bank charges) with a charge factor.</p> <p>Charge Factor = 100.00% + Entry Fee in %</p> <p>The number of Units invested is determined by dividing the net investment amount (excluding fee and taxes), with the NAV per Unit at the next valuation point after the Manager receives the investment application and rounded up to two (2) decimal places.</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="2" style="text-align: left;">Illustration 3A: Allocation of Units to Investor</th> </tr> </thead> <tbody> <tr> <td colspan="2">Assuming you invest a lump sum of RM100,000.00 of gross investment amount with an entry fee of 2.00% and the NAV per Unit of the Fund is RM0.5193, therefore:</td> </tr> <tr> <td></td> <td style="text-align: right;">RM</td> </tr> <tr> <td>Gross investment amount</td> <td style="text-align: right;">100,000.00</td> </tr> <tr> <td>Divided by charge factor: 100.00% + (2.00%)</td> <td style="text-align: right;">1.0200</td> </tr> <tr> <td>Net investment amount</td> <td style="text-align: right; border-top: 1px solid black;">98,039.22</td> </tr> <tr> <td>Divided by NAV per Unit</td> <td style="text-align: right; border-top: 1px solid black;">0.5193</td> </tr> <tr> <td>Units credited to investor's account</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 1px solid black;">188,791.10</td> </tr> <tr> <td>Net investment amount</td> <td style="text-align: right;">98,039.22</td> </tr> <tr> <td>Add: Entry fee of 2.00% (RM98,039.22 x 2.00%)</td> <td style="text-align: right;">1,960.78</td> </tr> <tr> <td>Gross investment amount</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 1px solid black;">100,000.00</td> </tr> </tbody> </table> <ul style="list-style-type: none"> • For investors who prefer an even (rounded) net investment amount <p>The number of Units invested is determined by dividing the net investment amount (excluding fee and taxes), with the NAV per Unit at the next valuation point after the Manager receives the investment application and rounded up to two (2) decimal places.</p>	Illustration 3A: Allocation of Units to Investor		Assuming you invest a lump sum of RM100,000.00 of gross investment amount with an entry fee of 2.00% and the NAV per Unit of the Fund is RM0.5193, therefore:			RM	Gross investment amount	100,000.00	Divided by charge factor: 100.00% + (2.00%)	1.0200	Net investment amount	98,039.22	Divided by NAV per Unit	0.5193	Units credited to investor's account	188,791.10	Net investment amount	98,039.22	Add: Entry fee of 2.00% (RM98,039.22 x 2.00%)	1,960.78	Gross investment amount	100,000.00	<p>The following illustration has been added and updated.</p>
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Divided by NAV per Unit	0.5193																
Units credited to investor's account	192,566.92																
CALCULATION OF REDEMPTION VALUE	The Redemption value is the number of Units to be liquidated multiplied by the NAV per Unit at the next valuation point, after the Manager receives the Redemption request.	<p>Calculation of Redemption Value</p> <p>The Redemption value is the number of Units to be liquidated multiplied by the NAV per Unit as at the next valuation point, after the Manager receives the Redemption request.</p> <table style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <tr> <td colspan="2" style="text-align: center;">Illustration 4: Calculation of Redemption proceeds paid to investor</td> </tr> <tr> <td colspan="2">Assuming you request to redeem 20,000.00 Units of the Fund and the NAV per Unit for the Business Day is RM0.5193, therefore;</td> </tr> <tr> <td>Number of Units redeemed</td> <td style="text-align: right;">20,000.00</td> </tr> <tr> <td>Multiply by NAV per Unit</td> <td style="text-align: right; border-top: 1px solid black;">0.5193</td> </tr> <tr> <td>Net amount payable to investor</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">RM 10,386.00</td> </tr> </table>	Illustration 4: Calculation of Redemption proceeds paid to investor		Assuming you request to redeem 20,000.00 Units of the Fund and the NAV per Unit for the Business Day is RM0.5193, therefore;		Number of Units redeemed	20,000.00	Multiply by NAV per Unit	0.5193	Net amount payable to investor	RM 10,386.00	The following illustration has been added and updated.				
Illustration 4: Calculation of Redemption proceeds paid to investor																	
Assuming you request to redeem 20,000.00 Units of the Fund and the NAV per Unit for the Business Day is RM0.5193, therefore;																	
Number of Units redeemed	20,000.00																
Multiply by NAV per Unit	0.5193																
Net amount payable to investor	RM 10,386.00																
	INCORRECT PRICING POLICY	INCORRECT VALUATION AND PRICING	The following term has been redefined.														
INCORRECT VALUATION AND PRICING	<p>Subject to any relevant law, if there is an error in the pricing of the NAV per Unit of the Fund(s), we will take immediate remedial action to correct the error. Rectification shall, where necessary, extend to the reimbursements of money as follows if the error is at or above the significant threshold of 0.50% of the NAV per Unit:</p> <ul style="list-style-type: none"> if there is an over pricing in relation to the purchase and creation of Units, the Fund shall reimburse the Unit Holders; if there is an over pricing in relation to the repurchase of Units, the Manager shall reimburse the Fund; if there is an under-pricing in relation to the purchase and creation of Units, the Manager shall reimburse the Fund; and if there is an under-pricing in relation to the repurchase of Units, the Funds shall reimburse the Unit Holders or former Unit Holders. <p>With prior approval from the Trustee, the Manager retains the discretion whether or not to reimburse the Fund and/or Unit Holders if the error is below 0.50% of the NAV per Unit or where the total impact on an individual account is less than RM10.00 in absolute amount. This is because the reprocessing costs may be greater than the amount of the reimbursement</p>	<p><u>The Manager will take immediate remedial action to rectify any incorrect valuation or pricing. Where the incorrect valuation or pricing is at or above the threshold of 0.50% of the NAV per Unit, rectification will be extended to the reimbursement of money-</u></p> <p><u>a. by the Manager to the Fund;</u> <u>b. from the Fund to the Manager; or</u> <u>c. by the Manager to Unit Holders and former Unit Holders.</u></p> <p><u>Notwithstanding the abovementioned, if the amount to be reimbursed to an individual account is less than RM10.00 in absolute amount, the requirement to reimburse does not apply.</u></p>	The information on Incorrect Valuation and Pricing has been updated.														

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<p>MAKING AN INVESTMENT</p>	<p>The minimum initial investments and the minimum additional investment for Units in any of the Fund are as follows:</p> <table border="1" data-bbox="285 272 915 565"> <thead> <tr> <th data-bbox="285 277 663 315">Minimum Initial Investments</th> <th data-bbox="669 277 915 315">Investment Notice</th> </tr> </thead> <tbody> <tr> <td data-bbox="285 319 663 402"> Direct Investment through the Manager: RM100,000 or such other limit at the Manager's discretion </td> <td data-bbox="669 319 915 402" rowspan="2"> Before 3.00p.m on Business Day </td> </tr> <tr> <td data-bbox="285 407 663 456"> Third party distributors: RM100,000 or such other limit at the Manager's discretion </td> </tr> <tr> <th data-bbox="285 461 663 498">Minimum Additional Investments</th> <th data-bbox="669 461 915 498"></th> </tr> <tr> <td data-bbox="285 503 663 552"> RM10,000 or such other limit at the Manager's discretion </td> <td data-bbox="669 503 915 552"> Before 3.00p.m on Business Day </td> </tr> </tbody> </table> <p>We will process your transaction on the next Business Day if we receive your application after the cut-off time.</p>	Minimum Initial Investments	Investment Notice	Direct Investment through the Manager: RM100,000 or such other limit at the Manager's discretion	Before 3.00p.m on Business Day	Third party distributors: RM100,000 or such other limit at the Manager's discretion	Minimum Additional Investments		RM10,000 or such other limit at the Manager's discretion	Before 3.00p.m on Business Day		<p>The following information has been deleted.</p>
Minimum Initial Investments	Investment Notice											
Direct Investment through the Manager: RM100,000 or such other limit at the Manager's discretion	Before 3.00p.m on Business Day											
Third party distributors: RM100,000 or such other limit at the Manager's discretion												
Minimum Additional Investments												
RM10,000 or such other limit at the Manager's discretion	Before 3.00p.m on Business Day											
<p>ARECA CAPITAL SDN BHD AS IUTA</p>		<p>The Manager is an IUTA to distribute third party unit trust funds. The Fund may invest into CIS distributed by the Manager. In such circumstances, the Manager will NOT receive any fees or benefits from the distribution of third party funds that the Fund invested invests in. Any fees received resulting from the Fund's holding in third party CIS will be channelled to the Fund.</p>	<p>The following information has been added.</p>									
<p>CROSS TRADE POLICY</p>	<p>The Manager may undertake cross trades, i.e. sale and purchase transactions between funds or portfolios under the management of the Manager where the:</p> <ol style="list-style-type: none"> Sale and purchase decisions are in the best interest of the investor; Reason for such transactions is documented prior to execution of the trades; Transactions are executed through a dealer or financial institution on an arm's length and fair value basis; and Transaction will be reported to the Trustee and investment committee. 	<p>The Manager may undertake cross trades, i.e. sale and purchase transactions between funds or portfolios under the management of the Manager where the:-</p> <ol style="list-style-type: none"> sale and purchase decisions are in the best interest of the investor; reason for such transactions is documented prior to execution of the trades; transactions are executed through a dealer or a Financial Institution on an arm's length and fair value basis; <u>the policies and procedures governing cross-trades have been approved by the person(s) or members of a committee undertaking the oversight function of the Fund; and</u> transactions will be reported to the Trustee <u>and the person(s) or members of a committee undertaking the oversight function of the Fund.</u> 	<p>The information on Cross Trade Policy has been amended.</p>									
<p>SUSPENSION OF FUND</p>	<p>We may, after consultation with the Trustee, suspend the redemption of Units if in our opinion, it is not in the interests of the Unit Holders to permit the assets of the Fund to be sold or that the assets cannot be liquidated at an appropriate price or on adequate terms or when there is good and sufficient reason to do so having regard to the interests of the Unit Holders.</p>	<p>We may, <u>in consultation with the Trustee and having considered the interests of the Unit Holders, suspend the dealing in Units due to exceptional circumstances, where there is good and sufficient reason to do so.</u></p> <p><u>Where a suspension of dealing of Units is triggered, the Manager will ensure that all Unit Holders are informed in a timely and appropriate manner of its decision to suspend dealing of Units of the Fund.</u></p>	<p>The following information has been amended.</p>									
<p>UNCLAIMED MONEYS POLICY</p>	<p>Any money which remain unclaimed after 12 months from the date of payment or any such other period as is prescribed by the Unclaimed Moneys Act 1965 shall be dealt with in accordance with provisions of the Unclaimed Moneys Act 1965.</p>	<p><u>The Manager will re-invest any moneys payable to Unit Holder in the Fund, if such money remains un-credited to the Unit Holder's bank account after three (3) months from the date of payment, provided always that the Unit Holder still has an account with the Manager. If the Unit Holder no longer has an account with the Manager, the payment of distribution shall be dealt with in accordance with the Unclaimed Moneys Act 1965.</u></p>	<p>The following information has been amended.</p>									

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		<u>In the event moneys payable are for the payment of Redemption proceeds and those moneys remain unclaimed for such time as may be prescribed by the Unclaimed Moneys Act 1965, the Manager may deal with the Redemption proceeds in accordance with the Unclaimed Moneys Act 1965.</u>					
REDEMPTION	<p>You must submit the completed redemption form in the following manner;</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%; text-align: center;">Minimum Redemption</th> <th style="width: 50%; text-align: center;">Redemption Notice</th> </tr> </thead> <tbody> <tr> <td style="padding: 5px;">RM100,000 or 100,000 Units or such other amount as decided by the Manager. However, if the redemption request leaves you with less than 50,000 Units (minimum balance), all the Units in your account will be redeemed automatically.</td> <td style="padding: 5px; text-align: center;">Redemption notice must be submitted before 3.00 p.m.</td> </tr> </tbody> </table> <p>We will not process your transaction if we receive your application after the cut-off time. If the transaction date falls on a weekend or holiday, your transaction date will take place on the next Business Day.</p> <p>We will pay you within 10 days, upon receipt of the duly completed original redemption form. However, it is the Manager's general redemption policy to make payments within 3 Business Days of the transaction day (T+3 days).</p>	Minimum Redemption	Redemption Notice	RM100,000 or 100,000 Units or such other amount as decided by the Manager. However, if the redemption request leaves you with less than 50,000 Units (minimum balance), all the Units in your account will be redeemed automatically.	Redemption notice must be submitted before 3.00 p.m.		The following information has been deleted.
Minimum Redemption	Redemption Notice						
RM100,000 or 100,000 Units or such other amount as decided by the Manager. However, if the redemption request leaves you with less than 50,000 Units (minimum balance), all the Units in your account will be redeemed automatically.	Redemption notice must be submitted before 3.00 p.m.						
POLICY ON GEARING	<p>The Funds are prohibited from borrowing other assets (including borrowing of securities within the meaning of Guidelines on Securities Borrowing and Lending) in connection with their activities. However, the Funds may borrow cash for the purpose of meeting repurchase request for Units and for Short-Term bridging requirements. We shall ensure that the borrowings are subjected to the following:</p> <ul style="list-style-type: none"> • The Funds' cash borrowings are only on a temporary basis and that borrowings are not persistent; • The borrowing period should not exceed one month; • The aggregate borrowing of the Funds should not exceed 10% of the respective Funds' NAV at the time borrowing are incurred; and • The Funds may only borrow from Financial Institutions. 		The following information has been deleted.				
INVESTMENT IN COLLECTIVE INVESTMENT SCHEMES	<p>Where the Fund invests in a target fund operated by the same Manager, the fund manager must ensure that:</p> <ul style="list-style-type: none"> • There is no cross-holding between the Fund and the target Fund; • All initial charges on the target fund is waived; and • The management fee must only be charged once, either at the Fund or the target fund. 		The following information has been deleted.				

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<p>THE MANAGER: Areca Capital Sdn Bhd</p>	<p>Areca Capital Sdn Bhd was incorporated on 13 July 2006 under the Companies Act, 1965. It has an issued and paid up share capital of RM12,000,000.00 divided into 5,000,000 ordinary shares and 7,000,000 redeemable preference shares. Areca is a licensed fund manager approved by the SC in February 2007. We are engaged in the business of managing, administering, marketing and distributing unit trust funds and managing and administering funds under private mandates and regulated activity of Financial Planning. We launched our 3 maiden funds in April 2007.</p> <p>DUTIES AND RESPONSIBILITIES OF THE MANAGER The Manager is engaged in the business of managing, administering, marketing and distributing unit trust funds and managing private mandates and financial planning activities. Its principal duty is to manage and administer the Fund in a proper and efficient manner in accordance with the Deed, the Guidelines and relevant laws, acceptable and efficacious business practice within the unit trust industry and the internal controls and policies of the Manager.</p> <p>LITIGATION AND ARBITRATION As at 31 May 2019, Areca Capital Sdn Bhd is not engaged in any material litigation and arbitration, including those pending or threatened, and is not aware of any fact likely to give rise to any proceedings which might materially affect the business or financial position of Areca Capital Sdn Bhd.</p> <p>ROLES AND FUNCTIONS OF THE BOARD OF DIRECTORS AND INVESTMENT COMMITTEE</p> <p>Board of Directors of Areca Capital Sdn Bhd ("Board") The Board plays an active part in the affairs of the Manager. The Board meets at least once every quarter to receive recommendations and reports on investment activities from the investment committee of the Fund and the senior representatives of the Manager.</p> <p>Investment Committee of the Fund The investment committee is fully responsible for the Fund's investment policies and guidelines, and shall review and approve the investment strategies undertaken by the fund managers for the Fund. The investment committee meets every month or more frequently if required.</p> <p>Designated Fund Manager Mr. Edward Iskandar Toh Bin Abdullah is the designated Fund Manager responsible for the management of the Fund.</p>	<p>Areca Capital Sdn Bhd was incorporated on 13 July 2006 under the Companies Act, 1965 (now known as Companies Act 2016). Areca Capital Sdn Bhd is a licensed fund manager approved by the SC in February 2007. It is engaged in the business of managing, administering, marketing and distributing unit trust funds and managing and administering funds under private mandates and regulated activity of <u>financial planning and providing investment advice.</u></p> <p>Duties and Responsibilities of the Manager <u>The Manager's principal duty is to manage and administer the Fund in a proper and efficient manner in accordance with the Deed, the Guidelines, the relevant laws, acceptable and efficacious business practice within the unit trust industry and the internal controls and policies of the Manager. The Manager has covenanted in the Deed that it will exercise all due diligence and vigilance in carrying out its functions and duties, and in safeguarding the rights and interests of the Fund and Unit Holders.</u></p> <p>Roles and Functions of the Board of Directors</p> <p>Board of Directors of Areca Capital Sdn Bhd ("the Board") The Board plays an active part in the affairs of the Manager. The Board meets at least once every quarter to receive recommendations and reports on investment activities from the person(s) or members of a committee undertaking the oversight function of the Fund and the senior representatives of the Manager. <u>Information on the Board can be found at https://arecacapital.com/our-people/</u></p> <p>Designated Fund Manager Mr. Edward Iskandar Toh is the designated fund managers responsible for the management of the Fund. <u>Information on Mr. Edward Iskandar Toh can be found at https://arecacapital.com/our-people/</u></p> <p>Litigation and Arbitration As at <u>30 April 2024</u>, Areca Capital Sdn Bhd is not engaged in any material litigation and arbitration (claims above RM3 million), including those pending or threatened, and is not aware of any fact likely to give rise to any proceedings which might materially affect the business or financial position of Areca Capital Sdn Bhd.</p> <p>You may visit our website at www.arecacapital.com for further information on Areca Capital Sdn Bhd, and the designated fund manager of the Fund.</p>	<p>The information in relation to The Manager has been amended and updated.</p>
<p>RHB TRUSTEES BERHAD</p>	<p>RHB Trustees Berhad was incorporated in Malaysia under the Companies Act, 1965 on 6 March 2002. It is registered as a trust company under the Trust Companies Act, 1949 and is also registered with the SC to conduct unit trust business. The principal activity of RHB Trustees Berhad is providing retail and corporate trustee services. RHB Trustees Berhad has been in the trustee business since 2002.</p> <p>EXPERIENCE IN TRUSTEE BUSINESS RHB Trustees Berhad undertakes all types of trustee business allowed under the Trust Companies Act, 1949, ranging from corporate trustee services to retail services. RHB Trustees Berhad offers corporate trustee services such as trustee for real estate investment trusts (REITs), unit trust funds and</p>	<p>RHB Trustees Berhad was incorporated in Malaysia under the Companies Act, 1965 (now known as Companies Act, 2016) on 6 March 2002. It is registered as a trust company under the Trust Companies Act, 1949 and is also registered with the SC to conduct unit trust business. The principal activity of RHB Trustees Berhad is providing retail and corporate trustee services. RHB Trustees Berhad has been in the trustee business since 2002.</p> <p>Experience in Trustee Business RHB Trustees Berhad undertakes all types of trustee business allowed under the Trust Companies Act, 1949, ranging from corporate trustee services to retail services. RHB Trustees Berhad offers corporate trustee services such as trustee for real estate investment trusts (REITs), unit trust funds and custodian</p>	<p>The information on RHB Trustees Berhad has been updated.</p>

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	<p>custodian services. Its retail services include estate planning services (will writing, custodian and executor/trustee services) and private trustee services (private purpose trust, investment trust, charitable trust, insurance trust, business succession trust, estate administration trust, custodian and stakeholder services).</p> <p>DUTIES AND RESPONSIBILITIES OF THE TRUSTEE The Trustee’s functions, duties and responsibilities are set out in the Deed. The general function, duties and responsibility of the Trustee include, but are not limited to, the following:</p> <p>a) Acting as trustee and safeguarding the rights and interests of the Unit Holders;</p> <p>b) Holding the assets of the Fund for the benefit of the Unit Holders; and</p> <p>c) Exercising all the powers of a trustee and the powers that are incidental to the ownership of the assets of the Fund. The Trustee has covenanted in the Deed that it will exercise all due diligence and vigilance in carrying out its functions and duties, and in safeguarding the rights and interests of Unit Holders.</p> <p>LITIGATION AND ARBITRATION As at 31 May 2019, RHB Trustees Berhad is not engaged in any material litigation and arbitration, including those pending or threatened, and is not aware of any fact likely to give rise to any proceedings which might materially affect the business or financial position of RHB Trustees Berhad.</p>	<p>services. Its retail services include estate planning services (will writing, custodian and executor/trustee services) and private trustee services (private purpose trust, investment trust, charitable trust, insurance trust, business succession trust, estate administration trust, custodian and stakeholder services).</p> <p>Duties and Responsibilities of the Trustee The Trustee’s functions, duties and responsibilities are set out in the Deed. The general function, duties and responsibility of the Trustee include, but are not limited to, the following:</p> <p>a) acting as trustee and safeguarding the rights and interests of the Unit Holders;</p> <p>b) holding the assets of the Fund for the benefit of the Unit Holders; and</p> <p>c) exercising all the powers of a trustee and the powers that are incidental to the ownership of the assets of the Fund.</p> <p>The Trustee has covenanted in the Deed that it will exercise all due diligence and vigilance in carrying out its functions and duties, and in safeguarding the rights and interests of Unit Holders.</p> <p>The TRUSTEE’S DELEGATE <u>RHB Trustees Berhad has appointed Malayan Banking Berhad (“Maybank”) as custodian of the investments of the Fund. Maybank was established in 1960 and it is the largest financial services group in Malaysia. Maybank is one of the leading domestic custodian banks in Malaysia that provides full fledge securities solutions services which includes domestic and global custody & clearing services, fund accounting services and transfer agency services. Maybank partner with reputable global custodian banks offering global custody services in more than 100 different markets around the world. The custodian services function is run under Maybank Securities Solutions (“MSS”), a business unit within Maybank. Maybank has a proven track record in servicing diverse clients segments covering institutional investors, financial institutions banks, insurance companies, asset and fund management companies, government-linked companies, conglomerate companies and high net worth individual investors. On top of the numerous awards and accolades by the financial publications magazine in the past years, Maybank has recently been awarded as the Best Custodian - Highly Commended in Malaysia by The Asset Triple A Sustainable Investing Awards 2023 for Institutional Investor, ETF, and Asset Servicing Provider.</u> <u>Roles and duties of the Trustee’s delegate, MSS, are as follow:</u></p> <ul style="list-style-type: none"> • <u>safekeep, reconcile and maintain assets holdings records of the Fund in accordance with the Trustee’s instructions;</u> • <u>act as settlement agent for shares and monies to counterparties in accordance with the Trustee’s instructions;</u> • <u>act as agents for money market placement where applicable in accordance with the Trustee’s instructions;</u> • <u>disseminate listed companies’ announcements to and follow through for corporate actions instructions from the Trustee;</u> • <u>compile, prepare and submit holdings report to the Trustee and beneficial owners where relevant; and</u> • <u>other ad-hoc payments for work done for the Fund in accordance with the Trustee’s instructions, etc.</u> 	

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		<p>Litigation and Arbitration As at <u>30 April 2024</u>, RHB Trustees Berhad is not engaged in any material litigation and arbitration, including those pending or threatened, and is not aware of any fact likely to give rise to any proceedings which might materially affect the business or financial position of RHB Trustees Berhad.</p>	
		SALIENT TERM OF THE DEED	The following title has been added.
UNIT HOLDERS' RIGHTS & LIABILITIES	<p>PLEASE BE ADVISED THAT IF YOU INVEST IN UNITS THROUGH AN IUTA WHICH ADOPTS THE NOMINEE SYSTEM OF OWNERSHIP, YOU WOULD NOT BE CONSIDERED TO BE A UNIT HOLDER UNDER THE DEED AND YOU MAY CONSEQUENTLY NOT HAVE ALL THE RIGHTS ORDINARILY EXERCISABLE BY A UNIT HOLDER (FOR EXAMPLE, THE RIGHT TO CALL FOR A UNIT HOLDERS' MEETING AND TO VOTE THEREAT AND THE RIGHT TO HAVE YOUR PARTICULARS APPEARING IN THE REGISTER OF UNIT HOLDERS OF THE FUND).</p> <p>Rights As a Unit Holder of the Fund, and subject to the provisions of the Deed, you have the right to:</p> <ul style="list-style-type: none"> • receive distributions of income, if any; • participate in any increase in the value of the Units; • call for Unit Holders' meetings and to vote for the removal of the Trustee or the Manager through a special resolution; • receive monthly statements, quarterly and annual reports on the Fund; • exercise such other rights and privileges as provided for in the Deed; • No Unit Holder shall be entitled to require the transfer to him of any of the assets of the Fund or be entitled to interfere with or question the exercise by the Trustee, or the Manager on its behalf, of the rights of the Trustee as the registered owner of such assets. <p>Liabilities</p> <ul style="list-style-type: none"> • No Unit Holder is liable for any amount in excess of the purchase price paid for the Units as determined pursuant to the Deed at the time the Units were purchased. • A Unit Holder shall not be under any obligation to indemnify the Manager and/or the Trustee in the event that the liabilities incurred by the Manager and/or the Trustee in the name of or on behalf of the Fund pursuant to and/or in the performance of the provisions of the Deed exceed the value of the assets of the Fund, and any right of indemnity of the Manager and/or the Trustee shall be limited to recourse to the Fund. 	<p>PLEASE BE ADVISED THAT IF YOU INVEST IN UNITS THROUGH AN IUTA WHICH ADOPTS THE NOMINEE SYSTEM OF OWNERSHIP, YOU WOULD NOT BE CONSIDERED TO BE A UNIT HOLDER UNDER THE DEED AND YOU MAY CONSEQUENTLY NOT HAVE ALL THE RIGHTS ORDINARILY EXERCISABLE BY A UNIT HOLDER (FOR EXAMPLE, THE RIGHT TO CALL FOR A UNIT HOLDERS' MEETING AND TO VOTE THERE AT AND THE RIGHT TO HAVE YOUR PARTICULARS APPEARING IN THE REGISTER OF UNIT HOLDERS OF THE FUND).</p> <p>Rights As a Unit Holder of the Fund, and subject to the provisions of the Deed, you have the right to:</p> <ul style="list-style-type: none"> • <u>receive distributions of income and/or capital, if any;</u> • participate in any increase in the value of the Units; • call for Unit Holders' meetings and to vote for the removal of the Trustee • or the Manager through a special resolution; • receive monthly statements, quarterly and annual reports on the Fund; • exercise such other rights and privileges as provided for in the Deed. <p>No Unit Holder shall be entitled to require the transfer to him of any of the assets of the Fund or be entitled to interfere with or question the exercise by the Trustee, or the Manager on its behalf, of the rights of the Trustee as the registered owner of such assets.</p> <p>Liabilities</p> <ul style="list-style-type: none"> • No Unit Holder is liable for any amount in excess of the purchase price paid for the Units as determined pursuant to the Deed at the time the Units were purchased <u>and any charges payable in relation thereto.</u> • A Unit Holder shall not be under any obligation to indemnify the Manager and/or the Trustee in the event that the liabilities incurred by the Manager and/or the Trustee in the name of or on behalf of the Fund pursuant to and/or in the performance of the provisions of the Deed exceed the value of the assets of the Fund, and any right of indemnity of the Manager and/or the Trustee shall be limited to recourse to the Fund. 	The following information has been amended.

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Section	Existing	Revised	Comments
UNIT HOLDERS' MEETING	<p>A Unit Holders' meeting may be called by the Manager, Trustee and/or Unit Holders. Any such meeting must be convened in accordance with the Deed.</p> <p>The Unit Holders may direct the Manager to summon a meeting for any purpose including without limitation, for the purpose of:</p> <ul style="list-style-type: none"> (a) Requiring the retirement or removal of the Manager; (b) Requiring the retirement or removal of the Trustee; (c) Considering the most recent audited financial statements of the Fund; (d) Giving to the Trustee such directions as the meeting thinks proper; or (e) Considering any matter in relation to the Deed, <p>provided always that the Manager shall not be obliged to summon such a meeting unless a direction has been received from not less than fifty (50) or one-tenth (1/10) of all the Unit Holders, whichever is the lesser number.</p> <p>Every question arising at any Unit Holders' meeting shall be decided in the first instance by a show of hands unless a poll be demanded or, if it be a question which under the Deed requires a special resolution, a poll shall be taken. On a show of hands every Unit Holder who is present or by proxy shall have one vote.</p> <p>The quorum for a meeting of Unit Holders of the Fund is five (5) Unit Holders, whether present in person or by proxy, provided that if the Fund has five (5) or less Unit Holders, the quorum required for a meeting of the Unit Holders of the Fund shall be two (2) Unit Holders, whether present in person or by proxy; if the meeting has been convened for the purpose of voting on a special resolution, the Unit Holders present in person or by proxy must hold in aggregate at least seventy five per centum (75%) of the Units in circulation at the time of the meeting.</p>	<p>A Unit Holders' meeting may be called by the Manager, Trustee and/or Unit Holders. Any such meeting must be convened in accordance with the Deed.</p> <p>The Unit Holders may direct the Manager to summon a meeting for any purpose including without limitation, for the purpose of:</p> <ul style="list-style-type: none"> (a) requiring the retirement or removal of the Manager; (b) requiring the retirement or removal of the Trustee; (c) considering the most recent audited financial statements of the Fund; (d) giving to the Trustee such directions as the meeting thinks proper; or (e) considering any matter in relation to the Deed, <p>provided always that the Manager shall not be obliged to summon such a meeting unless a direction has been received from not less than fifty (50) or one-tenth (1/10) of all the Unit Holders, whichever is the lesser number.</p> <p>Every question arising at any Unit Holders' meeting shall be decided in the first instance by a show of hands unless a poll be demanded or, if it be a question which under the Deed requires a special resolution, a poll shall be taken. <u>On a voting by show of hands every Unit Holder who is present or by proxy shall have one (1) vote. Upon a voting by poll, the votes by every Unit Holder present in person or by proxy shall have one (1) vote for every Unit held by him.</u></p> <p><u>The quorum required for a meeting of the Unit Holders shall be five (5) Unit Holders, whether present in person or by proxy, however, if the Fund has five (5) or less Unit Holders, the quorum required for a meeting of the Unit Holders shall be two (2) Unit Holders, whether present in person or by proxy. If the meeting has been convened for the purpose of voting on a special resolution, the Unit Holders present in person or by proxy must hold in aggregate at least twenty five per centum (25%) of the Units in circulation of the Fund at the time of the meeting. If the Fund has only one (1) remaining Unit Holder, such Unit Holder, whether present in person or by proxy, shall constitute the quorum required for the meeting of the Unit Holders.</u></p>	<p>The following information has been amended.</p>
PERMITTED EXPENSES PAYABLE OUT OF THE FUND'S PROPERTY		<p>Only the expenses (or part thereof) which are directly related and necessary to the operation and administration of the Fund may be charged to the Fund. These would include (but are not limited to) the following:</p> <ul style="list-style-type: none"> a) commissions or fees paid to brokers or dealers in effecting dealings in the investments of the Fund, shown on the contract notes or confirmation notes; b) taxes and other duties charged on the Fund by the government and/or other authorities; c) costs, fees and expenses properly incurred by the auditor of the Fund; d) fees for the valuation of any investment of the Fund; e) costs, fees and expenses incurred for any modification of the Deed save where such modification is for the benefit of the Manager and/or the Trustee; f) costs, fees and expenses incurred for any meeting of the Unit Holders save where such meeting is convened for the benefit of the Manager and/or the Trustee; g) costs, commissions, fees and expenses of the sale, purchase, insurance and any other dealing of any asset of the Fund; h) costs, fees and expenses incurred in engaging any specialist approved by the Trustee for investigating or evaluating any proposed investment of the Fund; i) costs, fees and expenses incurred in engaging any adviser for the benefit of the Fund; 	<p>The following information has been added.</p>

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		<ul style="list-style-type: none"> j) costs, fees and expenses incurred in the preparation and audit of the taxation, returns and accounts of the Fund; k) costs, fees and expenses incurred in the termination of the Fund or the removal or retirement of the Trustee or the Manager and the appointment of a new Trustee or management company; l) costs, fees and expenses incurred in relation to any arbitration or other proceedings concerning the Fund or any asset of the Fund, including proceedings against the Trustee or the Manager by the other for the benefit of the Fund (save to the extent that legal costs incurred for the defence of either of them are not ordered by the court to be reimbursed by the Fund); m) costs, fees and expenses deemed by the Manager to have been incurred in connection with any change or the need to comply with any change or introduction of any law, regulation or requirement (whether or not having the force of law) of any governmental or regulatory authority; n) remuneration and out of pocket expenses of the person(s) or members of a committee undertaking the oversight function of the Fund, unless the Manager decides otherwise; o) costs, fees and expenses incurred in connection with the printing and postage for the annual and quarterly reports, tax certificates, reinvestment statements and other services associated with the administration of the Fund; p) (where the custodial function is delegated by the Trustee) charges and fees paid to sub-custodians taking into custody any foreign assets of the Fund; q) costs and expenses incurred in relation to the distribution of income and/or declaration of capital distribution (if any); r) fees in relation to fund accounting; and s) any tax now or hereafter imposed by law or required to be paid in connection with any costs, fees and expenses incurred under sub-paragraphs (a) to (r) above. 	
TERMINATION OF THE FUND	<p>The Manager may terminate the trust and wind up the Fund in accordance with the Deed. Notwithstanding the aforesaid, if the Fund is left with no Unit Holders, the Manager shall be entitled to terminate the Fund.</p>	<p>The Manager may <u>without having to obtain the prior approval of the Unit Holders, terminate the trust and wind up the Fund upon the occurrence of any of the following events:</u></p> <ul style="list-style-type: none"> (a) <u>if any new law shall be passed which renders it illegal; or</u> (b) <u>the Manager and the Trustee agree that it is no longer economical for the Manager to continue managing the Fund and the termination of the Fund is in the best interests of the Unit Holders.</u> <p>If the Fund is left with no Unit Holder, the Manager shall also be entitled to terminate the Fund.</p>	<p>The information on Termination of the Fund has been amended.</p>
RELATED-PARTY TRANSACTION AND CONFLICT OF INTEREST		<p>Areca Capital Sdn Bhd</p> <p>We have in place policies and procedure to deal with any conflict of interest situations. All transactions with related parties are executed on terms that are best available to the Fund and which are no less favourable than arm's length transaction between independent parties.</p> <p>The fund management team exercises its discretion to make independent investment decisions, which include asset allocations and individual stocks / instrument selection based on fundamental research and analysis. These decisions are informed by considerations such as market outlook, interest rate trends, and the suitability of the investment to the Fund's objectives. The person(s) or members of a committee undertaking the oversight function of the Fund provide oversight on the fund management team's investment strategy</p>	<p>The information on Related-Party Transaction And Conflict Of Interest has been added.</p>

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		<p>and its application to the Fund, ensuring that the investments align with the Fund's investment goals.</p> <p>Over and above all decisions and steps taken to avoid potential and/or actual conflict of interest, the overarching principle of "the interest of the investor to prevail above all" will be upheld. This is a core principle of the investment approach and underscores the commitment to maintaining the highest levels of integrity and transparency by the Manager.</p> <p>Our directors or any employees may invest in the Fund managed or distributed by us. Trading in securities by our employees is allowed, provided that policies and procedures in respect of the personal account dealing are observed. An annual declaration of securities trading is required from all directors and employees to ensure there is no potential conflict of interest.</p> <p>The Manager may pay up to 100% of the fees and charges as commission to distribution partner.</p> <p>RHB Trustees Berhad As trustee for the Fund, there may be related party transaction involving or in connection with the Fund in the following events: -</p> <ol style="list-style-type: none"> 1. where the Fund is being distributed by the related party of the Trustee as IUTA; 2. where the assets of the Fund are being custodised by the related party of the Trustee both as sub-custodian and/or global custodian of the Fund (Trustee's delegate); and 3. where the Fund obtains financing as permitted under the Guidelines, from the related party of the Trustee. <p>The Trustee has in place policies and procedures to deal with any conflict of interest situation. The Trustee will not make improper use of its position as the owner of the Fund's assets to gain, directly or indirectly, any advantage or cause detriment to the interests of Unit Holders. Any related party transaction is to be made on terms which are best available to the Fund and which are no less favorable to the Fund than an arm's length transaction between independent parties.</p> <p>Subject to any local regulations, the Trustee and/or its related group of companies may deal with each other, the Fund or any Unit Holder or enter into any contract or transaction with each other, the Fund or any Unit Holder or retain for its own benefit any profits or benefits derived from any such contract or transaction or act in the same or similar capacity in relation to any other scheme.</p>	
ADDITIONAL INFORMATION		<p>The Fund is established pursuant to the deed dated 24 July 2009 entered into between the Manager and the Trustee as amended by the First Supplemental Deed dated 15 August 2013, Second Supplemental Deed dated 5 July 2023 and Third Supplemental Deed dated 7 June 2024.</p> <p>THE FUND'S ANNUAL REPORT IS AVAILABLE UPON REQUEST.</p>	The following paragraph has been added.

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DIRECTORY		<p>Branches:</p> <p>Kota Kinabalu Unit 5-1-8, 1st Floor Lorong Api-Api Centre 88000 Kota Kinabalu, Sabah Tel: 088-276 757</p> <p>Johor Bahru No. 105, Jalan Meranti Merah, Taman Melodies, 80250 Johor Bahru. Tel : 607-336 3689</p>	The information on branches has been updated.



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Georgetown, 10350 Pulau Pinang
T 604 210 2011 F 604 210 2013

Ipoh Branch

11, Persiaran Greentown 5
Greentown Business Centre, 30450 Ipoh, Perak
T 605 249 6697 F 605 249 6696

Malacca Branch

95-A, Jalan Melaka Raya 24
Taman Melaka Raya, 75000 Melaka
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Kuching Branch

1st Floor, Sublot 3, Lot 7998, Block16
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Johor Branch

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Taman Melodies,
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Kota Kinabalu Branch

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