

# PRODUCT HIGHLIGHTS SHEET

## Areca Flexi fixedINCOME Fund

(Date of Constitution: 28 April 2011)

### **RESPONSIBILITY STATEMENT**

This Product Highlights Sheet has been reviewed and approved by the Directors of Areca Capital Sdn Bhd and collectively and individually accept full responsibility for the accuracy of all information contained herein and confirm, having made all enquiries which are reasonable in the circumstances, that to the best of their knowledge and belief, there are no other facts omitted which would make any statement herein misleading.

### **RISK DISCLOSURE STATEMENTS**

In the event some of the underlying investments of the Fund are not actively traded, potential investors are warned that under such circumstances, they may face difficulties in redeeming their investments.

Investors are advised to read the Replacement Information Memorandum and obtain professional advice before subscribing to the Fund.

Areca Flexi fixedINCOME Fund may only be offered for sale to the Sophisticated Investors and the investors must ensure that they are eligible as Sophisticated Investors before making an investment in the Fund. In the event that the Manager becomes aware that a person is not eligible to apply for Units is in fact holding Units, the Manager, subject to the available Liquid Assets in the Fund, shall be deemed to have received a redemption request in respect of such Units on the Business Day following the day the Manager first became aware of the Unit Holder's ineligibility.

The Manager may reject any application of Units at its sole discretion without assigning any reasons.

Sophisticated Investors should note that they may seek recourse under the Capital Markets and Services Act 2007 for breaches of the securities laws including any statement in this First Supplemental Information Memorandum that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act in relation to this First Supplemental Information Memorandum or the conduct of any other person in relation to the Fund.

### **STATEMENT OF DISCLAIMER**

The relevant information and document in relation to the Areca Flexi fixedINCOME Fund, including a copy of this Product Highlights Sheet has been lodged with the Securities Commission Malaysia under the Lodge and Launch Framework.

The lodgement of the relevant information and document in relation to the Areca Flexi fixedINCOME Fund, including this Product Highlights Sheet, should not be taken to indicate that the Securities Commission Malaysia recommends the Areca Flexi fixedINCOME Fund or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Product Highlights Sheet.

The Securities Commission Malaysia is not liable for any non-disclosure on the part of Areca Capital Sdn Bhd responsible for the Areca Flexi fixedINCOME Fund and takes no responsibility for the contents of this Product Highlights Sheet. The Securities Commission Malaysia makes no representation on the accuracy or completeness of this Product Highlights Sheet, and expressly disclaims any liability whatsoever arising from, or in reliance upon, the whole or any part of its contents.



### **NO CASH POLICY**

Areca Capital Sdn Bhd is committed towards safeguarding the interests of our investors; prevention of any incidence of cash mishandling or mismanagement while heeding Bank Negara Malaysia's desire for electronic payment methods for greater efficiency, transparency and accountability.

**WE DO NOT ACCEPT CASH DEPOSIT, CASH PAYMENT AND PAYMENT THROUGH THE CASH DEPOSIT MACHINE AND PAYMENT MADE BY A THIRD PARTY.**

**INVESTOR SHOULD NOT MAKE PAYMENT IN CASH TO A UNIT TRUST CONSULTANT OR ISSUE A CHEQUE IN THE NAME OF A UNIT TRUST CONSULTANT WHEN PURCHASING UNITS OF THE FUND.**

**This Product Highlights Sheet only highlights the key features and risks of the Areca Flexi fixedINCOME Fund. Investors are advised to request, read and understand the disclosure documents of the Fund before deciding to invest.**

## PRODUCT HIGHLIGHTS SHEET

# ARECA FLEXI FIXEDINCOME FUND

### BRIEF INFORMATION ON THE FUND

#### 1. What is this fund about?

Fund category / type	Wholesale Fixed Income Fund/ Income & Growth
Manager	Areca Capital Sdn Bhd (200601021087 (740840-D))
Trustee	RHB Trustees Berhad (200201005356 (573019-U))

### PRODUCT SUITABILITY

#### 2. Who is this fund suitable for?

**Please note that this wholesale fund is for Sophisticated Investors, (please refer to Glossary) only; applicable for principal and Jointholder**

The Fund is suitable for Qualified Investor who:

- Have Short to Medium Term investment horizon; and
- Seek higher than fixed deposit rate of returns through a diversified portfolio of Fixed Income Investment.

### KEY FUND FEATURES

#### 3. What am I investing in?

Launch date	3 January 2012
Initial Offer Price	RM1.0000
Objective of the Fund	The Fund aims to provide steady income and moderate capital appreciation. Any material changes to the Fund's objective would require Unit Holder's approval.
Investment Strategy	<p>The Fund will primarily invest in a diversified portfolio of Fixed Income Investments and CIS that are in line with the Fund's objective. 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. The Fund will also invest in bonds purchased at a discount of their nominal values for capital appreciation potentials. There will be capital gains if the fund manager managed to sell the discounted bonds at lower yields (higher price) during the tenure of the bonds. The Fund may also have foreign sovereign or corporate bonds and CIS. In the event an investment is made in a foreign currency debt, the Manager may hedge the foreign currency exposure as completely as possible to mitigate/ minimize the foreign currency risk.</p> <p>The Fund will be managed with an appropriate level of liquidity in accordance with the prevailing investment conditions. The Fund will focus mainly on those of quality Fixed Income Investments with different maturity periods. Quality Fixed Income Investments are rated with a minimum rating of "A3" by Rating Agency Malaysia (RAM) or its equivalent rating by Malaysia Rating Corporation Berhad (MARC) and commercial papers with a minimum rating of "P1" by RAM or its equivalent rating by MARC at time of purchase. Notwithstanding the above, the Fund may invest up to 25% of its NAV in Fixed Income Investments with a credit rating below the abovementioned minimum rating.</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 may also invest in derivatives such as futures contracts and options to protect the Fund against adverse movement of markets.</p> <p>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.</p>				
Asset Allocation	<table border="1"> <tr> <td>Fixed Income Investment &amp; CIS</td> <td>Maximum 99%; Minimum 70%.</td> </tr> <tr> <td>Liquid Assets</td> <td>Minimum 1%</td> </tr> </table>	Fixed Income Investment & CIS	Maximum 99%; Minimum 70%.	Liquid Assets	Minimum 1%
Fixed Income Investment & CIS	Maximum 99%; Minimum 70%.				
Liquid Assets	Minimum 1%				
Performance Benchmark	<p>Maybank's 6-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>				
Distribution of Income and Reinvestment Policy	<p>Yearly or more frequent, subject to the availability of distributable income.</p> <p>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.</p> <p>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.</p>				
Financial Year End	30 June				

#### 4. Who am I investing in?

Manager	Areca Capital Sdn Bhd (200601021087 (740840-D))
Trustee	RHB Trustees Berhad (200201005356 (573019-U))

#### 5. What are the possible outcomes of my investment?

There are many possible outcomes associated with an investment in the Fund and involves some degree of risk. Investors are to take note that the value of an investment in the Fund and its distributions payable (if any) may go down as well as up and are not guaranteed. The value of your investment is at risk depending on the underlying investments of the Fund.

Under normal circumstances, the Manager aims to out-perform the Fund's benchmark, the Maybank's 6-month fixed deposit rate. However, on the flip side, the Fund may post a much lower return or even incurring losses if one or more of the key risks occur. **In the worst scenario where all the investments of the Fund are in default or suspended, investors may lose part or even all of your initial investments.**

#### KEY RISKS

#### 6. What are the key risks associated with this fund?

**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).**

Below are the risks associated in the product which may cause significant losses if they occur.

#### GENERAL RISKS OF INVESTING IN UNIT TRUST FUND

##### ▪ 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 net asset value. 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.

- **Manager's Risk**

This risk refers to the day-to-day management of a fund by the manager which will impact the performance of the fund. For example, investment decisions undertaken by the manager, as a result of an incorrect view of the market or any non-compliance with internal policies, investment mandate, the deed, relevant law or guidelines due to factors such as human error or weaknesses in operational process and systems, may adversely affect the performance of the fund.

- **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. 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.

- **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.

- **Performance Risk**

As a result of the risk elements, the returns from a fund are not guaranteed. The value of the fund's investment will vary when disposed and an investment may be worth more or less than when purchased.

- **Inflation Risk**

This is the risk that investors' investment in the unit trust fund may not grow or generate income at a rate that keeps pace with inflation. This would reduce investors' purchasing power even though the value of the investment in monetary terms has increased.

- **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 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.

- **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.

## SPECIFIC RISKS ASSOCIATED TO THE FUND

- **Downgrade of Issuer Risk**

Any credit ratings given to the issuers may be subject to suspension, downgrade or withdrawal at any time. In the event any of the credit ratings of the issuers of the investments of the Fund fall below the required minimum credit ratings, the Manager, acting in the interest of the Fund, would use their best efforts to dispose the holdings before maturity, failing which, it shall be held to maturity.

- **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.

- **Country Risk**

Investments of the Fund in any foreign countries may be affected by changes in the economic and political climate, restriction on currency repatriation or other developments in the laws or regulations of the countries in which the Fund invests in. For example, the deteriorating economic condition of the countries may adversely affect the value of the investments undertaken by the Fund in those affected countries. This in turn may cause the NAV or prices of Units to fall.

- **Interest Rate Risk**

Interest rate risk refers to the impact of interest rate changes on the valuation of debt instruments whenever is applicable. When interest rates rise, debt instruments prices generally decline and this may lower the market value of the Fund's investment in debt instruments. The reverse may apply when interest rates fall.

- **Counterparty Risk**

The Fund's placements of deposits and/or investments in money market instruments with Financial Institutions are subject to the risk of the counterparty. Counterparty risk also refers to the possibility that the counterparty being unable to make timely payments of interest and/or principal payment on the maturity date. This may then lead to a default in the payment and/or interest and ultimately, affect the NAV per Unit of the Fund.

- **Currency Risk**

As the base currency of the Fund is in Malaysian Ringgit, any fluctuation in the exchange rate between the base currency of the Fund and the currencies in which the investments of the Fund are denominated may have an impact on the value of these investments. Investors should be aware that if the currencies in which the investments of the Fund are denominated depreciate against the base currency of the Fund, this will have an adverse effect on the NAV of the Fund in the base currency of the Fund 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 of the Fund.

▪ **Credit and Default Risk**

Credit risk relates to the creditworthiness of the issuers of the debt instruments and its expected ability to make timely payment of interest and/or principal. Any adverse situations faced by the issuer may impact the value as well as liquidity of the debt instrument. Default risk relates to the risk that an issuer of a debt instrument either defaulting on payments or failing to make payments in a timely manner which will in turn adversely affect the value of the debt instruments. This could adversely affect the value of the Fund.

The abovementioned risks which you should consider before investing into a wholesale fund should not be considered to be an exhaustive list.

You should be aware that investments in the Fund may be exposed to other risks of an exceptional nature from time to time.

## FEES & CHARGES

### 7. What are the fees and charges involved?

<b>Entry Fee (Sales Charge)</b>	Up to 2% of the Net Investment Amount Net Investment Amount is the number of units at the NAV per Unit.
<b>Exit Fee</b>	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 1% of the redemption proceeds if redemption is made within 12 months' of the date of investment.  All exit or penalty fee will be credited to the Fund. However, no penalty or exit fee will be imposed after the 12 months' period. The Manager may at its discretion waive the exit fee.
<b>Cooling-Off Rights</b>	Not Available
<b>Switching Fee</b>	Not Available
<b>Transfer Fee</b>	Not available, unless by operations of law or under the provision of the Deed.
<b>Annual Management Fee</b>	Up to 1.25% per annum of the NAV of the Fund.
<b>Annual Trustee Fee</b>	Up to 0.05% per annum of the NAV of the Fund (exclude foreign custodian fee, if any).

#### How will I be notified of any increase in fees and charges?

- A written communication will be sent to unit holders to notify of the higher rate and its effective date;
- A supplementary or replacement Information Memorandum will be lodged and issued.

## VALUATION AND EXITING FROM INVESTMENT

### 8. How often are valuations available?

The valuation of the assets of the Fund is carried out at the end of the Business Day.

The NAV per unit of the Fund will be published on the Manager's website at [www.arecacapital.com](http://www.arecacapital.com)

### 9. How can I invest in this investment?

<b>Minimum Initial Investment</b>	RM100,000 or such other amount at the Manager's discretion.
<b>Minimum Additional Investment</b>	RM10,000 or such other amount at the Manager's discretion..

**Note: The Manager reserves the rights to accept or reject any application in whole or part thereof without assigning any reason.**

**10. How can I exit from this investment and what are the risks and costs involved?**

<b>Minimum Redemption</b>	100,000 Units or such other lower number of Units at the Manager's discretion.
<b>Minimum Balance</b>	50,000 Units or such other number of Units at the Manager's discretion. We will, at our sole discretion, require you to redeem all the Units should the remaining balance Units in your account is less than the minimum balance.
<b>Redemption Payment</b>	<p>We will pay you within 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).</p> <p>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 Days as aforementioned.</p> <p>Redemption proceeds will be only paid to the principal Unit 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>
<b>Cut-Off time</b>	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, <a href="http://www.arecacapital.com">www.arecacapital.com</a> for the cut-off time.

For more information, please refer to the Replacement Information Memorandum dated 01 July 2024.

**CONTACT INFORMATION****11. Who should I contact for further information or to lodge a complaint?**

For enquiries/further information, please contact:

<b>Head Office</b>	<b>Areca Capital Sdn Bhd (200601021087 (740840-D))</b> 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: <a href="http://www.arecacapital.com">www.arecacapital.com</a> E-mail: <a href="mailto:invest@arecacapital.com">invest@arecacapital.com</a>	
<b>Branches</b>	<b>Pulau Pinang</b> Tel: 604-210 2011 Fax: 604-210 2013	<b>Malacca</b> Tel: 606-282 9111 Fax: 606-283 9112
	<b>Ipoh</b> Tel: 605-249 6697 Fax: 605-249 6696	<b>Kuching</b> Tel: 082-572 472
	<b>Johor Bharu</b> Tel: 07-336 3689	<b>Kota Kinabalu</b> Tel 088-276 757

- For internal dispute resolution, you may contact:  
Areca Capital Sdn Bhd – Investor Care: 03-7956 3111
- If you are dissatisfied with the outcome of the internal dispute resolution process, please refer your dispute to the Securities Industries Dispute Resolution Corporation (SIDREC):
  - via phone to : 03-2282 2280
  - via fax to : 03-2282 3855
  - via e-mail to : [info@sidrec.com.my](mailto:info@sidrec.com.my)
  - via letter to : Securities Industry Dispute Resolution Center (SIDREC)  
Unit A-9-1, Level 9, Tower A, Menara UOA Bangsar,  
No. 5, Jalan Bangsar Utama 1, 59000 Kuala Lumpur.
- You can also direct your complaint to the Securities Commission Malaysia even if you have initiated a dispute resolution process with SIDREC. To make a complaint, please contact the Securities Commission Malaysia's Investor Affairs & Complaints Department:
  - via phone to the Aduan Hotline at : 03-6204 8999
  - via fax to : 03-6204 8991
  - via e-mail to : [aduan@seccom.com.my](mailto:aduan@seccom.com.my)
  - via online complaint form available at [www.sc.com.my](http://www.sc.com.my)
  - via letter to : Investor Affairs & Complaints Department

Securities Commission Malaysia  
No. 3 Persiaran Bukit Kiara, Bukit Kiara  
50490 Kuala Lumpur

4. Federation of Investment Managers Malaysia (FIMM)'s Complaints Bureau:  
 (a) via phone to : 03-2092 3800  
 (b) via fax to : 03-2093 2700  
 (c) via e-mail to : complaints@fimm.com.my  
 (d) via online complaint form available at www.fimm.com.my  
 (e) via letter to : Legal, Secretariat & Regulatory Affairs  
 Federation of Investment Managers Malaysia  
 19-06-01, 6th Floor Wisma Tune  
 No. 19 Lorong Dungun, Damansara Heights  
 50490 Kuala Lumpur

## GLOSSARY

<b>Business Day</b>	A day on which Bursa Malaysia Securities Berhad, the stock exchange managed or operated by Bursa Malaysia Securities Berhad, is open for trading;
<b>CIS</b>	Collective investment schemes;
<b>CMSA</b>	The Capital Markets and Services Act, 2007 including all amendments thereto;
<b>Deed(s)</b>	The deed in relation to the Fund and any other supplemental deeds that may be entered into between the Manager and the Trustee;
<b>Financial Institution</b>	<p>If the institution is in Malaysia –</p> <ul style="list-style-type: none"> <li>i. licensed bank;</li> <li>ii. licensed investment bank; and</li> <li>iii. licensed Islamic bank.</li> </ul> <p>If the institution is outside Malaysia, any institution that is licensed, registered, approved or authorised to provide financial services by the relevant banking regulator;</p> <p>“licensed bank” has the same meaning as given under the Financial Services Act 2013;</p> <p>“licensed investment bank” has the same meaning as given under the Financial Services Act 2013;</p> <p>“licensed Islamic bank” means a bank licensed under the Islamic Financial Services Act 2013;</p>
<b>Fixed Income Investment</b>	Debentures, money market instruments, deposits with licensed institutions and any other instruments that are in line with the Fund's objective
<b>Fund</b>	Areca Flexi fixedINCOME Fund;
<b>Guidelines</b>	Guidelines on Unlisted Capital Market Products Under the Lodge and Launch Framework as may be amended from time to time;
<b>Information Memorandum</b>	Information Memorandum in relation to the Fund and includes any supplemental or replacement information memorandum;
<b>IUTA</b>	Institutional Unit Trust Scheme Adviser;
<b>Jointholder</b>	A Sophisticated Investor who holds Units together with another Sophisticated Investor(s);
<b>Liquid Assets</b>	Means cash or any permitted investment capable of being converted into cash within seven (7) days;
<b>Manager/We/Us</b>	Areca Capital Sdn Bhd;
<b>NAV</b>	The net asset value of the Fund, which is the value of all the assets of the Fund less the value of all liabilities of the Fund at a valuation point;
<b>NAV per Unit</b>	The NAV of the Fund divided by the total number of Units in circulation of the Fund at the valuation point;
<b>Redemption</b>	The repurchase by the Manager of the Units owned by the Unit Holders upon a proper redemption request;
<b>RM</b>	Means Ringgit Malaysia;
<b>SC</b>	The Securities Commission Malaysia which was established under the Securities Commission Malaysia Act 1993;
<b>Short to Medium Term</b>	A period of two to five years;

<b>Sophisticated Investor</b>	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;
<b>Trustee</b>	RHB Trustees Berhad and includes its permitted assigns and successors in title;
<b>Units</b>	Units of the Fund and includes a fraction of a unit of the Fund;and
<b>Unit Holder/You</b>	A Sophisticated Investor for the time being who is registered pursuant to the Deed as a holder of Units, including a Jointholder.