

Quarterly Report

March 2025

For the Period Ended 31 March 2025

Areca Flexi*fixed*INCOME Fund

Management Company



200601021087(740840-D)

QUARTERLY REPORT MARCH 2025

✧ ARECA Flexi *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
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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)
(Resigned with effect from 16 April 2025)

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
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AUDITOR

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Level 16, Menara LGB
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TAX ADVISER

PricewaterhouseCoopers Taxation
Services Sdn Bhd (464731-M)
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MANAGER'S OFFICE AND BRANCHES

HEAD OFFICE

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IPOH BRANCH

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Fax: 605-249 6696

MALACCA BRANCH

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Taman Melaka Raya
75000 Melaka
Tel : 606-282 9111
Fax: 606-283 9112

KUCHING BRANCH

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

JOHOR BRANCH

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

KOTA KINABALU BRANCH

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

QUARTERLY REPORT MARCH 2025
ARECA Flexi fixed**INCOME** FUND

FUND INFORMATION

Name of the Fund	Areca Flexi fixedINCOME Fund
Fund Category/ Type	Wholesale Fixed Income Fund/Income
Objective of the Fund	The Fund aims to provide steady income and moderate capital appreciation.
Performance Benchmark	Maybank's 6-month fixed deposit rate
Distribution Policy of the Fund	Yearly or more frequent, subject to availability of the distributable income.
Rebates & Soft Commissions	<p>The Manager 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 period under review, the Manager had not received any soft commissions.</p>
Inception Date	3 January 2012
Financial Year End	30 June

QUARTERLY REPORT MARCH 2025
ARECA Flexi fixed**INCOME** FUND

FUND PERFORMANCE

	01.01.2025 to 31.03.2025	01.10.2024 to 31.12.2024
NET ASSET VALUE ("NAV")		
Net Asset Value (RM million)	102.76	98.23
Units in circulation (million units)	80.16	76.52
NAV per unit (RM)	1.2819	1.2836

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)	1.2899	1.3049
Lowest NAV per unit (RM)	1.2793	1.2720

ASSET ALLOCATION % of NAV		
Collective investment schemes	71.25	80.30
Unquoted fixed income securities		
Commercial Paper	-	2.03
Unquoted Bonds	16.96	9.11
Liquid assets and other net current assets	11.79	8.56

DISTRIBUTION	
There was no distribution for the financial period under review.	

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

EXPENSE/TURNOVER		
Total expense ratio (TER) (%)	0.14	0.13
<i>Please refer to Note 2 for further information</i>		
Portfolio turnover ratio (PTR) (times)	0.09	0.01
<i>Please refer to Note 3 for further information</i>		

TOTAL RETURN		
<i>Please refer to Note 4 for further information</i>		
Total Return (%)	(0.12)	(0.26)
- Capital growth (%)	(0.12)	(0.26)
- Income distribution (%)	-	-

	1-yr	3-yrs	5-yrs
Average Total Return per annum (%)	2.08	2.88	4.88

QUARTERLY REPORT MARCH 2025
ARECA Flexi fixed**INCOME** FUND

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 quarter ended 31st March 2025, the Fund posted negative return of 0.12% against the benchmark Maybank's 6-month fixed deposit rate of 0.61% due to the underlying valuations of the Fund's investment which is predominantly invested in structured high-yielding collective investment schemes. The portfolio is further diversified with an exposure to corporate bond issues across different sectors including infrastructure and utilities, asset-back securities, trading and services, industrial products and transportation.

While we remain cautious of the global headwinds and challenging growth outlook ahead, we expect local bond market to remain well supported. We opine our domestic interest rate policy will remain accommodative as we are confronted by external geopolitical risks and domestic potential inflationary issues from subsidy rationalisation in the year ahead. We will gradually extend the portfolio duration and have remained focused on selecting good quality corporate name for better yield pick-up.

Investment Policy and Strategy

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. The Fund may also have foreign sovereign or corporate bonds and CIS.

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.

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

NAV per unit as at 31 March 2025

RM1.2819

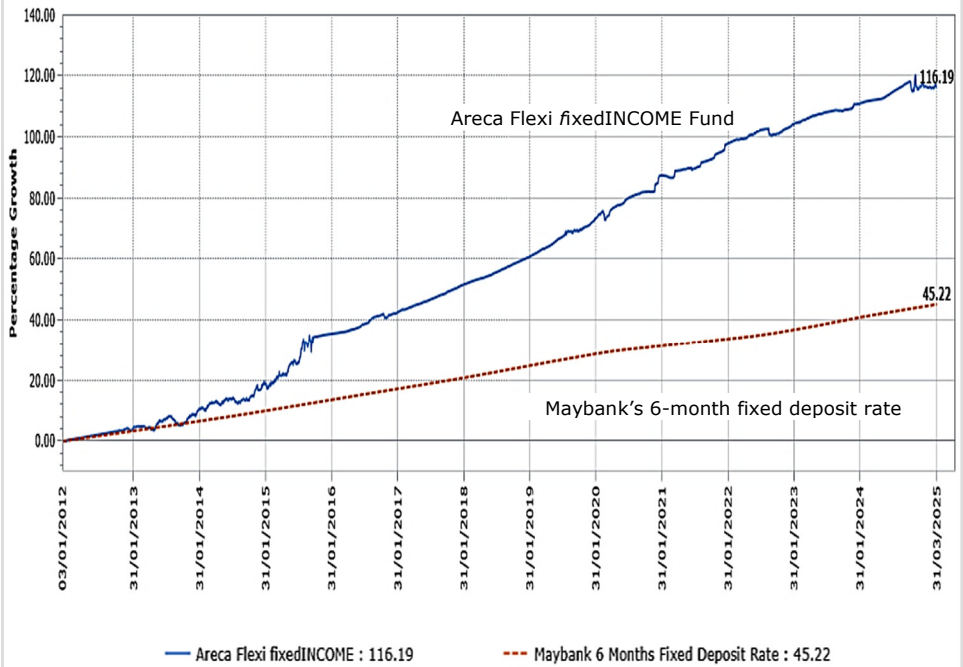
Asset Allocation/Portfolio Composition

	31.03.2025	31.12.2024
Collective investment schemes	71.25%	80.30%
Unquoted fixed income securities	16.96%	11.14%
Liquid assets and other net current assets	11.79%	8.56%

FUND REVIEW

Performance of Areca Flexi fixedINCOME Fund
 for the period since inception to 31 March 2025

Total Return of Areca Flexi fixedINCOME Fund vs Benchmark



Source: Lipper

GLOBAL FIXED INCOME MARKET REVIEW AND OUTLOOK

In January, Federal Reserve ("Fed") has unanimously agreed to keep the Fed Funds rates unchanged in the range of 4.25% - 4.50% at its first Federal Open Market Committee ("FOMC") of 2025 which was in line with market expectation. Post decision, press conference saw Chair Powell emphasising the Fed is in no rush to reduce interest rates further and that policymakers are looking for "serial readings" that suggest further progress on inflation" as they assess when another cut might be appropriate. Global markets were volatile in February as weaker data and sentiment hinged on tariff concerns. In March, the United States ("US") jobless claims ticked slightly higher than expected, possibly reflecting the impact of recent government spending cuts and layoffs. US tariffs is set to take effect in April 9 with bond markets seeing an upward repricing in interest rate expectations as inflation is anticipated to stay elevated and US Treasuries supply pressure outweigh potential economic slowdown.

MALAYSIA FIXED INCOME MARKET REVIEW AND OUTLOOK

Malaysia's economy grew +5.10% in 2024 whilst Gross Domestic Product ("GDP") growth moderated to 5.00% Year-on-Year ("YoY") in fourth quarter of year 2024 ("4Q2024"). Headline and core inflation is expected to trend higher to between 2.00 % - 3.50% and 1.50% - 2.50% respectively. The outlook reflects potential upside risks from domestic policy measures (including the fuel subsidy rationalisation) and shifts in external costs that could lift prices of imported items. Given the upside risks to inflation while the external outlook is subject to potential pitfalls owing to heightened uncertainties surrounding global trade policies, we expect the Overnight Policy Rate ("OPR") to remain unchanged at 3.00% for now.

QUARTERLY REPORT MARCH 2025
ARECA Flexi fixed**INCOME FUND**

UNAUDITED STATEMENT OF FINANCIAL POSITION

As At 31 March 2025

	31.03.2025	31.12.2024
	RM	RM
Assets		
Investments	90,645,473	89,814,917
Cash and cash equivalents	12,008,105	8,347,269
Dividend receivables	164,997	116,943
Total Assets	<u>102,818,575</u>	<u>98,279,129</u>
Unitholders' Fund And Liabilities		
Liabilities		
Other payables and accrued expenses	61,243	51,733
Total Liabilities	<u>61,243</u>	<u>51,733</u>
Unitholders' Fund		
Unitholders' capital	91,630,831	86,962,190
Retained earnings	11,126,501	11,265,206
Net Asset Value Attributable To Unitholders	<u>102,757,332</u>	<u>98,227,396</u>
Total Unitholders' Fund And Liabilities	<u>102,818,575</u>	<u>98,279,129</u>
Number Of Units In Circulation	<u>80,158,280</u>	<u>76,524,660</u>
Net Asset Value Per Unit (RM)	<u>1.2819</u>	<u>1.2836</u>

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ARECA Flexi fixed**INCOME FUND**

UNAUDITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Financial Period Ended 31 March 2025

	01.01.2025 to 31.03.2025 RM	01.10.2024 to 31.12.2024 RM
Investments Income/(Loss)		
Dividend income	286,142	402,962
Interest income	217,498	143,851
Net loss on investments at fair value through profit or loss ("FVTPL")	<u>(498,423)</u>	<u>(681,705)</u>
Total Investments Income/(Loss)	<u>5,217</u>	<u>(134,892)</u>
Expenditure		
Management fee	125,884	107,723
Trustee's fee	12,646	12,488
Audit fee	3,000	3,125
Tax agent's fee	1,508	907
Other expenses	884	1,608
Total Expenditure	<u>143,922</u>	<u>125,851</u>
Net Loss Before Tax	<u>(138,705)</u>	<u>(260,743)</u>
Income Tax Expense	<u>-</u>	<u>-</u>
Net Loss After Tax And Total Comprehensive Loss For The Financial Period	<u><u>(138,705)</u></u>	<u><u>(260,743)</u></u>
Net Loss After Tax Is Made Up Of:		
Realised gain	494,544	451,321
Unrealised loss	<u>(633,249)</u>	<u>(712,064)</u>
	<u><u>(138,705)</u></u>	<u><u>(260,743)</u></u>

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ARECA Flexi fixed **INCOME FUND**

UNAUDITED STATEMENT OF CHANGES IN NET ASSET VALUE

For The Financial Period Ended 31 March 2025

	Unitholders' capital RM	Retained earnings RM	Total net asset value RM
Balance as at 1 October 2024	82,910,456	11,525,949	94,436,405
Amounts received from units created	10,354,384	-	10,354,384
Amounts paid for units cancelled	(6,302,650)	-	(6,302,650)
Total comprehensive loss for the financial period	-	(260,743)	(260,743)
Balance as at 31 December 2024	<u>86,962,190</u>	<u>11,265,206</u>	<u>98,227,396</u>
Balance as at 1 January 2025	86,962,190	11,265,206	98,227,396
Amounts received from units created	7,495,000	-	7,495,000
Amounts paid for units cancelled	(2,826,359)	-	(2,826,359)
Total comprehensive loss for the financial period	-	(138,705)	(138,705)
Balance as at 31 March 2025	<u>91,630,831</u>	<u>11,126,501</u>	<u>102,757,332</u>

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UNAUDITED STATEMENT OF CASH FLOWS

For The Financial Period Ended 31 March 2025

	01.01.2025 to 31.03.2025 RM	01.10.2024 to 31.12.2024 RM
Cash Flows From Operating Activities		
Proceeds from disposal of investments	6,141,084	1,449,325
Proceeds from maturity of investments	2,000,000	-
Purchase of investments	(9,435,823)	(1,483,618)
Dividend income received	238,088	385,219
Interest received	183,258	138,759
Management fee paid	(116,815)	(102,462)
Trustee's fee paid	(12,483)	(12,147)
Payment for other fees and expenses	(5,114)	(14,955)
Net Cash (Used In)/Generated From Operating Activities	<u>(1,007,805)</u>	<u>360,121</u>
Cash Flows From Financing Activities		
Cash proceeds from units created	7,495,000	10,354,384
Payment for cancellation of units	(2,826,359)	(6,302,650)
Net Cash Generated From Financing Activities	<u>4,668,641</u>	<u>4,051,734</u>
Net Increase In Cash and Cash Equivalents	3,660,836	4,411,855
Cash and Cash Equivalents At Beginning Of Period	<u>8,347,269</u>	<u>3,935,414</u>
Cash and Cash Equivalents At End Of Period	<u><u>12,008,105</u></u>	<u><u>8,347,269</u></u>
Cash And Cash Equivalents Comprise:		
Cash at banks	4,741	6,015
Short-term deposits	<u>12,003,364</u>	<u>8,341,254</u>
	<u><u>12,008,105</u></u>	<u><u>8,347,269</u></u>



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