

Quarterly Report September 2025

For the Period Ended 30 September 2025

Areca Flexi*fixed*INCOME Fund

Management Company



200601021087(740840-D)

QUARTERLY REPORT SEPTEMBER 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
No. 9, Jalan 16/11, Off Jalan Damansara
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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
(Non-Independent Executive/Chief Executive Officer)
Edward Iskandar Toh Bin Abdullah
(Non-Independent Executive/Chief Investment Officer)
(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)
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Jalan Tun Razak
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Tel: 03-2302 8252, Fax: 03-2302 8298

AUDITOR

Deloitte Malaysia PLT (*formerly known as Deloitte PLT*) (LLP0010145-LCA)
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TAX ADVISER

PricewaterhouseCoopers Taxation
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MANAGER'S OFFICE AND BRANCHES

HEAD OFFICE

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PENANG BRANCH

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Fax: 604-210 2013

IPOH BRANCH

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Greentown Business Centre
30450 Ipoh, Perak
Tel : 605-249 6697
Fax: 605-249 6696

MALACCA BRANCH

95A, Jalan Melaka Raya 24
Taman Melaka Raya
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Tel : 606-282 9111
Fax: 606-283 9112

KUCHING BRANCH

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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 5-1-8, 1st Floor
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Api-Api Centre
88000 Kota Kinabalu, Sabah
Tel : 6088-276 757

QUARTERLY REPORT SEPTEMBER 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	The Manager will retain soft commissions received from brokers or dealers, provided that: (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. 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.
Inception Date	3 January 2012
Financial Year End	30 June

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

FUND PERFORMANCE

**01.07.2025
to 30.09.2025**

NET ASSET VALUE ("NAV")

Net Asset Value (RM million)	97.61
Units in circulation (million units)	73.78
NAV per unit (RM)	1.3231

HIGHEST & LOWEST NAV per unit

*Please refer to **Note 1** for further information on NAV and pricing policy*

Highest NAV per unit (RM)	1.3307
Lowest NAV per unit (RM)	1.3074

ASSET ALLOCATION % of NAV

Unquoted fixed income securities

Unquoted Bonds	19.67
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Collective investment schemes

78.27

Liquid assets and other net current assets

2.06

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
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*Please refer to **Note 2** for further information*

Portfolio turnover ratio (PTR) (times)	0.04
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*Please refer to **Note 3** for further information*

TOTAL RETURN

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

Total Return (%)	(0.11)
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- Capital growth (%)	(0.11)
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- Income distribution (%)	-
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	1-yr	3-yrs	5-yrs
Average Total Return per annum (%)	2.81	3.77	4.62

QUARTERLY REPORT SEPTEMBER 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 30th September 2025, the Fund posted negative return of 0.11% against the benchmark Maybank's 6-month fixed deposit rate of 0.58% 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 30 September 2025

RM1.3231

Asset Allocation/Portfolio Composition

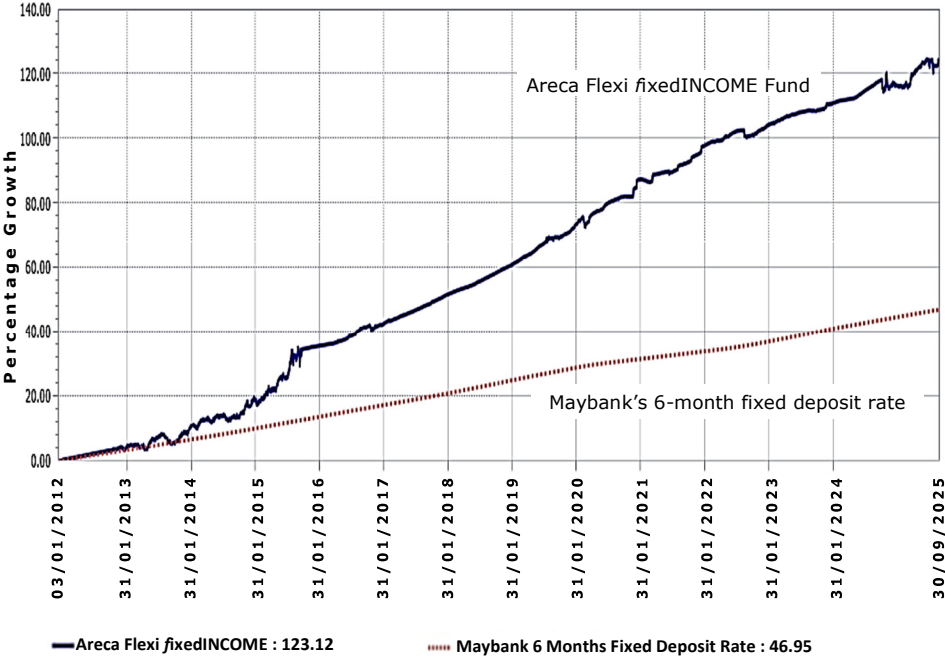
30.09.2025

Unquoted fixed income securities	19.67%
Collective investment schemes	78.27%
Liquid assets and other net current assets	2.06%

FUND REVIEW

Performance of Areca Flexi fixedINCOME Fund
 for the period since inception to 30 September 2025

Total Return of Areca Flexi fixedINCOME Fund vs Benchmark



Source: Lipper

GLOBAL FIXED INCOME MARKET REVIEW AND OUTLOOK

Headline Consumer Price Index ("CPI") came in at 2.70% year-on-year ("YoY"), with core CPI at 2.90% slightly firmer in July than June. Services inflation remained sticky, although shelter price growth continued to decelerate. Federal Reserve's ("Fed") decision remains aligned with market expectations that the Fed will keep its Fed Funds Target Rate ("FFTR") steady at the range of 4.25% - 4.50% in the July meeting, so as to get better clarity on tariff impact on inflation, and flagging the importance to watch June and July inflation prints with the majority of Fed policymakers still likely in agreement it will be appropriate to reduce rates later this year.

In August, United States Treasury ("UST") market saw varied activity, with a dovish shift from the Fed. The Fed comments at the Jackson Hole symposium signalled increasing employment risks leading to expectations of a potential September rate cut. The shift in Fed policy supported bond prices, with yields on the 10-year UST easing from 4.33% to around 4.25% as investors are more confident that a rate cut is forthcoming.

As anticipated, the Fed delivered a 25 basis points ("bps") rate cut for the first time in September lowering the target range to 4.00% - 4.25%, as concerns intensified over slowing labour market and moderate economic growth. Unemployment rose to 4.30%, a near four-year high, while payrolls grew by just 22,000 jobs. UST yields were mixed, with shorter tenors declining but the 10Y UST edged higher as markets weighed on lingering inflation, suggesting the cut was more of an "insurance" move than a policy shift.

MALAYSIA FIXED INCOME MARKET REVIEW AND OUTLOOK

In July, Malaysia's advance second quarter Gross Domestic Product ("GDP") surprised on the upside, coming in at 4.50%, above consensus expectations of 4.20% and up from 4.40% in the first quarter. However, June's trade data came in weaker with exports declining by 3.50% YoY, a sharper drop compared to the 1.50% contraction in May. Government bond continued on a firm path, following Bank Negara Malaysia ("BNM") downward revision to growth and inflation. In July, Monetary Policy Committee meeting, BNM reduced Overnight Policy Rate ("OPR") by 25 bps as a pre-emptive move to secure economic growth.

In August, the July CPI printed at 1.20% year-over-year ("y/y"), which met consensus and up from 1.10% in June, but overall market sentiment was cautious ahead of the Jackson Hole event. Bonds extended its positive trajectory in August with the 10Y Malaysian Government Securities ("MGS") rallying down to 3.35%. Yields are expected to stay broadly stable ahead of the BNM meeting (September 4), with the OPR likely to hold at 2.75%. We think that a more accommodative monetary policy stance may be warranted to support domestic growth into 2026, considering that monetary policy typically takes about a year to exert its full impact on the economy.

September's labour market remained resilient with unemployment data held steady at 3.00%. Producer Price Index ("PPI") fell for the 6th consecutive month in August (-2.80% YoY) while CPI increased slightly from 1.20% YoY to 1.30% YoY in August. These supported BNM's decision to keep the OPR unchanged at 2.75%. Government bond yields were broadly stable in September, with the 10Y MGS ending the month at 3.46%. Demand also held up, as the reopening of the 3Y Islamic Government Securities drew a solid bid-to-cover ratio of 2.88 times. Resilient domestic demand and moderate inflation will continue to support economic growth though sentiments remain cautious. We expect OPR stay on hold in the coming month.

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

UNAUDITED STATEMENT OF FINANCIAL POSITION

As At 30 September 2025

	30.09.2025
	RM
Assets	
Investments	95,601,891
Cash and cash equivalents	1,077,538
Amount due from Manager – CIS redemption	<u>1,000,000</u>
Total Assets	<u><u>97,679,429</u></u>
Unitholders' Fund And Liabilities	
Liabilities	
Other payables and accrued expenses	<u>67,026</u>
Total Liabilities	<u><u>67,026</u></u>
Unitholders' Fund	
Unitholders' capital	83,239,435
Retained earnings	<u>14,372,968</u>
Net Asset Value Attributable To Unitholders	<u><u>97,612,403</u></u>
Total Unitholders' Fund And Liabilities	<u><u>97,679,429</u></u>
Number Of Units In Circulation	<u><u>73,777,719</u></u>
Net Asset Value Per Unit (RM)	<u><u>1.3231</u></u>

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

UNAUDITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Financial Period Ended 30 September 2025

**01.07.2025
to 30.09.2025
RM**

Investments Income

Dividend income	100,635
Interest income	208,875
Net loss on investments at fair value through profit or loss ("FVTPL")	<u>(282,592)</u>
Total Investments Income	<u>26,918</u>

Expenditure

Management fee	124,494
Trustee's fee	12,657
Audit fee	3,000
Tax agent's fee	908
Other expenses	<u>125</u>
Total Expenditure	<u>141,184</u>

Net Loss Before Tax

(114,266)

Income Tax Expense

-

**Net Loss After Tax And Total Comprehensive Loss For The
Financial Period**

(114,266)

Net Loss After Tax Is Made Up Of:

Realised gain	668,962
Unrealised loss	<u>(783,228)</u>
	<u>(114,266)</u>

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

UNAUDITED STATEMENT OF CHANGES IN NET ASSET VALUE

For The Financial Period Ended 30 September 2025

	Unitholders' capital RM	Retained earnings RM	Total net asset value RM
Balance as at 1 July 2025	86,638,906	14,487,234	101,126,140
Amounts received from units created	598,504	-	598,504
Amounts paid for units cancelled	(3,997,975)	-	(3,997,975)
Total comprehensive loss for the financial period	-	(114,266)	(114,266)
Balance as at 30 September 2025	<u>83,239,435</u>	<u>14,372,968</u>	<u>97,612,403</u>

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

UNAUDITED STATEMENT OF CASH FLOWS

For The Financial Period Ended 30 September 2025

**01.07.2025
to 30.09.2025
RM**

Cash Flows From/(Used In) Operating Activities

Proceeds from disposal of investments	2,807,528
Purchase of investments	(4,831,619)
Dividend income received	218,098
Interest received	126,026
Cash capital distribution received	132,776
Management fee paid	(127,284)
Trustee's fee paid	(8,463)
Payment for other fees and expenses	(125)
Net Cash Used In Operating Activities	<u>(1,683,063)</u>

Cash Flows From/(Used In) Financing Activities

Cash proceeds from units created	598,504
Payment for cancellation of units	(3,997,975)
Net Cash Used In Financing Activities	<u>(3,399,471)</u>

Net Decrease In Cash and Cash Equivalents

(5,082,534)

Cash and Cash Equivalents At Beginning Of Period

6,160,072

Cash and Cash Equivalents At End Of Period

1,077,538

Cash And Cash Equivalents Comprise:

Cash at banks	6,169
Short-term deposits	<u>1,071,369</u>
	<u><u>1,077,538</u></u>



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