

Quarterly Report

Dec 2024

For the Period Ended 31 December 2024

Areca Islamic Cash Fund

Management Company



200601021087(740840-D)

QUARTERLY REPORT DECEMBER 2024

✧ ARECA ISLAMIC CASH 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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Tel: 603-7956 3111, Fax: 603-7955 4111
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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)
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AUDITOR

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Level 16, Menara LGB
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60000 Kuala Lumpur
Tel: 03-7610 8888, Fax: 03-7726 8986

TAX ADVISER

PricewaterhouseCoopers Taxation
Services Sdn Bhd (464731-M)
Level 10, Menara TH 1 Sentral
Jalan Rakyat, Kuala Lumpur Sentral
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50706 Kuala Lumpur
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SHARIAH ADVISER

ZICO Shariah Advisory Services Sdn
Bhd (769433-D)
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Jalan Damanlela, Pusat Bandar Damansara
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MANAGER'S OFFICE AND BRANCHES

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PENANG BRANCH

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10350 Pulau Pinang
Tel : 604-210 2011
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

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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

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Areca Islamic Cash Fund

FUND INFORMATION

Name of the Fund	Areca Islamic Cash Fund
Fund Category/ Type	Islamic Fixed Income/Income
Objective of the Fund	The Fund seeks to offer investors regular income.
Performance Benchmark	Maybank Islamic 1 month REPO rate
Distribution Policy of the Fund	Income distribution for the Fund is twice a year, subject to availability of 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	18 June 2015
Financial Year End	30 September

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Areca Islamic Cash Fund

FUND PERFORMANCE

**01.10.2024
to 31.12.2024**

NET ASSET VALUE ("NAV")

Net Asset Value (RM million)	114.76*
Units in circulation (million units)	104.22*
NAV per unit (RM)	1.1011*
<i>* Ex-Distribution</i>	

HIGHEST & LOWEST NAV per unit

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

Highest NAV per unit (RM)	1.1164*
Lowest NAV per unit (RM)	1.1010*
<i>* Ex-Distribution</i>	

ASSET ALLOCATION % of NAV

Islamic collective investment scheme	1.59
Unquoted Islamic fixed income securities	6.93
Short-term Islamic deposits	91.55
Liquid assets and other net current liabilities	(0.07)#
<i># The excess over 100% of net asset value is mainly attributed to payable not settled as at the end of financial period</i>	

DISTRIBUTION

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

Distribution date	30 Dec 2024
Gross distribution (sen per unit)	1.5600 (30 Dec)
Net distribution (sen per unit)	1.5600 (30 Dec)
NAV before distribution (RM per unit)	1.1164 (29 Dec)
NAV after distribution (RM per unit)	1.1010 (30 Dec)

UNIT SPLIT

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

EXPENSE/TURNOVER

Total expense ratio (TER) (%)	0.21
<i>Please refer to Note 3 for further information</i>	
Portfolio turnover ratio (PTR) (times)	0.40
<i>Please refer to Note 4 for further information</i>	

TOTAL RETURN

*Please refer to **Note 5** for further information*

Total Return (%)	0.76
- Capital growth (%)	(0.80)
- Income distribution (%)	1.56

	1-yr	3-yrs	5-yrs
Average Total Return per annum (%)	3.24	2.76	2.37

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Areca Islamic Cash 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: *Net distribution of 1.5600 sen per unit was declared on 30 December 2024 and was automatically reinvested into additional units on the same day at NAV per unit after distribution at no entry fee.*

Note 3: *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 4: *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 5: *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.

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Areca Islamic Cash Fund

FUND REVIEW

For the quarter ended 31st December 2024, the Fund posted a return of 0.76% against the benchmark Maybank Islamic 1 month REPO return of 0.78%. This meets the Fund's objective of providing opportunity for regular income to investors despite the slight underperformance.

We will maintain a short duration strategy through increasing exposure into short-term and liquid corporate papers while seeking attractive yield opportunities. We will also seek out opportunities through other Cash fund products under Islamic Principles that may enhance the performance of the Fund.

The Fund continues to prioritise liquidity and invest predominantly in repos and Islamic general investment accounts.

Investment Policy and Strategy

The Fund may invest up to 30% of its NAV in Islamic fixed income securities including Ringgit denominated sukuk and invest its remaining NAV in Short-Term Islamic money market instruments and Islamic Deposits and placement with Islamic investment account with different maturity periods to meet the objective of the Fund.

NAV per unit as at 31 December 2024

RM1.1011

Asset Allocation/Portfolio Composition

31.12.2024

Islamic collective investment scheme

1.59%

Unquoted Islamic fixed income securities

6.93%

Short-term Islamic deposits

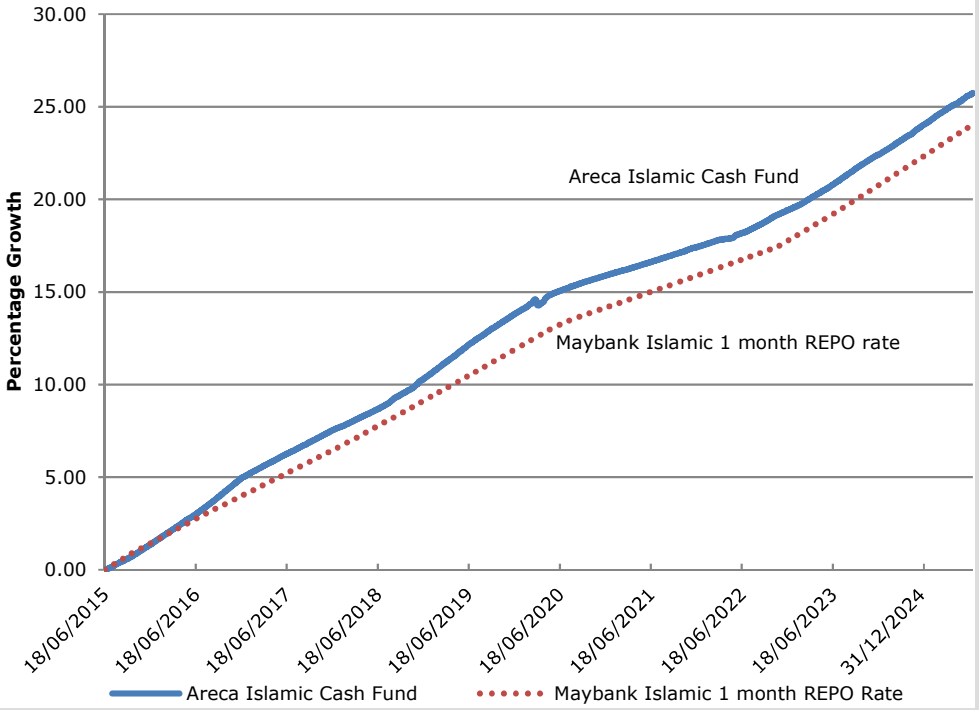
91.55%

Liquid assets and other net current liabilities

(0.07%)

FUND REVIEW

Performance of Areca Islamic Cash Fund
for the period since inception to 31 December 2024
Total Return of Areca Islamic Cash Fund vs Benchmark



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Areca Islamic Cash Fund

GLOBAL FIXED INCOME MARKET REVIEW AND OUTLOOK

In the quarter under review, the Federal Reserve ("Fed") cut its Fed funds rate by 50 basis points ("bps") citing progress on inflation reduction and a balanced assessment of risk as the rationale for the move. However, United States Treasury ("UST") yield curves experienced a bearish start in an immediate aftermath of the United States ("U.S") elections in November. The 10-year treasury yield rose sharply partly driven by expectation of Trump's proposed policies, but yields started to normalise across most tenures as markets recalibrated their expectations.

In December, UST yields edged higher with the 10-year Treasury inching by 2 bps to close at 4.58% while the 2-year UST closed at 4.33%. The Fed at its last policy meeting for the year on 19 December 2024, delivered a widely anticipated 25 bps rate cut bringing its policy rate from 4.75% to 4.50%. The dot plot released by the Fed signals a significantly more gradual rate-cut cycle going forward. As the Fed continues its easing monetary policy, markets however are now pricing in a slower pace of rate cuts amidst a strong economic backdrop. We expect yields to stay in range as the pricing of future rate cuts is moderated on the back of stronger job reports.

Across the globe, central banks continued to lower rates with Bank of England cutting its policy rate by 25 bps in November to 4.75% marking the second decrease since its cutting cycle in August. In United Kingdom ("U.K."), headline inflation rose from 1.70% to 2.30% and core inflation was up from 3.20% to 3.30% year-on-year in October. Eurozone's inflation rate accelerated to 2.30% in November (October:2.00%) with energy and food inflation being the main contributor. However, core inflation was stable keeping rate cut market expectations in line. Despite resilient inflation numbers, investors continue to expect that weak demand in France and Germany will give the European Central Bank enough justification for further rate cuts.

MALAYSIA FIXED INCOME MARKET REVIEW AND OUTLOOK

The Budget 2025 which was announced in October continues to set the stage for fiscal consolidation while striking a balance with expansionary policies. The fiscal deficit is expected to narrow to 3.80% of Gross Domestic Product in 2025, down from 4.30% in 2024. From a fixed income perspective, the Budget is also neutral with no major surprises on inflation. Malaysia's headline Consumer Price Index ("CPI") stood at 1.90% year-over-year (September: 1.80%) and core inflation increased by 1.80% year-over-year, whilst unemployment rate improved to 3.20% in October (September: 3.40%).

The Malaysian Government Securities ("MGS") and Malaysian Government Investment Issue ("MGII") bond yields ended mostly lower in the month of September tracking those of the UST, albeit to a lesser degree. The 3-year, 5-year and 10-year MGS and MGII bonds yields declined in the circa of 7-12 bps across the curves post U.S. elections. Overall, the sovereign bonds market demonstrated resilience despite rising UST yields. The benchmark government bonds closed mixed within a narrow range for the month as trading interest remained muted amid the year-end period. The 3-year MGS closed 2 bps higher at 3.50% and the 10-year MGII inched 1 bps lower to close at 3.83% but other benchmarks lacked trading interest. Similarly in the ringgit corporate bond market, trading interest was also lacking.

Headline and core CPI averaged 1.90% and 1.80% respectively, remained benign despite diesel price rationalisation. However, potential risk lies in the second phase of subsidy rationalisation. While the earlier move to remove subsidy from diesel prices had muted impact on inflation; it remains uncertain as to how much an effect a removal of subsidy from the wider used RON95 will have on inflation. If it is managed prudently, a resultant muted impact may suggest that Overnight Policy Rate ("OPR") will likely stay to enhance price stability in the foreseeable future. We expect Bank Negara Malaysia to maintain the OPR at 3.00% going into the first quarter in 2025 as the current monetary policy continues to be supportive of the economy growth.

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UNAUDITED STATEMENT OF FINANCIAL POSITION

As At 31 December 2024

	31.12.2024
	RM
Assets	
Investments	9,774,742
Cash at bank	18,376
Short-term Islamic deposits	<u>105,059,514</u>
Total Assets	<u><u>114,852,632</u></u>
Unitholders' Fund And Liabilities	
Liabilities	
Other payables and accrued expenses	<u>96,371</u>
Total Liabilities	<u><u>96,371</u></u>
Unitholders' Fund	
Unitholders' capital	108,226,451
Retained earnings	<u>6,529,810</u>
Net Assets Value Attributable To Unitholders	<u><u>114,756,261</u></u>
Total Unitholders' Fund And Liabilities	<u><u>114,852,632</u></u>
Number Of Units In Circulation	<u>104,217,762</u>
Net Asset Value Per Unit (RM) (Ex-Distribution)	<u><u>1.1011</u></u>

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UNAUDITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME*For The Financial Period Ended 31 December 2024*

	01.10.2024 to 31.12.2024 RM
Investments Income	
Profit income	1,061,633
Net gain on investments at fair value through profit or loss ("FVTPL")	<u>86,685</u>
Total Investments Income	<u>1,148,318</u>
Expenditure	
Management fee	242,018
Trustee's fee	16,363
Audit fee	2,250
Tax agent's fee	825
Other expenses	<u>5,513</u>
Total Expenditure	<u>266,969</u>
Net Income Before Tax	881,349
Income Tax Expense	<u>-</u>
Net Income After Tax And Total Comprehensive Income For The Financial Period	<u><u>881,349</u></u>
Net Income After Tax Is Made Up Of:	
Realised gain	986,637
Unrealised loss	<u>(105,288)</u>
	<u>881,349</u>
Distribution For The Financial Period:	
Net distribution	1,519,769
Gross distribution per unit (sen)	1.5600
Net distribution per unit (sen)	<u>1.5600</u>

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UNAUDITED STATEMENT OF CHANGES IN NET ASSET VALUE*For The Financial Period Ended 31 December 2024*

	Unitholders' capital RM	Retained earnings RM	Total net asset value RM
Balance as at 1 October 2024	149,283,750	7,168,230	156,451,980
Amounts received from units created	26,175,287	-	26,175,287
Reinvestments of units	1,519,769	-	1,519,769
Amounts paid for units cancelled	(68,752,355)	-	(68,752,355)
Total comprehensive income for the financial period	-	881,349	881,349
Distribution to unitholders for the financial period	-	(1,519,769)	(1,519,769)
Balance as at 31 December 2024	<u>108,226,451</u>	<u>6,529,810</u>	<u>114,756,261</u>

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UNAUDITED STATEMENT OF CASH FLOWS

For The Financial Period Ended 31 December 2024

	01.10.2024 to 31.12.2024 RM
Cash Flows From Operating Activities	
Proceeds from redemption/maturity of short-term Islamic deposits	67,571,863
Placement of short-term Islamic deposits	(36,880,000)
Proceeds from maturity of investments	7,000,000
Profit income received	1,200,786
Management fee paid	(263,106)
Trustee's fee paid	(17,766)
Payment for other fees and expenses	(16,763)
Net Cash Generated From Operating Activities	<u>38,595,014</u>
Cash Flows From Financing Activities	
Cash proceeds from units created	30,157,181
Payments for cancellation of units	<u>(68,752,355)</u>
Net Cash Used In Financing Activities	<u>(38,595,174)</u>
Net Decrease In Cash And Cash Equivalents	(160)
Cash And Cash Equivalents At Beginning Of Period	<u>18,536</u>
Cash And Cash Equivalents At The End Of Period	<u><u>18,376</u></u>
Cash And Cash Equivalents Comprise:	
Cash at bank	<u><u>18,376</u></u>



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