

# Quarterly Report

# June 2024

For the Period Ended 30 June 2024

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Areca Islamic Cash Fund

Management Company



200601021087(740840-D)



# QUARTERLY REPORT JUNE 2024

## ✦ ARECA ISLAMIC CASH FUND

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## CORPORATE DIRECTORY

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### 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](http://www.arecacapital.com)  
e-mail: [invest@arecacapital.com](mailto: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  
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60000 Kuala Lumpur  
Tel: 03-7610 8888, Fax: 03-7726 8986

### TAX ADVISER

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

### SHARIAH ADVISER

ZICO Shariah Advisory Services Sdn  
Bhd (769433-D)  
Level 13A Menara Milenium  
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50490 Kuala Lumpur  
Tel: 03-2093 3999, Fax: 03-2093 2999

## MANAGER'S OFFICE AND BRANCHES

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### HEAD OFFICE

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### MALACCA BRANCH

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### KUCHING BRANCH

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### JOHOR BRANCH

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### KOTA KINABALU BRANCH

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88000 Kota Kinabalu, Sabah  
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**QUARTERLY REPORT JUNE 2024**  
Areca Islamic Cash Fund

**FUND INFORMATION**

<b>Name of the Fund</b>	Areca Islamic Cash Fund
<b>Fund Category/ Type</b>	Islamic Fixed Income/Income
<b>Objective of the Fund</b>	The Fund seeks to offer investors regular income.
<b>Performance Benchmark</b>	Maybank Islamic 1 month REPO rate
<b>Distribution Policy of the Fund</b>	Income distribution for the Fund is twice a year, subject to the availability of distributable income.
<b>Rebates &amp; Soft Commissions</b>	<p>We will retain soft commissions received from brokers or dealers, provided that:</p> <ul style="list-style-type: none"><li>(a) the soft commissions bring direct benefit or advantage to the management of the Fund and may include research and advisory related services;</li><li>(b) any dealing with the broker or dealer is executed on terms which are the most favourable for the Fund; and</li><li>(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.</li></ul> <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>
<b>Inception Date</b>	18 June 2015
<b>Financial Year End</b>	30 September

QUARTERLY REPORT JUNE 2024

Areca Islamic Cash Fund

**FUND PERFORMANCE**

	<b>01.04.2024 to 30.06.2024</b>	<b>01.01.2024 to 31.03.2024</b>
<b>NET ASSET VALUE ("NAV")</b>		
Net Asset Value (RM million)	120.59*	123.10
Units in circulation (million units)	109.56*	111.11
NAV per unit (RM)	1.1006*	1.1080
* <i>Ex-Distribution</i>		

<b>HIGHEST &amp; LOWEST NAV per unit</b>		
<i>Please refer to Note 1 for further information on NAV and pricing policy</i>		
Highest NAV per unit (RM)	1.1160*	1.1080
Lowest NAV per unit (RM)	1.1005*	1.0999
* <i>Ex-Distribution</i>		

<b>ASSET ALLOCATION % of NAV</b>		
<b>Collective investment scheme</b>	1.70	1.65
<b>Unquoted fixed income securities</b>		
Islamic Commercial Papers	12.40	9.58
Unquoted Sukuk	6.52	2.79
<b>Short-term Islamic deposits</b>	78.07	85.42
<b>Liquid assets and other net current assets</b>	1.31	0.56

<b>DISTRIBUTION</b>		
<i>Please refer to Note 2 for further information</i>		
Distribution date	28 Jun 2024	-
Gross distribution (sen per unit)	1.5600	-
Net distribution (sen per unit)	1.5600	-
NAV before distribution (RM per unit)	1.1160 (27 Jun)	-
NAV after distribution (RM per unit)	1.1005 (28 Jun)	-

<b>UNIT SPLIT</b>		
There was no unit split exercise for the financial period under review.		

<b>EXPENSE/TURNOVER</b>		
Total expense ratio (TER) (%)	0.20	0.20
<i>Please refer to Note 3 for further information</i>		
Portfolio turnover ratio (PTR) (times)	0.32	0.63
<i>Please refer to Note 4 for further information</i>		

<b>TOTAL RETURN</b>		
<i>Please refer to Note 5 for further information</i>		
Total Return (%)	0.83	0.79
- Capital growth (%)	(0.73)	0.79
- Income distribution (%)	1.56	-

	<b>1-yr</b>	<b>3-yrs</b>	<b>5-yrs</b>
Average Total Return per annum (%)	3.21	2.48	2.37

## QUARTERLY REPORT JUNE 2024

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 28 June 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.***

## QUARTERLY REPORT JUNE 2024

Areca Islamic Cash Fund

### FUND REVIEW

For the quarter ended 30 June 2024, the Fund posted a return of 0.83% (annualised 2.63%) against the benchmark Maybank Islamic 1 month REPO return of 0.79% or 2.60% annualised. This meets the Fund's objective of providing opportunity for regular income to investors.

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 the 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 30 June 2024

RM1.1006

#### Asset Allocation/Portfolio Composition

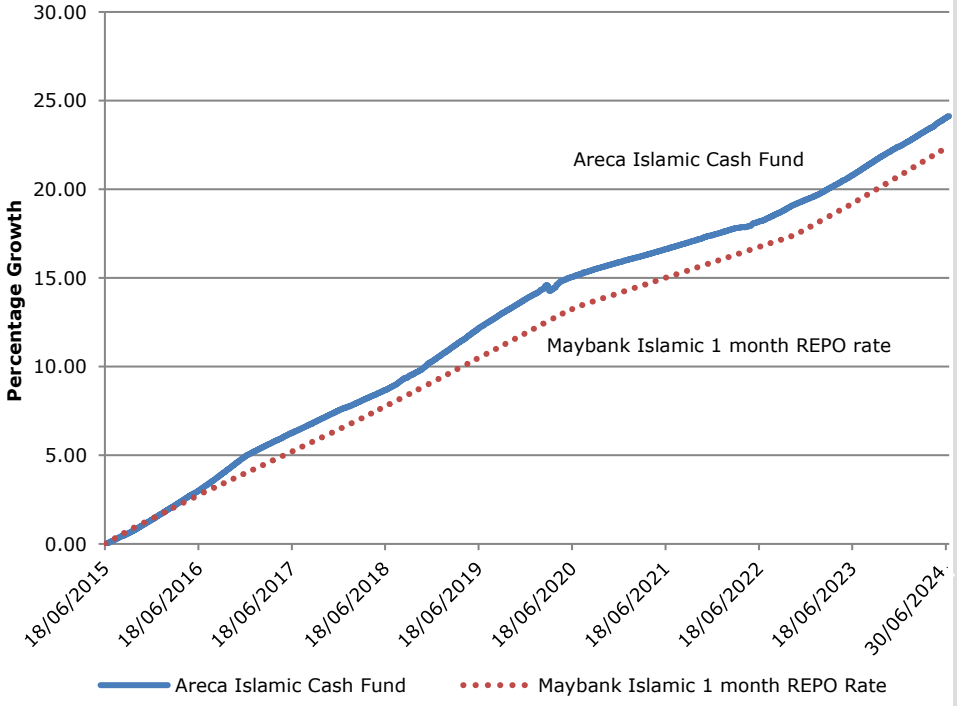
	<b>30.06.2024</b>	<b>31.03.2024</b>
Collective investment scheme	1.70%	1.65%
Unquoted fixed income securities	18.92%	12.37%
Short-term Islamic deposits	78.07%	85.42%
Liquid assets and other net current assets	1.31%	0.56%



FUND REVIEW

Performance of Areca Islamic Cash Fund  
for the financial period since inception to 30 June 2024

Total Return of Areca Islamic Cash Fund vs Benchmark



## QUARTERLY REPORT JUNE 2024

Areca Islamic Cash Fund

### GLOBAL FIXED INCOME MARKET REVIEW AND OUTLOOK

During the quarter in review, the United States ("U.S.") Federal Reserve ("Fed") held interest rate steady at 5.25% - 5.50% declaring unchanged stance during the latest Federal Open Market Committee in June 2024. They maintained its overall guidance for the U.S. economic outlook on the soft-landing course with the released dot plot pointing to one 25 basis points ("bps") cut for the year 2024 and 1.00% cut in 2025 amidst heightened concerns for global slowdown dragged by the Eurozone's recession risks, a challenging economic recovery in China and an increasingly comfortable easing inflation trend.

In the first quarter of year 2024 ("1Q24"), the U.S. economic grew by 1.40%, slowing from 3.40% in fourth quarter of year 2023 ("4Q23"); but at a decent 2.90% Year-on-Year ("Y-o-Y"), mainly attributable to a decrease in inventory investment and a surge in imports albeit domestic demand remained strong as consumer spending moderated slightly. Looking ahead, the U.S. Fed remained cautiously optimistic with the U.S.' economy, raising its growth forecast for 2024 to 2.10% Y-o-Y (previously 1.40%) on the back of headline inflation at 2.60% Y-o-Y (previously 2.40%) and unemployment rate of 4.00% (previously 4.10%). We expect the U.S.' inflationary pressures to remain on further softening path supportive of a peak rate view and the end of the 'higher for longer' stance.

During the review period, the U.S. Treasury ("UST") yields ended higher across the curves, between +12 bps to +20 bps, as the 2-year, 10-year and 30-year yields closed at 4.75%, 4.39% and 4.55%, respectively. Meanwhile, the 2-year/10-year spread U.S. Treasuries remain in negative territory narrowing mildly from -39 bps to -35 bps.

The European Central Bank ("ECB") lowered its benchmark interest rate from 4.50% to 4.25% despite headline inflation reading at 2.60% Y-o-Y in May, up from 2.40% Y-o-Y in April. This first cut since the rate hike cycle that began in July 2022 is still deemed restrictive while confident inflation is contained in spite of upside risk. The Bank of England ("BOE") continued to keep its key interest rates unchanged at 5.25% during the period. 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.

### MALAYSIA FIXED INCOME MARKET REVIEW AND OUTLOOK

During the quarter in review Bank Negara Malaysia ("BNM") continued to maintain its policy stance in "accommodative" manner despite challenges from global economies. The Overnight Policy Rate ("OPR") was left 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 BNM to keep interest rate steady at 3.00% throughout 2024.

During the review period, the Malaysian Government Securities ("MGS") yields ended marginally higher up to 5 bps as 3-year, 5-year and 10-year closed at 3.53%, 3.65% and 3.88% respectively.

## **QUARTERLY REPORT JUNE 2024**

Areca Islamic Cash Fund

For the 1Q24, 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 OPR is expected to remain unchanged at 3.00% for the year.

**QUARTERLY REPORT JUNE 2024**

Areca Islamic Cash Fund

**UNAUDITED STATEMENT OF FINANCIAL POSITION**

As At 30 June 2024

	<b>30.06.2024</b>	<b>31.03.2024</b>
	<b>RM</b>	<b>RM</b>
<b>Assets</b>		
Investments	24,866,398	17,262,412
Cash at bank	12,570	19,536
Short-term Islamic deposits	94,142,865	105,151,582
Amount due from Manager	1,602,899	715,689
Interest receivables	62,484	55,347
<b>Total Assets</b>	<u>120,687,216</u>	<u>123,204,566</u>
<b>Unitholders' Fund And Liabilities</b>		
<b>Liabilities</b>		
Other payables and accrued expenses	100,322	101,014
<b>Total Liabilities</b>	<u>100,322</u>	<u>101,014</u>
<b>Unitholders' Fund</b>		
Unitholders' capital	114,522,127	116,390,287
Retained earnings	6,064,767	6,713,265
<b>Net Asset Value Attributable To Unitholders</b>	<u>120,586,894</u>	<u>123,103,552</u>
<b>Total Unitholders' Fund And Liabilities</b>	<u>120,687,216</u>	<u>123,204,566</u>
<b>Number Of Units In Circulation</b>	<u>109,563,149</u>	<u>111,108,197</u>
<b>Net Asset Value Per Unit (*Ex-Distribution) (RM)</b>	<u>1.1006*</u>	<u>1.1080</u>

**QUARTERLY REPORT JUNE 2024**

Areca Islamic Cash Fund

**UNAUDITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME***For The Financial Period Ended 30 June 2024*

	<b>01.04.2024 to 30.06.2024 RM</b>	<b>01.01.2024 to 31.03.2024 RM</b>
<b>Investments Income</b>		
Profit income	992,412	1,051,017
Net gain on investments at fair value through profit or loss ("FVTPL")	<u>192,185</u>	<u>131,147</u>
Total Investments Income	<u>1,184,597</u>	<u>1,182,164</u>
<b>Expenditure</b>		
Management fee	230,120	236,637
Trustee's fee	15,596	16,027
Audit fee	2,500	2,750
Tax agent's fee	1,425	825
Other expenses	<u>4,669</u>	<u>4,070</u>
Total Expenditure	<u>254,310</u>	<u>260,309</u>
<b>Net Income Before Tax</b>	930,287	921,855
<b>Income Tax Expense</b>	<u>-</u>	<u>-</u>
<b>Net Income After Tax And Total Comprehensive Income For The Financial Period</b>	<u>930,287</u>	<u>921,855</u>
<b>Net Income After Tax Is Made Up Of:</b>		
Realised gain	738,102	790,708
Unrealised gain	<u>192,185</u>	<u>131,147</u>
	<u>930,287</u>	<u>921,855</u>
<b>Distribution For The Financial Period:</b>		
Net distribution	1,578,785	-
Gross distribution per unit (sen)	1.5600	-
Net distribution per unit (sen)	<u>1.5600</u>	<u>-</u>

**QUARTERLY REPORT JUNE 2024**

Areca Islamic Cash Fund

**UNAUDITED STATEMENT OF CHANGES IN NET ASSET VALUE***For The Financial Period Ended 30 June 2024*

	<b>Unitholders' capital RM</b>	<b>Retained earnings RM</b>	<b>Total net asset value RM</b>
<b>Balance as at 1 January 2024</b>	124,306,783	5,791,410	130,098,193
Amounts received from units created	15,056,309	-	15,056,309
Amounts paid for units cancelled	(22,972,805)	-	(22,972,805)
Total comprehensive income for the financial period	-	921,855	921,855
<b>Balance as at 31 March 2024</b>	<u>116,390,287</u>	<u>6,713,265</u>	<u>123,103,552</u>
<b>Balance as at 1 April 2024</b>	116,390,287	6,713,265	123,103,552
Amounts received from units created	19,167,747	-	19,167,747
Reinvestment of units	1,578,785	-	1,578,785
Amounts paid for units cancelled	(22,614,692)	-	(22,614,692)
Total comprehensive income for the financial period	-	930,287	930,287
Distribution to unitholders for the financial period	-	(1,578,785)	(1,578,785)
<b>Balance as at 30 June 2024</b>	<u>114,522,127</u>	<u>6,064,767</u>	<u>120,586,894</u>

**QUARTERLY REPORT JUNE 2024**

Areca Islamic Cash Fund

**UNAUDITED STATEMENT OF CASH FLOWS***For The Financial Period Ended 30 June 2024*

	<b>01.04.2024 to 30.06.2024 RM</b>	<b>01.01.2024 to 31.03.2024 RM</b>
<b>Cash Flows From Operating Activities</b>		
Proceeds from redemption/maturity of short-term Islamic deposits	41,875,647	80,779,953
Placement of short-term Islamic deposits	(30,656,000)	(65,359,000)
Purchase of investments	(7,361,719)	(15,168,038)
Profit income received	724,264	1,405,168
Management fee paid	(234,307)	(273,947)
Trustee's fee paid	(15,877)	(18,514)
Payment for other fees and expenses	(4,819)	(320)
Net Cash Generated From Operating Activities	<u>4,327,189</u>	<u>1,365,302</u>
<b>Cash Flows From Financing Activities</b>		
Cash proceeds from units created	12,263,145	23,336,983
Payment for cancellation of units	(16,597,300)	(22,972,805)
Distribution to unitholders	-	(1,717,363)
Net Cash Used In Financing Activities	<u>(4,334,155)</u>	<u>(1,353,185)</u>
<b>Net (Decrease)/Increase In Cash And Cash Equivalents</b>		
	(6,966)	12,117
<b>Cash And Cash Equivalents At Beginning Of Period</b>	<u>19,536</u>	<u>7,419</u>
<b>Cash And Cash Equivalents At The End Of Period</b>	<u><u>12,570</u></u>	<u><u>19,536</u></u>
<b>Cash And Cash Equivalents Comprise:</b>		
Cash at bank	<u>12,570</u>	<u>19,536</u>
	<u><u>12,570</u></u>	<u><u>19,536</u></u>



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