

Quarterly Report

March 2025

For the Period Ended 31 March 2025

Areca Steady*fixed*INCOME Fund

Management Company



200601021087(740840-D)

QUARTERLY REPORT MARCH 2025

✦ ARECA Steady *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
46350 Petaling Jaya, Selangor
Tel: 603-7956 3111, Fax: 603-7955 4111
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
Jalan Tun Razak
50400 Kuala Lumpur
Tel: 03-2302 8252, Fax: 03-2302 8298

AUDITOR

Deloitte PLT (LLP0010145-LCA)
Level 16, Menara LGB
1 Jalan Wan Kadir, Taman Tun Dr. Ismail
60000 Kuala Lumpur
Tel: 03-7610 8888, Fax: 03-7726 8986

TAX ADVISER

PricewaterhouseCoopers Taxation
Services Sdn Bhd (464731-M)
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Jalan Rakyat, Kuala Lumpur Sentral
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50706 Kuala Lumpur
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MANAGER'S OFFICE AND BRANCHES

HEAD OFFICE

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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

95A, Jalan Melaka Raya 24
Taman Melaka Raya
75000 Melaka
Tel : 606-282 9111
Fax: 606-283 9112

KUCHING BRANCH

1st Floor, Sublot 3
Lot 7998, Block 16
KLCD, 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

FUND INFORMATION

Name of the Fund	Areca Steady fixed INCOME Fund
Fund Category/ Type	Wholesale Fixed Income Fund/Income
Objective of the Fund	The Fund aims to provide stable stream of income while maintaining capital stability.
Performance Benchmark	Maybank's 12-month fixed deposit rate
Distribution Policy of the Fund	Yearly or more frequent, subject to the 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	11 May 2009
Financial Year End	30 June

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ARECA Steady 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)	85.63	92.39
Units in circulation (million units)	68.82	74.09
NAV per unit (RM)	1.2443	1.2471

HIGHEST & LOWEST NAV per unit

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

Highest NAV per unit (RM)	1.2535	1.2668
Lowest NAV per unit (RM)	1.2419	1.2340

ASSET ALLOCATION % of NAV

Collective investment schemes	95.43	94.65
Unquoted fixed income securities		
Unquoted Bonds	2.04	1.91
Liquid assets and other net current assets	2.53	3.44

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) (%)	0.09	0.10
<i>Please refer to Note 2 for further information</i>		
Portfolio turnover ratio (PTR) (times)	0.03	0.05
<i>Please refer to Note 3 for further information</i>		

TOTAL RETURN

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

Total Return (%)	(0.22)	0.13
- Capital growth (%)	(0.22)	0.13
- Income distribution (%)	-	-

	1-yr	3-yrs	5-yrs
Average Total Return per annum (%)	2.50	2.95	4.70

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ARECA Steady fixedINCOME 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 a negative return of 0.22% against the benchmark Maybank's 12-month fixed deposit rate of 0.62%.

The portfolio is mainly 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 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 with intention to hold until maturity. The Fund will focus mainly on those of quality debentures with Medium to Long Term maturity and some exposure to other maturity periods. Notwithstanding the above, the Fund may adopt a more concentrated strategy by holding higher exposure in single investment in order to achieve its objective.

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

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.

NAV per unit as at 31 March 2025

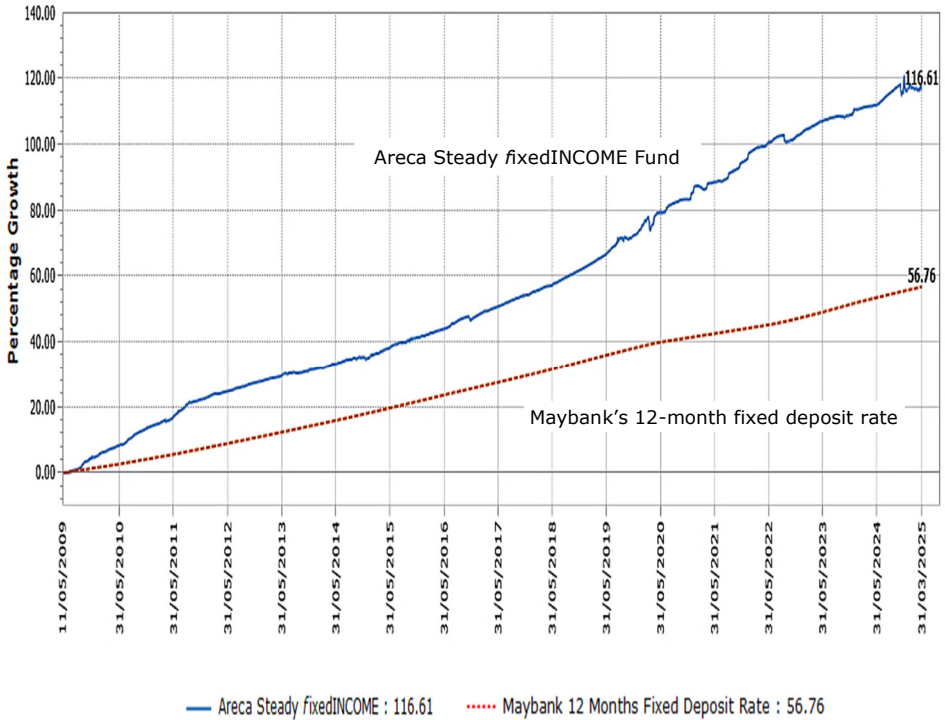
RM1.2443

Asset Allocation/Portfolio Composition	31.03.2025	31.12.2024
Collective investment schemes	95.43%	94.65%
Unquoted fixed income securities	2.04%	1.91%
Liquid assets and other net current assets	2.53%	3.44%

FUND REVIEW

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

Total Return of Areca Steady 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 Steady fixed**INCOME** FUND

UNAUDITED STATEMENT OF FINANCIAL POSITION

As At 31 March 2025

	31.03.2025	31.12.2024
	RM	RM
Assets		
Investments	83,462,282	89,212,113
Cash and cash equivalents	2,067,162	3,096,882
Dividend receivables	138,365	118,068
Total Assets	<u>85,667,809</u>	<u>92,427,063</u>
Unitholders' Fund And Liabilities		
Liabilities		
Other payables and accrued expenses	<u>35,603</u>	<u>37,758</u>
Total Liabilities	<u>35,603</u>	<u>37,758</u>
Unitholders' Fund		
Unitholders' capital	74,175,209	80,733,461
Retained earnings	<u>11,456,997</u>	<u>11,655,844</u>
Net Asset Value Attributable To Unitholders	<u>85,632,206</u>	<u>92,389,305</u>
Total Unitholders' Fund And Liabilities	<u>85,667,809</u>	<u>92,427,063</u>
Number Of Units In Circulation	<u>68,820,866</u>	<u>74,086,084</u>
Net Asset Value Per Unit (RM)	<u>1.2443</u>	<u>1.2471</u>

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ARECA Steady 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 (Loss)/Income		
Dividend income	246,764	364,780
Interest income	29,458	46,751
Net loss on investments at fair value through profit or loss ("FVTPL")	(396,739)	(196,724)
Total Investments (Loss)/Income	<u>(120,517)</u>	<u>214,807</u>
Expenditure		
Management fee	62,087	74,575
Trustee's fee	10,945	11,976
Audit fee	3,000	3,125
Tax agent's fee	825	825
Other expenses	1,473	2,367
Total Expenditure	<u>78,330</u>	<u>92,868</u>
Net (Loss)/Income Before Tax	(198,847)	121,939
Income Tax Expense	-	-
Net (Loss)/Income After Tax And Total		
Comprehensive (Loss)/Income For The Financial Period	<u>(198,847)</u>	<u>121,939</u>
Net (Loss)/Income After Tax Is Made Up Of:		
Realised gain	230,452	533,242
Unrealised loss	(429,299)	(411,303)
	<u>(198,847)</u>	<u>121,939</u>

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ARECA Steady 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	90,274,013	11,533,905	101,807,918
Amounts received from units created	1,082,030	-	1,082,030
Amounts paid for units cancelled	(10,622,582)	-	(10,622,582)
Total comprehensive income for the financial period	-	121,939	121,939
Balance as at 31 December 2024	<u>80,733,461</u>	<u>11,655,844</u>	<u>92,389,305</u>
Balance as at 1 January 2025	80,733,461	11,655,844	92,389,305
Amounts received from units created	138,000	-	138,000
Amounts paid for units cancelled	(6,696,252)	-	(6,696,252)
Total comprehensive loss for the financial period	-	(198,847)	(198,847)
Balance as at 31 March 2025	<u>74,175,209</u>	<u>11,456,997</u>	<u>85,632,206</u>

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ARECA Steady fixed **INCOME** FUND

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	5,344,728	9,632,392
Dividend income received	226,467	345,002
Interest received	37,822	79,216
Management fee paid	(64,467)	(79,258)
Trustee's fee paid	(11,246)	(12,210)
Payment for other fees and expenses	(4,772)	(14,867)
Net Cash Generated From Operating Activities	<u>5,528,532</u>	<u>9,950,275</u>
Cash Flows From Financing Activities		
Cash proceeds from units created	138,000	1,082,030
Payment for cancellation of units	(6,696,252)	(10,622,582)
Net Cash Used In Financing Activities	<u>(6,558,252)</u>	<u>(9,540,552)</u>
Net (Decrease)/Increase In Cash And Cash Equivalents	(1,029,720)	409,723
Cash And Cash Equivalents At Beginning Of Period	<u>3,096,882</u>	<u>2,687,159</u>
Cash And Cash Equivalents At End Of Period	<u><u>2,067,162</u></u>	<u><u>3,096,882</u></u>
Cash And Cash Equivalents Comprise:		
Cash at banks	5,997	227,042
Short-term deposits	2,061,165	2,869,840
	<u><u>2,067,162</u></u>	<u><u>3,096,882</u></u>



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