

# Semi-Annual Report

# March 2024

For the Period Ended 31 March 2024

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Areca Dividend Income Fund

Management Company



200601021087(740840-D)



# SEMI-ANNUAL REPORT MARCH 2024

## ✦ ARECA DIVIDEND 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](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

Maybank Trustees Berhad  
Company No: 196301000109 (5004-P)  
8th Floor, Menara Maybank  
100 Jalan Tun Perak  
50050 Kuala Lumpur  
Tel: 03-2070 8833, Fax: 03-2070 9387

### 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

Deloitte Tax Services Sdn Bhd (36421-T)  
Level 16, Menara LGB  
1 Jalan Wan Kadir, Taman Tun Dr. Ismail  
60000 Kuala Lumpur  
Tel: 03-7610 8888, Fax: 03-7726 8986

## MANAGER'S OFFICE AND BRANCHES

### HEAD OFFICE

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)

### PENANG BRANCH

368-2-02 Belissa Row  
Jalan Burma, Georgetown  
10350 Pulau Pinang  
Tel : 604-210 2011  
Fax: 604-210 2013

### IPOH BRANCH

11, Persiaran Greentown 5  
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  
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

**SEMI-ANNUAL REPORT MARCH 2024**  
**ARECA DIVIDEND INCOME FUND**

**FUND INFORMATION**

<b>Name of the Fund</b>	Areca Dividend Income Fund
<b>Fund Category/ Type</b>	Equity Fund/Income
<b>Objective of the Fund</b>	To provide investors regular income while providing long term capital appreciation.
<b>Performance Benchmark</b>	1-year Average Returns of the funds under "Equity Malaysia Income" Non-Islamic category
<b>Distribution Policy of the Fund</b>	The Fund will declare income distribution quarterly subject to the availability of the realised income received.
<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 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>	15 February 2017
<b>Initial Offer Price</b>	RM1.0000 per unit during the initial offer period of 21 days ended 7 March 2017.
<b>Pricing Policy</b>	Single Pricing – Selling and repurchase of units by Manager are at Net Asset Value per unit
<b>Financial Year End</b>	30 September

**SEMI-ANNUAL REPORT MARCH 2024**  
ARECA DIVIDEND INCOME FUND

**FUND PERFORMANCE**

	<b>2024</b>	<b>2023</b>	<b>2022</b>
<b>NET ASSET VALUE ("NAV")</b>			
Net Asset Value (RM million)	108.92	115.56	130.92*
Units in circulation (million units)	80.71	94.14	92.38*
NAV per unit (RM)	1.3494	1.2275	1.4171*
* <i>Ex-Distribution</i>			

<b>HIGHEST &amp; LOWEST NAV per unit</b>			
<i>Please refer to <b>Note 1</b> for further information on NAV and pricing policy</i>			
Highest NAV per unit (RM)	1.3496	1.2859	1.5696*
Lowest NAV per unit (RM)	1.2216	1.2038	1.2245*
* <i>Ex-Distribution</i>			

<b>ASSET ALLOCATION % of NAV</b>			
<b>Quoted securities</b>			
Construction	10.89	-	-
Consumer Products & Services	9.60	22.16	16.86
Energy	9.52	3.21	1.83
Financial Services	13.42	10.03	7.93
Health Care	10.17	20.18	-
Industrial Products & Services	1.50	4.21	7.55
Property	9.27	-	-
Real Estate Investment Trusts	5.88	-	-
Technology	7.68	17.37	33.61
Trading/Services	-	-	3.30
Transportation & Logistics	5.76	-	0.98
Utilities	1.05	-	-
<b>Collective investment schemes</b>	6.40	7.97	2.68
<b>Cash and cash equivalents including placements &amp; repo</b>	8.86	14.87	25.26

<b>DISTRIBUTION</b>			
Distribution dates	-	-	5 Oct 2021
Gross distribution (sen per unit)	-	-	1.5000 (5 Oct)
Net distribution (sen per unit)	-	-	1.5000 (5 Oct)
NAV before distribution (RM per unit)	-	-	1.5055 (4 Oct)
NAV after distribution (RM per unit)	-	-	1.4912 (5 Oct)

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

<b>EXPENSE/TURNOVER</b>			
Total expense ratio (TER) (%)	0.96	0.66	0.97
<i>Please refer to <b>Note 2</b> for further information</i>			
Portfolio turnover ratio (PTR) (times)	0.56	1.00	0.48
<i>Please refer to <b>Note 3</b> for further information</i>			

**SEMI-ANNUAL REPORT MARCH 2024**  
ARECA DIVIDEND INCOME FUND

**FUND PERFORMANCE**

**30.09.2023**                      **30.09.2022**                      **30.09.2021**  
**to 31.03.2024**                      **to 31.03.2023**                      **to 31.03.2022**

**TOTAL RETURN**

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

Total Return (%)	8.08	(1.86)	(5.04)
- Capital growth (%)	8.08	(1.86)	(5.98)
- Income distribution (%)	-	-	0.94

**2024**                      **2023**                      **2022**                      **2021**                      **2020**

Annual Total Return (%)	16.76*	(3.70)*	(9.85)*	30.32*	(13.16)*
Performance Benchmark: 1-year Average Returns of the funds under "Equity Malaysia Income" Non-Islamic category (%)	27.73*	13.23*	(2.73)*	14.68*	(29.32)*

*\* Annualised for comparison purpose only*

**1-yr**                      **3-yrs**                      **5-yrs**

Average Total Return per annum	9.95	(1.45)	13.95
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**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 performance figures for the benchmark of Average Returns of the funds under "Equity Malaysia Income" Non-Islamic category are calculated assuming investment in the index. 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

During the period under review, the Fund underperformed its benchmark (1-year average returns for all the funds under "Equity Malaysia Income" Non-Islamic category of the Malaysia Lipper Fund table, "peers benchmarking") with a total return of 8.08% compared to benchmark's return of 12.97%.

Since launch in February 2017, the Fund recorded a total return of 81.50% compared to the benchmark return of 45.29%. In view of the outperformance over longer-term benchmark, the Fund has actually achieved its investment objective to provide investors regular income while providing long term capital appreciation.

### Investment Policy and Strategy

The current strategy of the Fund is to invest mainly in conventionally high dividend yield stocks in sectors such as financials, property, Real Estate Investment Trust (REIT) and tourism (benefitting from economic reopening), while remaining invested in some future dividend growers which are either cash rich or generate strong free cash flows for medium to long term prospect.

**NAV per unit** as at 31 March 2024

RM1.3494

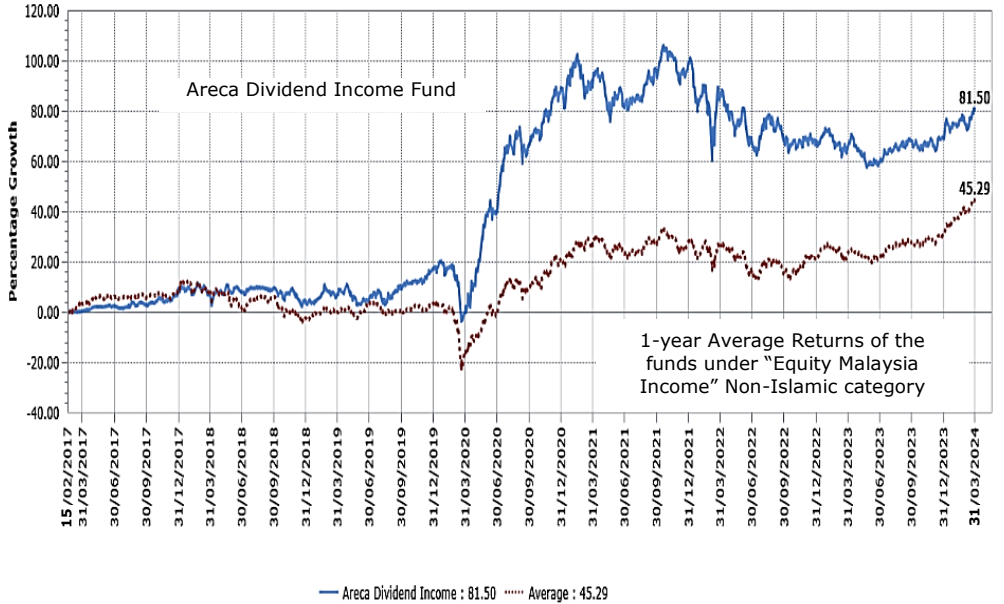
<b>Asset Allocation/Portfolio Composition</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>
Quoted securities	84.74%	77.16%	72.06%
Collective investment schemes	6.40%	7.97%	2.68%
Cash and cash equivalents	8.86%	14.87%	25.26%



FUND REVIEW

Performance of Areca Dividend Income Fund  
for the period since inception to 31 March 2024

Total Return of Areca Dividend Income Fund vs Benchmark



Source: Lipper

**SEMI-ANNUAL REPORT MARCH 2024**  
ARECA DIVIDEND INCOME FUND

**GLOBAL ECONOMIC REVIEW**

<b>U.S.</b>	<b>Current</b>	<b>Previous</b>	<b>Remarks</b>
<b>GDP (QoQ)</b>	3.4% 4Q23	4.9% 3Q23	Consumer spending, private inventories, and government spending slowed, while exports accelerated and imports grew less.
<b>Inflation Rate (Annual)</b>	3.5% Mar 24	3.2% Oct 23	Energy costs rose.
<b>Unemployment Rate</b>	3.8% Mar 24	3.9% Oct 23	

The United States ("U.S.") economy took a bit of a breather in the last quarter of 2023 ("4Q23"), showing slower growth compared to the previous one. Prices inched up just a tad, with the annual inflation rate settling at 4.10% for the year. Jobs markets were still robust, with the jobless rate ranging between 3.70% to 3.90% throughout the year, averaging at 3.60%. Over at the Federal Reserve ("Fed"), they are eyeing a softer approach, hinting at potential rate cuts in 2024, though probably not in the first half. The Fed Funds Rate ("FFR") stayed at a range of 5.25% to 5.50% currently since July 2023.

<b>E.U.</b>	<b>Current</b>	<b>Previous</b>	<b>Remarks</b>
<b>GDP (QoQ)</b>	0.0% 4Q23	0.0% 3Q23	Demand and activity were hit by high inflation and rising borrowing costs.
<b>Inflation Rate (Annual)</b>	2.6% Mar 24	3.6% Oct 23	
<b>Unemployment Rate</b>	6.0% Feb 24	6.1% Oct 23	

As for the European Union ("E.U."), things were fairly steady, with the economy maintaining its flat trajectory for the past two quarters. Inflation cooled off noticeably, averaging 6.40% for the year. Jobs market was also steady, with the labor market seeing jobless rates around 6.00% to 6.10% throughout the year. The European Central Bank ("ECB") kept its interest rates steady at 4.50% since September 2023.

<b>China</b>	<b>Current</b>	<b>Previous</b>	<b>Remarks</b>
<b>GDP (QoQ)</b>	1.6% 1Q24	1.0% 4Q23	Reflecting the Spring festival effects.
<b>Inflation Rate (Annual)</b>	0.1% Mar 24	-0.2% Oct 23	
<b>Unemployment Rate</b>	5.2% Mar 24	5.0% Oct 23	

Meanwhile, the world's second largest economy saw a bounce in gross domestic product ("GDP") in the first quarter of 2024 ("1Q23") compared to 4Q23. Inflation had its ups and downs, dipping into deflation for four months before bouncing back, thanks in part to the splurging during Chinese New Year celebrations. Unemployment rate hovered around 5.00% to 5.30%, averaging 5.20% for 2023. The People's Bank of China continued its efforts to support the economy, trimming rates to ease pressure on the system; the one-year loan prime rate ("LPR") was reduced by 10 basis points ("bps") in June and August 2023 to 3.45%, while the five-year LPR was reduced by 10 bps in June 2023 and 25 bps in February 2024 to 3.95%.

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ARECA DIVIDEND INCOME FUND

<b>Malaysia</b>	<b>Current</b>	<b>Previous</b>	<b>Remarks</b>
<b>GDP (QoQ)</b>	-2.1% 4Q23	2.6% 3Q23	A slowdown in growth for private consumption, imports fell but exports dropped at a much faster pace, while growth accelerated for government spending and fixed investments.
<b>Inflation Rate (Annual)</b>	1.8% Mar 24	1.8% Oct 23	Further rises in prices of food, alcoholic beverages & tobacco, housing, and others.
<b>Unemployment Rate</b>	3.3% Feb 24	3.4% Oct 23	

Our domestic economy saw a significant dip in GDP in the 4Q23. Inflation held steady, averaging at 2.50% for the year, while unemployment rates stayed relatively stable around 3.30% to 3.40%, averaging at 3.40% for the year. The Overnight Policy Rate ("OPR") held firm at 3.00%, following a slight uptick in May 2023 by Bank Negara Malaysia ("BNM").

### **MALAYSIAN EQUITY MARKET REVIEW**

During the period under review, the FTSE Bursa Malaysia KLCI Index ("FBMKLCI"), which is the barometer of the Malaysian equity market gained 7.90% to close at 1,536 points. Similarly, the broader market FTSE Bursa Malaysia EMAS Index ("FBMEMAS") rose by 9.30% to 11,572 points while the FTSE Bursa Malaysia Small Cap Index ("FBMSCAP") gained 6.80% to 17,297 points in the same period.

Foreign investors were net sellers for two out of six months of the period, bringing their net sell to -MYR1.25b. On the contrary, domestic institutions were net buyers at +MYR2.91b while domestic retail investors were net sellers at -MYR1.65b for the period.

Geopolitical risks came to light following the ongoing conflict between Israeli military forces and Hamas-led Palestinian militant groups in early October. Nevertheless, buying interest was generally strong ahead of Budget 2024, as the government unveiled a tighter budget for 2024, focusing on subsidy rationalization to strengthen its fiscal position. Overall, equities climbed towards year-end as markets digested more economic data on cooling inflation, supporting the view that the Fed will loosen monetary policy sooner than expected. Indices were also partially boosted by window dressing towards the end of the period.

The FBMKLCI continued its rally in early 2024 as markets shifted their focus toward the memorandum of understanding for the Johor-Singapore Special Economic Zone. The rally was mainly propelled by significant net buying activity from foreign investors, where noteworthy contributions to this surge were selective heavyweights in utilities along with some bank names. The utilities sector's robust performance is attributable to the government's energy transition plans, especially as Malaysia has positioned itself as a regional hub for data centers.

Sector-wise, utilities and construction were the outperformers while technology and consumer were laggards of the market. The top three gainers within the constituents were YTL Power (+89.00%), YTL (+73.00%), and TM (+23.00%). On the other hand, the worst-performing stocks were Maxis (-17.00%), Petronas Chemicals (-7.00%), and Nestle Malaysia (-7.00%).

### **MALAYSIAN EQUITY MARKET OUTLOOK AND STRATEGY**

At some point in 2024, we expect advanced economies to start cutting interest rates on the back of slowing economic growth and moderating inflation. Excess savings by consumers during the Covid-19 pandemic have been depleting, while supply disruption conditions have broadly improved, barring the disruption caused by war and geopolitical tension. Even though the market's expectation on the timing of when the U.S. Fed would begin easing monetary policy has been shifting, the Fed is still guiding that rate cut could begin in the second half of 2024. Once such pivot in monetary policy takes place, it will likely reduce the tailwinds for the United States Dollar ("USD") strength. Any moderation in the USD strength would benefit Emerging Markets, including Malaysia.

**SEMI-ANNUAL REPORT MARCH 2024**  
**ARECA DIVIDEND INCOME FUND**

Malaysia's economy is expected to grow by 4.00%-5.00% in 2024, according to BNM. Growth is expected to be driven by the expansion in domestic demand. Consensus expects corporate earnings growth to accelerate in 2024. Investors would be monitoring the government's subsidy rationalization plans especially on petrol pump prices as this would have implications for consumption.

Overall, we expect better performance for the local bourse due to easing monetary policies, undemanding valuation and accelerating corporate earnings growth in 2024. The current strategy of the Fund is to invest mainly in conventionally high dividend yield stocks in sectors such as financials, property, REITs and tourism (benefitting from economic reopening), while remaining invested in some future dividend growers which are either cash rich or generate strong free cash flows for medium to long term prospect.

**CROSS TRADE**

No cross trade transactions have been carried out during the financial period under review.

**SECURITIES FINANCING TRANSACTIONS**

The Fund had not undertaken any securities financing transactions during the financial period under review.

**STATE OF AFFAIRS**

There has been neither significant change to the state of affairs of the Fund nor any circumstances that materially affect any interests of the unitholders during the financial period under review.

**SEMI-ANNUAL REPORT MARCH 2024**  
ARECA DIVIDEND INCOME FUND

**TRUSTEE'S REPORT**

**To the Unitholders of Areca Dividend Income Fund ("Fund")**

We have acted as Trustee of the Fund for the financial period ended 31 March 2024 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, Areca Capital Sdn Bhd has operated and managed the Fund during the period covered by these unaudited financial statements in accordance with the following:

1. Limitations imposed on the investment powers of the management company under the deeds, securities laws and the Guidelines on Unit Trust Funds;
2. Valuation and pricing is carried out in accordance with the deeds; and
3. Any creation and cancellation of units are carried out in accordance with the deeds and any regulatory requirement.

**For Maybank Trustees Berhad**  
**[Company No: 196301000109 (5004-P)]**

NORHAZLIANA BINTI MOHAMMED HASHIM  
HEAD, UNIT TRUST & CORPORATE OPERATIONS

Kuala Lumpur  
21 May 2024

**STATEMENT BY MANAGER**

**To the Unitholders of Areca Dividend Income Fund**

We, **WONG TECK MENG** and **EDWARD ISKANDAR TOH BIN ABDULLAH**, two of the Directors of the Manager, Areca Capital Sdn Bhd, do hereby state that in the opinion of the Manager, the accompanying unaudited financial statements are drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of the Fund as at 31 March 2024 and the financial performance and the cash flows of the Fund for the financial period ended on that date.

**For and on behalf of the Manager**  
**Areca Capital Sdn Bhd**

WONG TECK MENG  
CEO/EXECUTIVE DIRECTOR

EDWARD ISKANDAR TOH BIN ABDULLAH  
CIO/EXECUTIVE DIRECTOR

Kuala Lumpur  
21 May 2024

**SEMI-ANNUAL REPORT MARCH 2024**  
ARECA DIVIDEND INCOME FUND

**UNAUDITED STATEMENT OF FINANCIAL POSITION**

*As At 31 March 2024*

	<b>Note</b>	<b>31.03.2024</b>	<b>31.03.2023</b>
		<b>RM</b>	<b>RM</b>
<b>Assets</b>			
Investments	5	99,264,246	98,377,993
Cash and cash equivalents	6	1,062,743	16,727,545
Amount due from stockbrokers		5,074,412	320,044
Dividend receivables		548,794	330,760
Prepayment of shares		<u>3,300,000</u>	<u>-</u>
<b>Total Assets</b>		<b><u>109,250,195</u></b>	<b><u>115,756,342</u></b>
 <b>Unitholders' Fund And Liabilities</b>			
<b>Liabilities</b>			
Amount due to Manager - cancellation		139,728	10,000
Other payables and accrued expenses	7	<u>192,310</u>	<u>186,237</u>
<b>Total Liabilities</b>		<b><u>332,038</u></b>	<b><u>196,237</u></b>
 <b>Unitholders' Fund</b>			
Unitholders' capital		114,478,487	131,390,566
Accumulated losses		<u>(5,560,330)</u>	<u>(15,830,461)</u>
<b>Net Asset Value Attributable To Unitholders</b>		<b><u>108,918,157</u></b>	<b><u>115,560,105</u></b>
 <b>Total Unitholders' Fund And Liabilities</b>			
		<b><u>109,250,195</u></b>	<b><u>115,756,342</u></b>
 <b>Number Of Units In Circulation</b>			
	8	<u>80,713,243</u>	<u>94,141,331</u>
<b>Net Asset Value Per Unit (RM)</b>		<b><u>1.3494</u></b>	<b><u>1.2275</u></b>

*The accompanying Notes form an integral part of the Financial Statements.*

**SEMI-ANNUAL REPORT MARCH 2024**  
ARECA DIVIDEND INCOME FUND

**UNAUDITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*For The Financial Period Ended 31 March 2024*

	<b>Note</b>	<b>01.10.2023 to 31.03.2024 RM</b>	<b>01.10.2022 to 31.03.2023 RM</b>
<b>Investments Income/(Loss)</b>			
Interest income		113,124	215,683
Dividend income		1,506,633	1,662,302
Net gain/(loss) on investments at fair value through profit or loss ("FVTPL")	5	<u>8,231,407</u>	<u>(2,785,455)</u>
Total Investments Income/(Loss)		<u>9,851,164</u>	<u>(907,470)</u>
<b>Expenditure</b>			
Management fee	9	975,040	736,377
Trustee's fee	10	27,146	29,197
Audit fee		5,000	5,610
Tax agent's fee		1,825	1,646
Transaction cost		285,745	520,826
Other expenses		<u>30,916</u>	<u>1,983</u>
Total Expenditure		<u>1,325,672</u>	<u>1,295,639</u>
<b>Net Income/(Loss) Before Tax</b>		8,525,492	(2,203,109)
<b>Income Tax Expense</b>	11	<u>-</u>	<u>-</u>
<b>Net Income/(Loss) After Tax And Total Comprehensive Income/(Loss) For The Financial Period</b>		<u>8,525,492</u>	<u>(2,203,109)</u>
<b>Net Income/(Loss) After Tax Is Made Up Of:</b>			
Realised gain/(loss)		1,118,465	(14,446,172)
Unrealised gain		<u>7,407,027</u>	<u>12,243,063</u>
		<u>8,525,492</u>	<u>(2,203,109)</u>

*The accompanying Notes form an integral part of the Financial Statements.*

**SEMI-ANNUAL REPORT MARCH 2024**  
ARECA DIVIDEND INCOME FUND

**UNAUDITED STATEMENT OF CHANGES IN NET ASSET VALUE**

*For The Financial Period Ended 31 March 2024*

	<b>Unitholders' capital RM</b>	<b>Accumulated losses RM</b>	<b>Total net asset value RM</b>
<b>Balance as at 1 October 2022</b>	127,936,537	(13,627,352)	114,309,185
Amounts received from units created	7,748,223	-	7,748,223
Amounts paid for units cancelled	(4,294,194)	-	(4,294,194)
Total comprehensive loss for the financial period	-	(2,203,109)	(2,203,109)
<b>Balance as at 31 March 2023</b>	<u>131,390,566</u>	<u>(15,830,461)</u>	<u>115,560,105</u>
<b>Balance as at 1 October 2023</b>	121,868,488	(14,085,822)	107,782,666
Amounts received from units created	3,129,241	-	3,129,241
Amounts paid for units cancelled	(10,519,242)	-	(10,519,242)
Total comprehensive income for the financial period	-	8,525,492	8,525,492
<b>Balance as at 31 March 2024</b>	<u>114,478,487</u>	<u>(5,560,330)</u>	<u>108,918,157</u>

*The accompanying Notes form an integral part of the Financial Statements.*



**SEMI-ANNUAL REPORT MARCH 2024**  
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**UNAUDITED STATEMENT OF CASH FLOWS**

*For The Financial Period Ended 31 March 2023*

	Note	<b>01.10.2023 to 31.03.2024 RM</b>	<b>01.10.2023 to 31.03.2023 RM</b>
<b>Cash Flows From Operating Activities</b>			
Proceeds from disposal of investments		58,897,439	127,812,769
Purchase of investments		(59,796,496)	(118,168,995)
Dividend income received		1,125,790	1,917,142
Interest received		113,124	215,683
Management fee paid		(955,288)	(728,102)
Trustee's fee paid		(26,980)	(29,159)
Transaction costs paid		(277,825)	(547,511)
Payment for other fees and expenses		(1,867)	(16,064)
Net Cash (Used In)/Generated From Operating Activities		<u>(922,103)</u>	<u>10,455,763</u>
<b>Cash Flows From Financing Activities</b>			
Cash proceeds from units created		3,129,241	7,751,223
Payment for cancellation of units		(10,379,514)	(4,359,214)
Net Cash (Used In)/Generated From Financing Activities		<u>(7,250,273)</u>	<u>3,392,009</u>
<b>Net (Decrease)/Increase In Cash And Cash Equivalents</b>		<u>(8,172,376)</u>	<u>13,847,772</u>
<b>Cash And Cash Equivalents At Beginning Of Period</b>		<u>9,235,119</u>	<u>2,879,773</u>
<b>Cash And Cash Equivalents At End Of Period</b>		<u><u>1,062,743</u></u>	<u><u>16,727,545</u></u>
<b>Cash And Cash Equivalents Comprise:</b>			
Cash at bank	6	4,967	9,657
Short-term deposits	6	1,057,776	16,717,888
		<u>1,062,743</u>	<u>16,727,545</u>

*The accompanying Notes form an integral part of the Financial Statements.*

## **NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**

### **1 GENERAL INFORMATION**

Areca Dividend Income Fund ("the Fund") was established pursuant to the Trust Deed dated 20 January 2017 ("the Deed") as modified by the First Supplemental Deed dated 29 August 2022 between Areca Capital Sdn Bhd as the Manager, Maybank Trustees Berhad as the Trustee and all the registered unitholders of the Fund.

The principal activity of the Fund is to invest in investments as defined under Schedule 7 of the Deed, which include ordinary shares and other equity-related securities such as convertible securities, preference shares, and warrants listed on the Bursa Malaysia or other public exchanges in Malaysia; securities in foreign stock exchanges which have been approved by the relevant authorities from time to time; unlisted securities including securities not listed or quoted on stocks exchange but have been approved by the relevant regulatory authority for such listing or quotation and are offered directly to the Fund by the issuer; placement of deposits with financial institution; units and shares in other collective investment scheme; derivatives such as future contract for hedging purposed only; and any form of investments arising from exercising of an entitlement accruing on the other permitted investment. The Fund commenced operations on 15 February 2017 and will continue its operations until terminated by the Trustee in accordance with Part 11 of the Deed.

The objective of the Fund is to provide investors with regular income while providing long term capital appreciation.

The Manager of the Fund is Areca Capital Sdn Bhd, a company incorporated in Malaysia. Its principal activities are that of management of unit trust funds and private mandates; and regulated activity of financial planning.

### **2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements of the Fund have been prepared in accordance with Malaysian Financial Reporting Standard ("MFRSs") as issued by the Malaysian Accounting Standard Board ("MASB"), International Financial Reporting Standards ("IFRSs") and the relevant Securities Commission Malaysia guidelines.

#### **Adoption of Amendments to MFRSs**

The Fund has applied the following relevant Amendments for the first time for the financial period beginning on 1 October 2023:

Amendments to MFRS 101 *Disclosure of Accounting Policies*  
Amendments to MFRS 108 *Definition of Accounting Estimates*  
Amendments to MFRS 112 *International Tax Reform - Pillar Two Model Rules*

The adoption of the above did not give rise to any material effects on the financial statements of the Fund.

#### **Amendments in Issue But Not Yet Effective**

At the date of authorisation for issue of these financial statements, the relevant new and revised Amendments which were in issue by the MASB but not yet effective and not early adopted by the Fund are listed below:

Amendments to MFRS 101 *Classification of Liabilities as Current or Non-current*

**Effective for annual periods beginning on or after**

1 January 2024

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The Manager of the Fund anticipates that the abovementioned Amendments to MFRSs will be adopted in the annual financial statements of the Fund when they become effective and that the adoption of this Amendments will have no material impact on the financial statements of the Fund in the period of initial application.

### **3 MATERIAL ACCOUNTING POLICIES**

#### **Basis of Accounting**

The financial statements of the Fund have been prepared under the historical cost convention. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Fund takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of MFRS 2, leasing transactions that are within the scope of MFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in MFRS 102 or value in use in MFRS 136.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies adopted are set out below.

#### **Income Recognition**

Interest income from short-term deposits is recognised on an accrual basis based on the effective yield of the asset.

Dividend income is recognised based on the date when the right to receive the dividend has been established.

Realised gain and loss on disposal of investments is arrived based on net sales proceeds less carrying value. Any unrealised gain and loss previously charged to profit and loss in relation to the disposal of this investment will be reversed and classified as realised gain or loss during the financial period.

Unrealised gains and losses are calculated based on changes in the fair value of financial instruments at the end of the reporting period.

#### **Transaction Costs**

Transaction costs are costs incurred to acquire or dispose financial assets or liabilities at fair value through profit or loss. They include fees and commissions paid to agents, advisers, brokers and dealers. Transaction costs, when incurred, are immediately recognised in the profit or loss.

### **Income Tax**

Income tax comprises Malaysian corporate tax for the current financial period, which is measured using the tax rates that have been enacted or substantively enacted at the end of each reporting period.

No deferred tax is recognised as no temporary differences have been identified.

### **Functional and Presentation Currency**

The financial statements are measured using the currency of the primary economic environment in which the Fund operates ("functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is also its functional currency.

### **Unitholders' Capital**

The unitholders' contributions to the Fund meet the definition of puttable instruments classified as equity instruments.

The units in the Fund are puttable instruments which entitle the unitholders to a pro-rata share of the net asset value of the Fund. The units are subordinated and have identical features. There is no contractual obligation to deliver cash or another financial asset other than the obligation on the Fund to repurchase the units. The total expected cash flows from the units in the Fund over the life of the units are based on the change in the net asset value of the Fund.

### **Creation and Cancellation of Units**

The Fund issues cancellable units, which are cancelled at the unitholders' option and are classified as equity. Cancellable units can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's net asset value. The outstanding units are carried at the redemption amount that is payable at the net asset value if the holder exercises the right to put the units back to the Fund.

Units are created and cancelled at the unitholders' option at prices based on the Fund's net asset value per unit at the time of creation or cancellation. The Fund's net asset value per unit is calculated by dividing the net assets attributable to unitholders with the total number of outstanding units.

### **Financial Instruments**

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Fund changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

## **Financial Assets**

### (i) Classification

The Fund classified its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and
- those to be measured at amortised cost

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, the Fund can make an irrevocable election at the time of initial recognition to account for the equity investment either at fair value through other comprehensive income ("FVTOCI") or fair value through profit or loss ("FVTPL").

### (ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Fund commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all the risks and rewards of ownership.

### (iii) Measurement

At initial recognition, the Fund measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest ("SPPI").

## **Impairment of Financial Assets**

The Fund assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired.

The Fund applies the simplified approach under MFRS 9 which requires expected lifetime loss to be recognised from initial recognition. The expected loss allowance is based on provisional matrix.

## **Derecognition of Financial Assets**

The Fund derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Fund neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Fund recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Fund retains substantially all the risks and rewards of ownership of a transferred financial asset, the Fund continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

## **Equity Instruments**

The Fund subsequently measures all equity investments at fair value. Where the Fund's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Fund's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in other income/(losses) in profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

## **Financial Liabilities**

Financial liabilities are classified as measured at amortised cost or FVTPL.

A financial liability is any liability with contractual obligation to deliver cash or another financial asset to another enterprise, or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable.

### **Financial liabilities measured subsequently at amortised cost**

Financial liabilities that are not held for trading, or designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant years. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially difference terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

## **Investments**

Investment in quoted securities are classified as FVTPL and valued at the last market price quoted on Bursa Malaysia at the end of the reporting period.

Investment in unlisted collective investment scheme are valued at FVTPL based on the Net Asset Value of such collective investment schemes at the end of the reporting period.

Gains or losses arising from the changes in the fair value of the investment are recognised in the profit or loss and are classified as unrealised gain or loss.

### **Classification of Realised and Unrealised Gains and Losses**

Gains or losses arising from the disposal of financial instruments are recognised as realised gains or losses in the profit and loss.

Gains or losses arising from the changes in the valuation of financial instruments at the end of the reporting period are recognised as unrealised gains or losses in the profit or loss.

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### Provisions

The Fund recognises a liability as a provision if the outflows required to settle the liability are uncertain in timing or amount.

A provision for onerous contracts is recognised when the Fund has a present legal or constructive obligation as a result of a past event, and of which the outflows of resources on settlement are probable and a reliable estimate of the amount can be made. No provision is recognised if these conditions are not met.

### Statement of Cash Flows

The Fund adopts the direct method in the preparation of the statement of cash flows.

Cash and cash equivalents, which comprise cash and balances with banks and other financial institutions and deposit placements, are short-term, highly liquid investments with maturities of three months or less from the date of acquisition or are readily convertible to cash with insignificant risk of changes in value.

## 4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

### (i) Critical judgements in applying accounting policies

In the process of applying the Fund's accounting policies, which are described in Note 3 above, the Manager is of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements.

### (ii) Key sources of estimation uncertainty

The Manager believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

## 5 INVESTMENTS

	<b>2024</b>	<b>2023</b>
	<b>RM</b>	<b>RM</b>
<b>Financial assets at FVTPL:</b>		
Quoted securities	92,298,352	89,167,615
Collective investment schemes	6,965,894	9,210,378
	<u>99,264,246</u>	<u>98,377,993</u>
<b>Net gain/(loss) on investments at FVTPL comprise:</b>		
Realised gain/(loss) on disposals	824,380	(15,028,518)
Unrealised gain on changes in fair value	7,407,027	12,243,063
	<u>8,231,407</u>	<u>(2,785,455)</u>

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Financial assets at fair value through profit or loss as at 31 March 2024 are as follows:

	No. of Shares Units	Aggregate Cost RM	Fair Value RM	Fair Value as a % of Net Asset Value %
<b>QUOTED SECURITIES</b>				
<b>Main Market</b>				
<b>Construction</b>				
Gamuda Bhd	1,175,711	5,281,424	6,195,997	5.69
IJM Corporation Bhd	1,700,000	3,172,250	4,131,000	3.79
Muhibbah Engineering (M) Bhd	1,700,000	1,117,472	1,538,500	1.41
		<u>9,571,146</u>	<u>11,865,497</u>	<u>10.89</u>
<b>Consumer Products &amp; Services</b>				
Genting Bhd	1,600,000	7,143,495	7,520,000	6.90
Genting Malaysia Bhd	1,080,000	2,765,422	2,937,600	2.70
		<u>9,908,917</u>	<u>10,457,600</u>	<u>9.60</u>
<b>Energy</b>				
Dialog Group Bhd	1,504,000	3,285,169	3,444,160	3.16
Hibiscus Petroleum Bhd	1,400,000	3,219,880	3,626,000	3.33
Yinson Holdings Bhd	1,400,000	3,230,390	3,304,000	3.03
		<u>9,735,439</u>	<u>10,374,160</u>	<u>9.52</u>
<b>Financial Services</b>				
AMMB Holdings Bhd	2,000,500	5,832,892	8,382,095	7.69
Bursa Malaysia Bhd	760,000	5,643,684	5,662,000	5.20
Tune Protect Group Bhd	1,800,000	757,983	576,000	0.53
		<u>12,234,559</u>	<u>14,620,095</u>	<u>13.42</u>
<b>Health Care</b>				
Hartalega Holdings Bhd	2,280,000	5,679,476	6,270,000	5.76
Kossan Rubber Industries Bhd	1,810,000	3,174,495	3,529,500	3.24
Supermax Corporation Bhd	1,550,000	1,482,846	1,271,000	1.17
		<u>10,336,817</u>	<u>11,070,500</u>	<u>10.17</u>
<b>Industrial Products &amp; Services</b>				
Dufu Technology Corp. Bhd	900,000	1,654,425	1,638,000	1.50
		<u>1,654,425</u>	<u>1,638,000</u>	<u>1.50</u>
<b>Property</b>				
Malaysian Resources Corporation Bhd	6,000,000	3,465,000	4,050,000	3.72
S P Setia Bhd	4,110,000	4,772,760	6,041,700	5.55
		<u>8,237,760</u>	<u>10,091,700</u>	<u>9.27</u>
<b>Real Estate Investment Trusts</b>				
Pavilion Real Estate Investment Trust	5,000,000	6,100,000	6,400,000	5.88
		<u>6,100,000</u>	<u>6,400,000</u>	<u>5.88</u>
<b>Technology</b>				
Frontken Corporation Bhd	1,100,000	3,607,450	4,268,000	3.92
Genetec Technology Bhd	2,000,000	4,901,214	4,100,000	3.76
		<u>8,508,664</u>	<u>8,368,000</u>	<u>7.68</u>



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	No. of Shares Units	Aggregate Cost RM	Fair Value RM	Fair Value as a % of Net Asset Value %
<b>QUOTED SECURITIES</b>				
<b>Main Market</b>				
<b>Transportation &amp; Logistics</b>				
Malaysia Airports Holdings Bhd	630,000	4,635,649	6,274,800	5.76
		<u>4,635,649</u>	<u>6,274,800</u>	<u>5.76</u>
<b>Utilities</b>				
Tenaga Nasional Bhd	100,000	1,094,600	1,138,000	1.05
		<u>1,094,600</u>	<u>1,138,000</u>	<u>1.05</u>
Total quoted securities		<u>82,017,976</u>	<u>92,298,352</u>	<u>84.74</u>
<b>Unrealised gain on quoted securities</b>			<u>10,280,376</u>	

	Quantity Units	Aggregate Cost RM	Fair Value RM	Fair Value as a % of Net Asset Value %
<b>COLLECTIVE INVESTMENT SCHEMES</b>				
Areca Global Emerging Momentum Fund 2 – MYR Class	1,855,982	1,907,016	1,965,300	1.80
Areca Progressive Income Fund	2,970,885	3,000,000	3,000,594	2.76
Areca Progressive Income Fund 4.0	1,999,800	2,000,000	2,000,000	1.84
Total collective investment schemes		<u>6,907,016</u>	<u>6,965,894</u>	<u>6.40</u>
<b>Unrealised gain on collective investment schemes</b>			<u>58,878</u>	

Financial assets at fair value through profit or loss as at 31 March 2023 are as follows:

	No. of Shares Units	Aggregate Cost RM	Fair Value RM	Fair Value as a % of Net Asset Value %
<b>QUOTED SECURITIES</b>				
<b>ACE Market</b>				
<b>Technology</b>				
Genetech Technology Bhd	2,000,000	4,901,214	5,400,000	4.67
Greatech Technology Bhd	920,000	4,718,404	4,554,000	3.94
TT Vision Holdings Bhd	1,800,000	2,333,620	2,178,000	1.89
		<u>11,953,238</u>	<u>12,132,000</u>	<u>10.50</u>
<b>Main Market</b>				
<b>Consumer Products &amp; Services</b>				
Berjaya Food Bhd	5,650,000	5,141,500	5,198,000	4.50
Bermaz Auto Bhd	3,400,000	6,602,952	7,854,000	6.80
Genting Bhd	1,000,000	4,669,125	4,660,000	4.03
Genting Malaysia Bhd	450,000	1,221,239	1,192,500	1.03
Heineken Malaysia Bhd	50,000	1,116,045	1,325,000	1.15
Sime Darby Bhd	2,500,000	5,683,000	5,375,000	4.65
		<u>24,433,861</u>	<u>25,604,500</u>	<u>22.16</u>

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	No. of Shares Units	Aggregate Cost RM	Fair Value RM	Fair Value as a % of Net Asset Value %
<b>QUOTED SECURITIES</b>				
<b>Main Market</b>				
<b>Energy</b>				
Yinson Holdings Bhd	1,400,000	3,230,390	3,598,000	3.12
Yinson Holdings Bhd – Warrants 2022/2025	171,428	-	106,285	0.09
		<u>3,230,390</u>	<u>3,704,285</u>	<u>3.21</u>
<b>Financial Services</b>				
AMMB Holdings Bhd	2,452,000	7,149,338	9,195,000	7.95
Tune Protect Group Bhd	5,930,000	2,504,226	2,401,650	2.08
		<u>9,653,564</u>	<u>11,596,650</u>	<u>10.03</u>
<b>Health Care</b>				
Hartalega Holdings Bhd	4,200,000	8,448,993	7,980,000	6.91
Kossan Rubber Industries Bhd	5,500,000	6,943,796	7,205,000	6.23
Supermax Corporation Bhd	8,800,000	7,364,104	8,140,000	7.04
		<u>22,756,893</u>	<u>23,325,000</u>	<u>20.18</u>
<b>Industrial Products &amp; Services</b>				
Dufu Technology Corp. Bhd	1,700,000	3,577,627	3,570,000	3.09
Foundpac Group Bhd	3,090,000	2,275,742	1,297,800	1.12
		<u>5,853,369</u>	<u>4,867,800</u>	<u>4.21</u>
<b>Technology</b>				
Elsoft Research Bhd	3,842,000	3,756,055	2,266,780	1.96
Frontken Corporation Bhd	1,100,000	3,607,450	3,432,000	2.97
Inari Amertron Bhd	910,000	2,424,831	2,238,600	1.94
		<u>9,788,336</u>	<u>7,937,380</u>	<u>6.87</u>
Total quoted securities		<u>87,669,651</u>	<u>89,167,615</u>	<u>77.16</u>
<b>Unrealised gain on quoted securities</b>			<u>1,497,964</u>	
	<b>Quantity Units</b>	<b>Aggregate Cost RM</b>	<b>Fair Value RM</b>	<b>Fair Value as a % of Net Asset Value %</b>
<b>COLLECTIVE INVESTMENT SCHEMES</b>				
Areca Focus Leverage Fund	6,037,700	6,200,000	6,210,378	5.37
Areca Progressive Income Fund	2,970,885	3,000,000	3,000,000	2.60
Total collective investment schemes		<u>9,200,000</u>	<u>9,210,378</u>	<u>7.97</u>
<b>Unrealised gain on collective investment schemes</b>			<u>10,378</u>	

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**6 CASH AND CASH EQUIVALENTS**

	<b>2024</b>	<b>2023</b>
	<b>RM</b>	<b>RM</b>
Cash at bank	4,967	9,657
Short-term deposits	1,057,776	16,717,888
	1,062,743	16,727,545

Short-term deposits represent deposits placed with a local licensed financial institution.

The effective average interest rate for short-term deposits is 3.00% (2023: 2.80%) per annum and the average maturity period is 1 day (2023: 6 days).

**7 OTHER PAYABLES AND ACCRUED EXPENSES**

	<b>2024</b>	<b>2023</b>
	<b>RM</b>	<b>RM</b>
Accrued expenses:		
Management fee	167,254	174,432
Trustee's fee	4,581	4,980
Audit fee	15,000	5,610
Tax agent's fee	5,475	1,215
	192,310	186,237

**8 NUMBER OF UNITS IN CIRCULATION**

	<b>2024</b>	<b>2023</b>
	<b>Units</b>	<b>Units</b>
At the beginning of the period	86,320,913	91,391,059
Created during the period	2,511,652	6,212,581
Cancellation during the period	(8,119,322)	(3,462,309)
At end of the period	80,713,243	94,141,331

**9 MANAGEMENT FEE**

The Schedule 8 of the Deed provides that the Manager is entitled to an annual management fee at a rate not exceeding 2.50% per annum computed daily on the net asset value of the Fund before the deduction of the exceeding management fee and Trustee's fee for the relevant day. The management fee provided in the financial statements is 1.80% (2023: 1.26%) per annum for the financial period, net of management fee rebate on the collective investment schemes.

**10 TRUSTEE'S FEE**

The Schedule 9 of the Deed provides that the Trustee is entitled to an annual Trustee's fee at rate not exceeding 0.50% per annum computed daily on the net asset value of the Fund before the deduction of the management fee and Trustee's fee for the relevant day. The Trustee's fee provided in the financial statements is 0.05% (2023: 0.05%) per annum for the financial period.

**11 INCOME TAX EXPENSE**

There is no income tax expense for the period as interest income derived by the Fund is exempted income from tax pursuant to Paragraph 35 and 35A, Schedule 6 of the Income Tax Act 1967. Gains arising from realisation of investments are not treated as income pursuant to Paragraph 61(1)(b) of the Income Tax Act 1967.

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**12 TOTAL EXPENSE RATIO AND PORTFOLIO TURNOVER RATIO**

**Total Expense Ratio (TER)**

Total expense ratio for the Fund is 0.96% (2023: 0.66%) for the financial period ended 31 March 2024. The total expense ratio which includes management fee, trustee's fee, audit fee, tax agent's fee and other expenses, is calculated as follows:

$$\text{TER} = \frac{(A + B + C + D + E)}{F} \times 100$$

A	=	Management fee
B	=	Trustee's fee
C	=	Audit fee
D	=	Tax agent's fee
E	=	Other expenses
F	=	Average net asset value of the Fund

The average net asset value of the Fund for the financial period is RM108,279,405 (2023: RM117,106.33).

**Portfolio Turnover Ratio (PTR)**

The portfolio turnover ratio for the Fund is 0.56 times (2023: 1.00 times) for the financial period ended 31 March 2024. The portfolio turnover ratio is derived from the following calculation:

$$\frac{(\text{Total acquisition for the financial period} + \text{total disposal for the financial period}) \div 2}{\text{Average net asset value of the Fund for the financial period calculated on a daily basis}}$$

Where:	total acquisition for the financial period	=	RM58,788,646	(2023: RM113,168,672)
	total disposal for the financial period	=	RM63,420,710	(2023: RM120,166,008)

**13 UNITS HELD BY THE MANAGER AND RELATED PARTIES**

As at end of the financial period, the total number and value of units held by the Manager and related parties are as follows:

	←-----2024-----→		←-----2023-----→	
	No. of units	RM	No. of units	RM
The Manager	92,896	125,354	-	-
Wong Teck Meng, an Executive Director of the Manager	112,650	152,010	112,650	138,278
	<u>205,546</u>	<u>277,364</u>	<u>112,650</u>	<u>138,278</u>

The directors of the Manager are of the opinion that the transactions with the related parties have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties.

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**14 TRADE WITH BROKERS/DEALERS**

Details of transactions with brokers/dealers are as follows:

<b>Brokers/Dealers</b>	<b>Value of Trades RM</b>	<b>% of Total Trades %</b>	<b>Fees RM</b>	<b>% of Total Brokerage Fee %</b>
<b>2024</b>				
JP Morgan Securities (Malaysia) Sdn Bhd	27,664,119	27.56	82,264	28.79
RHB Investment Bank Bhd	17,683,470	17.61	52,243	18.28
CGS International Securities Malaysia Sdn Bhd	16,476,208	16.41	43,531	15.23
Public Investment Bank Bhd	12,736,885	12.69	38,473	13.46
Kenanga Investment Bank Bhd	9,016,844	8.98	18,537	6.49
Maybank Investment Bank Bhd	8,060,585	8.03	26,304	9.21
CLSA Securities Malaysia Sdn Bhd	5,292,124	5.27	15,172	5.31
UOB Kay Hian Securities (M) Sdn Bhd	1,727,990	1.72	5,703	2.00
CIMB Securites Sdn Bhd	1,094,600	1.09	3,518	1.23
KAF Investment Bank Bhd	642,000	0.64	-	-
	<b>100,394,825</b>	<b>100.00</b>	<b>285,745</b>	<b>100.00</b>
<b>2023</b>				
Maybank Investment Bank Bhd	59,409,635	28.29	147,251	28.27
RHB Investment Bank Bhd	48,956,918	23.31	132,792	25.50
CGS CIMB Investment Bank Bhd	44,218,213	21.05	94,001	18.04
UOB Kay Hian Securities (M) Sdn Bhd	20,248,665	9.64	55,396	10.64
CLSA Securities Malaysia Sdn Bhd	16,097,795	7.67	47,730	9.16
Kenanga Investment Bank Bhd	13,180,107	6.28	31,490	6.05
Affin Hwang Investment Bank Bhd	5,998,200	2.86	6,799	1.31
Public Investment Bank Bhd	1,898,864	0.90	5,367	1.03
	<b>210,008,397</b>	<b>100.00</b>	<b>520,826</b>	<b>100.00</b>

**15 RISK MANAGEMENT POLICIES**

**FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Fund seeks to provide regular income while providing long term capital appreciation by investing principally in equities and equity related securities. In order to meet its stated investment objectives, the Fund utilises risk management for both defensive and proactive purposes. Rigorous analysis of sources of risk in the portfolio is carried out and the following policies are implemented to provide effective ways to reduce future risk and enhance future returns within the Fund's mandate.

The key risks faced by the Fund are credit risk, liquidity risk, market risk (including price risk and interest rate risk) primarily on its investments and capital risk.

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**Categories of Financial Instruments**

	<b>2024</b>	<b>2023</b>
	<b>RM</b>	<b>RM</b>
<b>Financial assets</b>		
<b>Carried at FVTPL:</b>		
Investments	99,264,246	98,377,993
<b>Financial assets</b>		
<b>Amortised costs:</b>		
Cash and cash equivalents	1,062,743	16,727,545
Amount due from stockbrokers	5,074,412	320,044
Dividend receivables	548,794	330,760
Prepayment of shares	3,300,000	-
<b>Financial liabilities</b>		
<b>Amortised cost:</b>		
Amount due to Manager - cancellation	139,728	10,000
Other payables and accrued expenses	192,310	186,237

**Credit risk management**

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Fund by failing to discharge an obligation. The Fund is exposed to the risk of credit-related losses that can occur as a result of a counterparty or issuer being unable or unwilling to honour its contractual obligations to make timely repayments of interest, principal and proceeds from realisation of investments.

The Manager manages the Fund's credit risk by undertaking credit evaluation and close monitoring of any changes to the issuer/counterparty's credit profile to minimise such risk. It is the Fund's policy to enter into financial instruments with reputable counterparties.

The Fund's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position. None of the Fund's financial assets were past due or impaired as at 31 March 2024.

The credit risk for cash at bank is considered negligible since the counterparties are reputable banks with high quality external ratings.

The following table set out the Fund's portfolio of investments by industry:

	<b>Short-term deposits</b>	<b>Quoted securities</b>	<b>Collective investment schemes</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>2024</b>			
<b>Industry</b>			
Construction	-	11,865,497	-
Consumer Products & Services	-	10,457,600	-
Energy	-	10,374,160	-
Financial Services	1,057,776	14,620,095	6,965,894
Health Care	-	11,070,500	-
Industrial Products & Services	-	1,638,000	-
Property	-	10,091,700	-
Real Estate Investment Trusts	-	6,400,000	-
Technology	-	8,368,000	-
Transportation & Logistics	-	6,274,800	-
Utilities	-	1,138,000	-
	1,057,776	92,298,352	6,965,894

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	<b>Short-term deposits RM</b>	<b>Quoted securities RM</b>	<b>Collective investment schemes RM</b>
<b>2023</b>			
<b>Industry</b>			
Consumer Products & Services	-	25,604,500	-
Energy	-	3,704,285	-
Financial Services	16,717,888	11,596,650	9,210,378
Health Care	-	23,325,000	-
Industrial Products & Services	-	4,867,800	-
Technology	-	20,069,380	-
	<u>16,717,888</u>	<u>89,167,615</u>	<u>9,210,378</u>

### Liquidity risk management

Liquidity risk is defined as the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Exposure to liquidity risk arises because of the possibility that the Fund could be required to pay its liabilities or redeem its units earlier than expected. The Fund maintains sufficient level of liquid assets, after consultation with the Trustee, to meet anticipated payments and cancellations of unit by unitholders. The liquid assets comprise cash at bank and short-term deposits which are capable of being converted into cash within 7 days.

All financial liabilities of the Fund are expected to due within one year from the date of the statement of financial position and do not carry interest rate risk

### Market risk management

This is a class of risk that inherently exists in an economy and cannot be avoided by any business or Fund. It is usually due to changes in market variables such as interest rates and markets prices.

During the financial period, as the Fund invests only in Malaysian listed securities, the performance of the Fund might go up or down in accordance with the prevailing market risk in Malaysia.

### Interest rate risk management

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate. The Fund's short-term deposits and cash at bank earn interest at floating rates but is not exposed to any significant interest rate risk as the floating rates, represented by overnight cash rates, do not significantly fluctuate period-on-period.

### Price risk management

Price risk is the risk of unfavourable changes in the value of preference shares as the result of changes in the levels of the equity indices. The price risk exposure arises from the Fund's investment in preference shares. The Manager manages the risk of unfavourable changes in prices by continuous monitoring of the performance and risk profile of the investment portfolio.

### Price risk sensitivity

The Manager's best estimate of the effect on the income for the period due to a reasonably possible change in price, with all other variables held constant is indicated in the table below:

	<b>Changes in price %</b>	<b>Effect on profit or loss Increase/(Decrease) RM</b>
<b>2024</b>		
Investments	+5/-5%	<u>4,963,212/(4,963,212)</u>

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	<b>Changes in price</b> %	<b>Effect on profit or loss</b> <b>Increase/(Decrease)</b> <b>RM</b>
<b>2023</b>		
Investments	+5/-5%	4,918,900/(4,918,900)

**Capital risk management**

The capital of the Fund is represented by equity consisting of unitholders' capital and accumulated loss. The amount of equity can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unitholders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unitholders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

**16 FAIR VALUE OF FINANCIAL INSTRUMENTS**

For quoted securities in general, fair values have been estimated by reference to last done market price quoted on Bursa Malaysia at end of the reporting period.

The fair value of the collective investment scheme is determined based on the last published repurchase price unit of such collective investment schemes as at the end of the reporting period.

For deposits and placements with financial institutions with maturities of less than twelve months, the carrying value is a reasonable estimate of fair value.

The carrying amounts of other financial assets and financial liabilities approximate their fair values due to short maturity of these instruments.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
<b>2024</b>				
<b>Financial assets at FVTPL</b>				
Quoted securities	92,298,352	-	-	92,298,352
Collective investment schemes	-	6,965,894	-	6,965,894
<b>2023</b>				
<b>Financial assets at FVTPL</b>				
Quoted securities	89,167,615	-	-	89,167,615
Collective investment schemes	-	9,210,378	-	9,210,378

There were no transfer between Level 1 and 2 during the financial period.











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