

# Semi-Annual Report Dec 2023

For the Period Ended 31 December 2023

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*Areca enhanced*INCOME Fund

Management Company



200601021087(740840-D)



# SEMI-ANNUAL REPORT DECEMBER 2023

## ✧ ARECA enhancedINCOME 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

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

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### HEAD OFFICE

107, Blok B, Pusat Dagangan Phileo Damansara 1, No. 9, Jalan 16/11, Off Jalan Damansara  
46350 Petaling Jaya, Selangor  
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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 DECEMBER 2023**ARECA enhanced **INCOME FUND****FUND INFORMATION**

<b>Name of the Fund</b>	Areca enhancedINCOME Fund
<b>Fund Category/ Type</b>	Fixed Income/Income and Growth
<b>Objective of the Fund</b>	To provide long-term investors with high level of income stream (income could be in the form of Units or cash) and an opportunity for capital appreciation.
<b>Performance Benchmark</b>	Maybank's 12-month fixed deposit rate
<b>Distribution Policy of the Fund</b>	Incidental.
<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>	30 July 2007
<b>Initial Offer Price</b>	RM0.5000 per unit during the initial offer period of 10 days ended 8 August 2007.
<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 June

**SEMI-ANNUAL REPORT DECEMBER 2023**  
ARECA enhanced **INCOME FUND**

**FUND PERFORMANCE**

	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b>NET ASSET VALUE ("NAV")</b>			
Net Asset Value (RM million)	15.15	15.44	18.87
Units in circulation (million units)	25.20	26.41	29.92
NAV per unit (RM)	0.6013	0.5849	0.6307

<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)	0.6023	0.5975	0.6380
Lowest NAV per unit (RM)	0.5859	0.5672	0.6063

<b>ASSET ALLOCATION % of NAV</b>			
<b>Quoted securities</b>			
Construction	1.28	-	-
Consumer products & services	8.15	2.46	4.96
Energy	2.14	-	-
Financial services	4.63	12.17	1.83
Health care	2.85	5.19	-
Industrial products & services	1.99	5.21	6.84
Real Estate Investment Trusts	6.55	-	-
Technology	-	3.24	12.86
<b>Unquoted fixed income securities</b>			
Unquoted bonds	44.80	46.33	43.97
Islamic commercial paper	-	6.43	-
<b>Collective investment scheme</b>	6.90	6.50	13.38
<b>Unquoted equity</b>			
Preference shares	9.90	9.63	7.78
<b>Cash and cash equivalents including placements and repo</b>	10.81	2.84	8.38

<b>DISTRIBUTION</b>			
There was no distribution for the financial period under review.			

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

<b>EXPENSE/TURNOVER</b>			
Total expense ratio (TER) (%)	0.81	0.76	0.70
<i>Please refer to <b>Note 2</b> for further information</i>			
Portfolio turnover ratio (PTR) (times)	0.18	0.34	0.25
<i>Please refer to <b>Note 3</b> for further information</i>			

	<b>30.06.2023 to 31.12.2023</b>	<b>30.06.2022 to 31.12.2022</b>	<b>30.06.2021 to 31.12.2021</b>
<b>TOTAL RETURN</b>			
<i>Please refer to <b>Note 4</b> for further information</i>			
Total Return (%)	2.52	1.39	4.11
- Capital growth (%)	2.52	1.39	4.11
- Income distribution (%)	-	-	-

**SEMI-ANNUAL REPORT DECEMBER 2023**  
ARECA enhanced **INCOME FUND**

**FUND PERFORMANCE**

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Annual Total Return (%)	5.07*	2.77*	8.32*	47.78*	3.82*
Performance Benchmark: Maybank's 12-month fixed deposit rate (%)	3.12*	2.58*	1.86*	1.87*	3.12*
<i>*Annualised for comparison purpose only</i>					

	<b>1-yr</b>	<b>3-yrs</b>	<b>5-yrs</b>
Average Total Return per annum (%)	2.80	(0.53)	5.70

**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 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 review period, the Fund posted a return of 2.52% or 5.07% annualised as compared to the benchmark, Maybank's 12-month fixed deposit rate of 1.56% or 3.12% annualised. The Fund met its objective to provide long-term investors with income stream and an opportunity for capital appreciation.

The Fund holds 27.59% in Malaysian equities while the rest in fixed income instruments. During the review period, domestic bond market continued to benefit from stable policy stance and positive funds flow with foreign investors turning net buyers. Market also turned more favourable towards the last month of the year as the global rate hike cycle drew to an end.

Looking ahead, we will continue to rely on selection of stocks to provide 'alpha' to our portfolio amidst the expectation of a recovering economic environment. We will also seek for bargain-hunting opportunity with oversold securities, allowing positioning for decent yield pick-up for the portfolio.

### Investment Policy and Strategy

The Fund will invest a minimum of 60% of its NAV in Fixed Income Securities and Money Market Instruments (other than those classified as Liquid Assets) including Collective Investment Scheme (CIS) that invest in Fixed Income Securities with a minimum of 2% of its NAV in Liquid Assets. The Fund may also invest up to 30% of its NAV (at time of purchase) in listed equities and equity-related securities including initial public offerings, warrants and CIS that invest primarily in equities at any time to enhance income and returns to the Fund. However, the Fund may continue to hold its investment in equities even if the Fund's holding exceeds 30% of its NAV due to appreciation or depreciation of the NAV of the Fund, whether as a result of an appreciation or depreciation in value of the investment, or as a result of repurchase of Units or payments made by the Fund.

**NAV per unit** as at 31 December 2023

RM0.6013

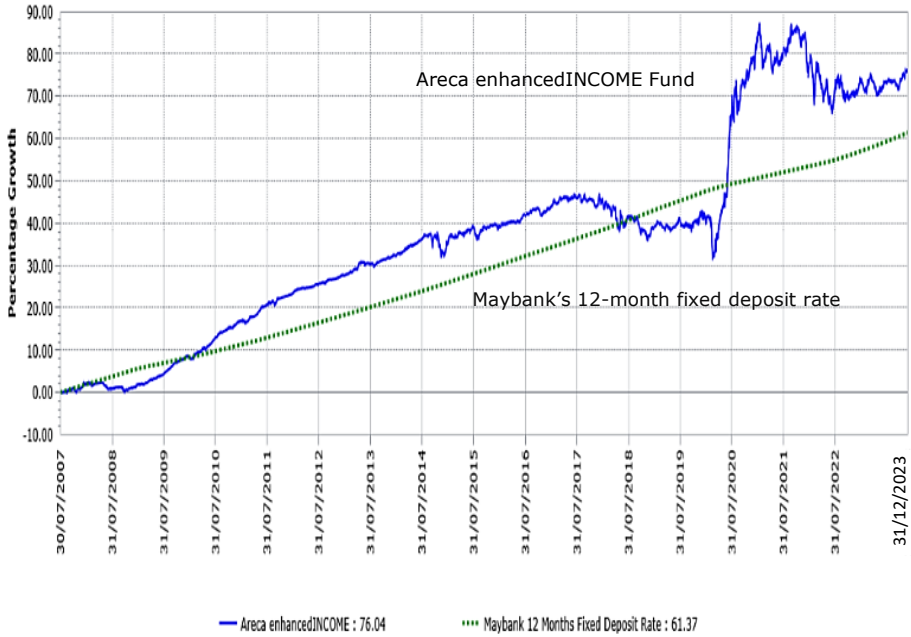
<b>Asset Allocation/Portfolio Composition</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Quoted securities	27.59%	28.27%	26.49%
Unquoted fixed income securities	44.80%	52.76%	43.97%
Collective investment scheme	6.90%	6.50%	13.38%
Preference shares	9.90%	9.63%	7.78%
Cash and cash equivalents	10.81%	2.84%	8.38%



FUND REVIEW

Performance of Areca enhancedINCOME Fund  
for the financial period since inception to 31 December 2023

Total Return of Areca enhancedINCOME Fund vs Benchmark



Source Lipper

## SEMI-ANNUAL REPORT DECEMBER 2023

ARECA enhanced **INCOME** FUND

### GLOBAL FIXED INCOME MARKET REVIEW AND OUTLOOK

Despite a volatile market, the positive sentiment has somewhat overtaken the nervous uncertainty about the United States ("US") Federal Reserve's hiking cycle with inflation prints in the US and elsewhere globally contracting from the 2022's peak amidst signs of slowdown in global activities. During the review period, the US Federal Reserve raised the interest rate by 25 basis points to a range of 5.25% - 5.50% in July 2023; the central bank has continued to keep rate steady since the last hike. The US Treasury yield curves were steepened with mixed moves. 2-year and 5-year Treasury yields edged 65 basis points and 31 basis points lower to end at 4.25% and 3.84% respectively, whereas 10-year and 30-year shifted higher 3 basis points and 16 basis points to 3.87% and 4.02%. The inversion of yield curve over the 10y versus 2y has narrowed from 106 basis points to 38 basis points.

Benchmark	30-Jun-23	31-Dec-23	Changes (bps)
UST 2y	4.90%	4.25%	-65
UST 5y	4.15%	3.84%	-31
UST 10y	3.84%	3.87%	+3
UST 30y	3.86%	4.02%	+16

The US' inflation was printed at 3.40% Year-on-Year ("Y-o-Y") in December 2023 down from 6.50% for the same period previous year, as softer fuel and energy costs eased off price pressures. The core inflation, excluding food and energy, registered at 3.90%, which was the lowest since May 2021. Moving forward, the policymakers anticipated a lower interest rate range of 4.50% - 4.75% for 2024 amidst growing economic risks.

During the review period, the European Central Bank ("ECB") maintained its interest rate at 4.50% since the September meeting of 2023. Eurozone's headline inflation was higher at 2.90% from 2.40% Y-o-Y in November 2023 whereas core inflation declined to 3.40% from 3.60% in November 2023. Despite the resurging price pressure, Eurozone inflation continues to be tilted to the downside with risks from geopolitical tensions remaining to be limited. ECB's rate cuts remain in view as early as 2024 amidst the Eurozone's inflation progress. Meanwhile, the Bank of England ("BOE") continued to keep its key interest rates unchanged at 5.25% during the period. Britain's headline inflation rose in December 2023 to 4.00% from 3.90% in prior month whilst core inflation was at 5.10% unchanged from November.

### MALAYSIA FIXED INCOME MARKET REVIEW AND OUTLOOK

Following a surprised hike of 25 basis points in May meeting, Bank Negara Malaysia ("BNM") maintained its Overnight Policy Rate at 3.00% during the quarter on the back of moderating inflation trend and resilient growth. Although the central bank toned down its recent assessment of future financial imbalance risk, it continued to hold a cautious view on global economy.

The Malaysian Government Securities ("MGS") yields ended lower 7-24 basis points all across the curves as 3-year, 5-year, 7-year, 10-year, and 30-year MGS benchmark yields ended at 3.53%, 3.64%, 3.73%, 3.73%, and 4.25% respectively.

Benchmark	30-Jun-23	31-Dec-23	Changes (bps)
MGS 3y	3.49%	3.53%	+4
MGS 5y	3.61%	3.64%	+3
MGS 7y	3.76%	3.73%	-3
MGS 10y	3.88%	3.73%	-15
MGS 20y	4.10%	4.11%	+1
MGS 30y	4.14%	4.25%	+11

## SEMI-ANNUAL REPORT DECEMBER 2023

### ARECA enhanced **INCOME** FUND

For the third quarter of 2023, Malaysian Gross Domestic Product ("GDP") growth accelerated to +3.30% Year-on-Year ("Y-o-Y"), bounced off from a growth of 2.90% previous quarter. Despite the heftier fall in net exports, domestic demand remained supportive of the growth pillar, aided by further improvements in labour market and continued increase in household spending amidst recovery in tourism activities.

The latest headline Consumer Price Index ("CPI") showed inflation stabilised at +1.50% Y-o-Y in December which was unchanged from prior as slower pick-up in food inflation was offset by increases in non-food prices; this also marked its lowest level since Feb-2021. Nonetheless, core inflation continued lower to +1.90% Y-o-Y from previously +2.00%. Overall, inflation outlook is expected to stay contained in the near term as impacts from the recent increase in SST and roll-out of targeted subsidy mechanisms are expected to remain manageable and limited.

Despite the recent volatility, local market condition is expected to remain conducive with peak rate narrative gaining further tractions. In terms of funds flow, foreign investors turned overall net buyers of domestic debts despite the few consecutive months of selling since previous quarter. The cumulative foreign flows crept up to positive RM24.1 billion for the year of 2023, supportive of domestic securities.

### **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 closed 2.70% lower at 1,455 points. On the contrary, the broader market FTSE Bursa Malaysia EMAS Index ("FBMEMAS") gained 1.10% to 10,824 points while the FTSE Bursa Malaysia Small Cap Index ("FBMSCAP") surged by 9.60% to 16,353 points in the same period.

Foreign investors were net sellers for seven out of twelve months of the period, bringing their net sell for CY2023 to -MY2.34b (CY2022: +MYR4.3b). In contrast, domestic institutions were net buyers for the period at +MYR4.97 (CY2022: -MYR6.5b) while domestic retail investors were net sellers for the majority, having their net sells at -MYR0.62b (CY2022: +MYR2.2b).

Overall, Malaysia's mid and small-cap outperformed the large-cap as sentiment toward big-cap names was dragged by continued net foreign outflows. While indices were bullish in January 2023 on easing Fed expectations, February and March painted a different picture. Capital markets were volatile as the United States ("US") Federal Reserve's 13-month rate hike cycle had contributed to stress in the financial system, which led to the collapse of three small-to-mid-size regional banks along with a forced takeover of Credit Suisse. Subsequently, this resulted in a spillover effect onto local banks, market sentiment was at a low as investors have been focusing on the possible repercussions of the US and Europe banking sector problems.

Moving on, our main local index gained 6.00% in July, leading regional indices among the market rally. Economic and inflation data for the US came out to be encouraging as recession risks look to be fading. Markets were generally positive on the announcement of a new economic framework 'MADANI' economy which focuses on economic measures to boost the local economy.

Towards August and September, equities were generally trading sideways as investors switched their focus to second quarter of year 2023 ("2Q '23") corporate earnings prints. However, the overall global equity market turned bearish in September by the Fed's 'higher for longer' theme as well as rising crude oil prices. Domestic markets were also largely on the sidelines as investors shifted their focus ahead of the upcoming Budget 2024 announcement in mid-October.

Geopolitical risks came to light following the ongoing conflict between Israeli military forces and Hamas-led Palestinian militant groups in early October. Overall, the FBMKLCI and FBMEMAS outperformed the FBMSCAP on buying in some selected heavyweights. This was in tandem with the regional market performance, boosted by dovish Federal Reserve remarks. 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.

## SEMI-ANNUAL REPORT DECEMBER 2023

### ARECA enhanced **INCOME** FUND

Nevertheless, equities continued its rally towards year-end as markets digested more economic data on cooling inflation, supporting the view that the Fed will loosen monetary policy sooner than had been expected throughout much of 2023. Indices were also partially boosted by window dressing towards the end of the period.

Sector-wise, utilities, properties, and construction were the outperformers while consumer, industrials, and telecommunications were the laggards of the market. The top three gainers within the FBMKLCI constituents were YTL (+255.00%), YTL Power (+226.00%), and Tenaga (+4.00%). On the other hand, the worst-performing stocks were MRDIY (-29.00%), Axiata (-23.00%), and PPB (-17.00%).

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

Moving into 2024, we expect advanced economies to start cutting interest rates on the back of slowing economic growth. Excess savings by consumers during the Covid-19 pandemic have declined, while supply disruption conditions have broadly improved. Investors are anticipating that the US Fed could start easing monetary policy by mid-2024 and this could reduce the tailwinds for the United States Dollar ("USD") strength. Any moderation in the USD strength would benefit Emerging Markets, including Malaysia.

Malaysia's economy is expected to grow 4.00% in 2023, before expanding to 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 especial 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.

In terms of portfolio strategy, the fund would remain focused on stock selection to generate outperformance. In terms of fund exposure, we are currently focusing on recovery or reopening sectors such as energy and REIT.

### **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 DECEMBER 2023

ARECA enhancedINCOME FUND

### TRUSTEE'S REPORT

#### To the Unitholders of Areca enhancedINCOME Fund ("Fund")

We have acted as Trustee of the Fund for the financial period ended 31 December 2023 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 deed, securities laws and the Guidelines on Unit Trust Funds;
2. Valuation and pricing is carried out in accordance with the deed; and
3. Any creation and cancellation of units are carried out in accordance with the deed 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 February 2024

### STATEMENT BY MANAGER

#### To the Unitholders of Areca enhancedINCOME 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 December 2023 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 February 2024

**SEMI-ANNUAL REPORT DECEMBER 2023**

ARECA enhanced **INCOME FUND**

**UNAUDITED STATEMENT OF FINANCIAL POSITION**

*As At 31 December 2023*

	<b>Note</b>	<b>31.12.2023 RM</b>	<b>31.12.2022 RM</b>
<b>Assets</b>			
<b>Investments</b>			
Quoted securities	5	4,180,287	4,365,488
Unquoted fixed income securities	5	6,788,764	8,148,847
Collective investment scheme	5	1,046,400	1,004,200
Preference shares	5	1,500,000	1,487,418
Total Investments		<u>13,515,451</u>	<u>15,005,953</u>
<b>Other Assets</b>			
Cash at bank		7,810	3,746
Short-term deposits	6	1,565,984	963,333
Other receivables	7	93,753	104,516
Total Other Assets		<u>1,667,547</u>	<u>1,071,595</u>
<b>Total Assets</b>		<u>15,182,998</u>	<u>16,077,548</u>
<b>Unitholders' Fund and Liabilities</b>			
<b>Liabilities</b>			
Amount due to Manager	8	-	589,032
Other payables and accrued expenses	9	30,059	43,887
<b>Total Liabilities</b>		<u>30,059</u>	<u>632,919</u>
<b>Unitholders' Fund</b>			
Unitholders' capital	10	10,278,630	10,989,411
Retained earnings	10	4,874,309	4,455,218
<b>Net Asset Value Attributable To Unitholders</b>		<u>15,152,939</u>	<u>15,444,629</u>
<b>Total Unitholders' Fund And Liabilities</b>		<u>15,182,998</u>	<u>16,077,548</u>
<b>Number Of Units In Circulation</b>	10	<u>25,202,247</u>	<u>26,406,221</u>
<b>Net Asset Value Per Unit (RM)</b>	11	<u>0.6013</u>	<u>0.5849</u>

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

**SEMI-ANNUAL REPORT DECEMBER 2023**

ARECA enhanced **INCOME FUND**

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

*For The Financial Period Ended 31 December 2023*

	<b>Note</b>	<b>01.07.2023 to 31.12.2023 RM</b>	<b>01.07.2022 to 31.12.2022 RM</b>
<b>Investments Income</b>			
Interest income		201,179	202,768
Dividend income		34,416	73,500
Investment income from preference shares		-	75,000
Net gain on investments at fair value through profit or loss ("FVTPL")	5	<u>276,034</u>	<u>10,739</u>
Total Investments Income		<u>511,629</u>	<u>362,007</u>
<b>Expenditure</b>			
Management fee	12	106,595	107,921
Trustee's fee	13	6,241	6,476
Audit fee		6,250	6,250
Tax agent's fee		2,000	2,000
Transaction cost		3,741	19,391
Other expenses		<u>3,567</u>	<u>47</u>
Total Expenditure		<u>128,394</u>	<u>142,085</u>
<b>Net Income Before Tax</b>		383,235	219,922
<b>Income Tax Expense</b>	14	<u>-</u>	<u>-</u>
<b>Net Income After Tax And Total Comprehensive Income For The Financial Period</b>		<u>383,235</u>	<u>219,922</u>
<b>Net Income After Tax Is Made Up Of:</b>			
Realised loss		(9,741)	(619,629)
Unrealised gain		<u>392,976</u>	<u>839,551</u>
		<u>383,235</u>	<u>219,922</u>

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

**SEMI-ANNUAL REPORT DECEMBER 2023**ARECA enhanced **INCOME FUND****UNAUDITED STATEMENT OF CHANGES IN NET ASSET VALUE***For The Financial Period Ended 31 December 2023*

	<b>Unitholders' capital RM</b>	<b>Retained earnings RM</b>	<b>Total net asset value RM</b>
<b>Balance as at 1 July 2022</b>	11,701,919	4,235,296	15,937,215
Amounts received from units created	250,000	-	250,000
Amounts paid from units cancelled	(962,508)	-	(962,508)
Total comprehensive income for the financial period	-	219,922	219,922
<b>Balance as at 31 December 2022</b>	<u>10,989,411</u>	<u>4,455,218</u>	<u>15,444,629</u>
<b>Balance as at 1 July 2023</b>	11,557,561	4,491,074	16,048,635
Amounts received from units created	700,232	-	700,232
Amounts paid from units cancelled	(1,979,163)	-	(1,979,163)
Total comprehensive income for the financial period	-	383,235	383,235
<b>Balance as at 31 December 2023</b>	<u>10,278,630</u>	<u>4,874,309</u>	<u>15,152,939</u>

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



**SEMI-ANNUAL REPORT DECEMBER 2023**ARECA enhanced **INCOME FUND****UNAUDITED STATEMENT OF CASH FLOWS***For The Financial Period Ended 31 December 2023*

	<b>01.07.2023 to 31.12.2023</b>	<b>01.07.2022 to 31.12.2022</b>
	<b>RM</b>	<b>RM</b>
<b>Cash Flows From Operating Activities</b>		
Proceeds from disposal of investments	1,806,077	4,538,540
Proceeds from maturity of investments	1,500,000	1,000,000
Investment income from preference shares	-	75,000
Interest received	214,790	212,270
Dividend income received	42,984	57,989
Purchase of investments	(2,317,292)	(5,539,783)
Management fee paid	(107,775)	(107,270)
Trustee's fee paid	(6,307)	(6,448)
Transaction cost paid	(3,741)	(19,391)
Payment for other fees and expenses	(16,067)	(47)
Net Cash Generated From Operating Activities	<u>1,112,669</u>	<u>210,860</u>
<b>Cash Flows From Financing Activities</b>		
Cash proceeds from units created	700,232	250,000
Payment for cancellation of units	(1,979,163)	(373,477)
Net Cash Used In Financing Activities	<u>(1,278,931)</u>	<u>(123,477)</u>
<b>Net (Decrease)/Increase In Cash And Cash Equivalents</b>	(166,262)	87,383
<b>Cash And Cash Equivalents At Beginning Of Period</b>	<u>1,740,056</u>	<u>879,696</u>
<b>Cash And Cash Equivalents At The End Of Period</b>	<u>1,573,794</u>	<u>967,079</u>
<b>Cash And Cash Equivalents Comprise:</b>		
Cash at bank	7,810	3,746
Short-term deposit	1,565,984	963,333
	<u>1,573,794</u>	<u>967,079</u>

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

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS****1 GENERAL INFORMATION**

Areca enhancedINCOME Fund ("the Fund") was established pursuant to a Trust Deed dated 12 March 2007 as modified by the First Supplemental Deed dated 27 June 2007, Second Supplemental Deed dated 14 April 2008, Third Supplemental Deed dated 21 October 2008, Fourth Supplemental Master Deed dated 10 April 2009, Fifth Supplemental Master Deed dated 12 March 2013, Sixth Supplemental Master Deed dated 6 September 2013 and Seventh Supplemental Master Deed dated 29 August 2022 between Areca Capital Sdn Bhd as the Manager, the Trustee and all the registered unitholders of the Fund ("the Deed").

The principal activity of the Fund is to invest in investments as defined under the Schedule 7 of the Deed, which include unquoted fixed income securities issued by the Malaysian government or Bank Negara Malaysia or any other government related bodies. Such instruments include Malaysian government securities, treasury bills and Bank Negara bills; Issues guaranteed by the government of Malaysia or Bank Negara Malaysia or any state government in Malaysia; Deposits and Issues by banks or financial institutions such as banker's acceptances and negotiable certificates of deposit; Private debt securities including those convertibles into equity. These issues are usually approved by Bank Negara Malaysia and/or the Securities Commission, and/or are rated by the Rating Agency of Malaysia (RAM) or the Malaysian Rating Corporation Bhd (MARC). The credit rating of an issue may also be enhanced through bank guarantees or corporate guarantees; Units and share in other collective investment schemes; Derivatives such as future contracts for hedging purposes only; Securities of Malaysian companies listed on permitted Stock Exchange(s); Foreign currency exposure in sovereign bonds and corporate bonds; and; Any other form of investments as may be permitted by the relevant authorities from time to time. The Fund commenced operations on 30 July 2007 and will continue its operations until terminated by the Trustee in accordance with Part 12 of the Master Deed.

The investment objective of the Fund is to provide long term investors with high level of income stream (income could be in the form of Units or cash) and an opportunity for capital appreciation. Any material changes to the Fund's objective would require unitholder's approval.

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 THE FINANCIAL STATEMENTS**

The financial statements of the Fund have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") as issued by the Malaysian Accounting Standards 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 July 2023:

Amendments to MFRS 3 *Reference to Conceptual Framework*  
Amendments to MFRS 137 *Onerous Contracts - Costs of Fulfilling a Contract*  
Annual Improvements to MFRS Standards 2018 - 2020

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

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### 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:

	<b>Effective for annual periods beginning on or after</b>
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
Amendments to MFRS 101 <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108 <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112 <i>Income Taxes on Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to MFRS 112 <i>International Tax Reform – Pillar Two Model Rules</i>	1 January 2023
Amendments to MFRS 101 <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 107 and MFRS 7 <i>Financial Instruments: Disclosures</i>	1 January 2024

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

### 3 SIGNIFICANT 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.

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The principal accounting policies adopted are set out below.

### **Income Recognition**

Interest income from unquoted fixed income securities and short-term deposits are recognised on an accrual basis based on the effective yield on the asset.

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

Investment income from preference shares is recognised based on the ex-dividend date when the right to receive payment is 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 cost incurred to acquire or dispose financial assets or liabilities at fair value through profit or loss. They include fees and commissions paid to agents, advisors, 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 the Fund's 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 investments 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 expenses 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 measurement of expected credit losses ("ECL") is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. As for the exposure at default, for financial assets, this is represented by the financial assets' gross carrying amount at the end of each reporting period. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

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 investments. 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.

**(a) Financial liabilities at FVTPL**

Financial liabilities are classified as at FVTPL when financial liabilities are either held for trading or it is designated as at FVTPL. Financial liabilities at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss.

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For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, the Company recognises the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in the profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

(b) ***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 year. 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 year, 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 different 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 scheme at the end of the reporting period.

Unquoted fixed income securities are valued at FVTPL and are generally valued by reference to published prices of an approved bond pricing agency ("BPA").

Unquoted investments in preference shares are valued at FVTPL. Where no market data is available, the Fund will value the investment based on valuation methods and techniques generally recognised as standard within the industry.

Gains or losses arising from the changes in the fair value of the investments 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.

Gain 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.

Realised gains and losses represent gains and losses other than unrealised gains and losses.

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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 equivalents are highly liquid investments with maturities of three months or less from the date of acquisition and 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 year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

#### (a) Fair value estimation of preference shares

The preference shares is not quoted in an active market. Where no market data is available, the Fund will value the investment based on valuation methods and techniques generally recognised as standard within the industry, and are generally based on the net present value of contractual cash flows of the securities discounted using a discount rate which approximates the expected rate of return by the unitholders.

## 5 INVESTMENTS

Investments designated as FVTPL is as follows:

	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
<b>At aggregate cost</b>		
Quoted securities	4,142,555	4,547,252
Unquoted fixed income securities	6,711,725	8,343,297
Collective investment scheme	1,000,000	1,000,000
Preference shares	1,500,000	1,500,000
	<u>13,354,280</u>	<u>15,390,549</u>



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	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
<b>At fair value</b>		
Quoted securities	4,180,287	4,365,488
Unquoted fixed income securities	6,788,764	8,148,847
Collective investment scheme	1,046,400	1,004,200
Preference shares	1,500,000	1,487,418
	<u>13,515,451</u>	<u>15,005,953</u>

**Net gain on investments at FVTPL comprised:**

Realised loss on disposal	(116,942)	(828,812)
Net unrealised gain on changes in fair value	392,976	839,551
	<u>276,034</u>	<u>10,739</u>

Details of quoted securities are as follows:

<b>Shares quoted in Malaysia</b>	<b>No. of Shares Units</b>	<b>Aggregate Cost RM</b>	<b>Fair Value RM</b>	<b>Fair Value as a % of Net Asset Value %</b>
<b>2023</b>				
<b>ACE Market</b>				
<b>Industrial Products &amp; Services</b>				
L&P Global Bhd	700,000	339,337	301,000	1.99
		<u>339,337</u>	<u>301,000</u>	<u>1.99</u>
<b>Main Market</b>				
<b>Construction</b>				
Muhibbah Engineering (M) Bhd	250,000	164,138	193,750	1.28
		<u>164,138</u>	<u>193,750</u>	<u>1.28</u>
<b>Consumer Products &amp; Services</b>				
Berjaya Food Bhd	590,000	488,036	354,000	2.34
Berjaya Food Bhd - A Shares	5,900	-	3,540	0.02
Genting Bhd	190,000	857,892	877,800	5.79
		<u>1,345,928</u>	<u>1,235,340</u>	<u>8.15</u>
<b>Energy</b>				
Yinson Holdings Bhd	130,000	330,590	325,000	2.14
		<u>330,590</u>	<u>325,000</u>	<u>2.14</u>
<b>Financial Services</b>				
AMMB Holdings Bhd	136,000	484,465	545,360	3.60
Tune Protect Group Bhd	390,000	157,716	156,000	1.03
		<u>642,181</u>	<u>701,360</u>	<u>4.63</u>
<b>Health Care</b>				
Hartalega Holdings Bhd	160,000	320,347	432,000	2.85
		<u>320,347</u>	<u>432,000</u>	<u>2.85</u>
<b>Real Estate Investment Trusts</b>				
Pavilion Real Estate Investment Trust	819,700	1,000,034	991,837	6.55
		<u>1,000,034</u>	<u>991,837</u>	<u>6.55</u>
Total quoted securities		<u>4,142,555</u>	<u>4,180,287</u>	<u>27.59</u>
<b>Unrealised gain on quoted securities</b>			<u>37,732</u>	

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Details of unquoted fixed income securities are as follows:

<b>Issuer coupon (%) maturity rating</b>	<b>Nominal Value RM</b>	<b>Aggregate Cost RM</b>	<b>Fair Value RM</b>	<b>Fair Value as a % of Net Asset Value %</b>
<b>2023</b>				
<b>Unquoted Bonds</b>				
Amanat Lebuhraya Rakyat Bhd 5.09% 11/10/2030 AAA IS	1,000,000	1,000,000	1,062,890	7.01
Bank Pembangunan Malaysia Bhd 2.80% 10/10/2025 AAA IS	500,000	500,000	491,915	3.25
GENM Capital Bhd 5.07% 05/05/2028 AA1 (S)	1,000,000	1,000,000	1,012,160	6.68
Konsortium KAJV Sdn Bhd 5.90% 11/05/2029 AA- IS	1,000,000	1,002,400	1,026,480	6.77
Lebuhraya Duke Fasa 3 Sdn Bhd 6.23% 21/08/2037 AA- IS	500,000	511,800	540,345	3.57
Malaysia Rail Link Sdn Bhd 3.13% 05/07/2030 NR (LT)	1,000,000	1,000,000	957,360	6.32
Sabah Development Bank Bhd 4.40% 30/07/2024 AA1	1,500,000	1,497,525	1,500,240	9.90
TG Excellence Bhd 3.95% 27/02/2120 A+ IS (CG)	200,000	200,000	197,374	1.30
Total unquoted fixed income securities		<u>6,711,725</u>	<u>6,788,764</u>	<u>44.80</u>
<b>Unrealised gain on unquoted fixed income securities</b>			<u><u>77,039</u></u>	

Details of collective investment scheme are as follows:

<b>Collective Investment Scheme</b>	<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>2023</b>				
Areca Global Emerging Momentum Fund 2 – MYR Class	1,000,000	<u>1,000,000</u>	<u>1,046,400</u>	<u>6.90</u>
<b>Unrealised gain on collective investment scheme</b>			<u><u>46,400</u></u>	

Details of preference shares are as follows:

<b>Preference Shares</b>	<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>2023</b>				
Nova Mulia Development Sdn Bhd	1,500,000	<u>1,500,000</u>	<u>1,500,000</u>	<u>9.90</u>
Total investments		<u>13,354,280</u>	<u>13,515,451</u>	<u>89.19</u>
<b>Unrealised gain on investments</b>			<u><u>161,171</u></u>	

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Details of quoted securities are as follows:

Shares quoted in Malaysia	No. of Shares Units	Aggregate Cost RM	Fair Value RM	Fair Value as a % of Net Asset Value %
<b>2022</b>				
<b>ACE Market</b>				
<b>Technology</b>				
Greotech Technology Bhd	64,000	328,237	309,760	2.01
		<u>328,237</u>	<u>309,760</u>	<u>2.01</u>
<b>Main Market</b>				
<b>Consumer Products &amp; Services</b>				
Berjaya Food Bhd	365,000	332,150	379,600	2.46
		<u>332,150</u>	<u>379,600</u>	<u>2.46</u>
<b>Financial Services</b>				
AMMB Holdings Bhd	136,000	484,465	563,040	3.65
CIMB Group Holdings Bhd	110,000	641,443	638,000	4.13
Hong Leong Bank Bhd	33,000	673,845	678,480	4.39
		<u>1,799,753</u>	<u>1,879,520</u>	<u>12.17</u>
<b>Health Care</b>				
Supermax Corporation Bhd	846,000	670,595	736,020	4.76
Kossan Rubber Industries Bhd	60,000	79,668	66,000	0.43
		<u>750,263</u>	<u>802,020</u>	<u>5.19</u>
<b>Industrial Products &amp; Services</b>				
Solarvest Holdings Bhd	400,000	342,953	342,000	2.21
Foundpac Group Bhd	670,000	503,740	321,600	2.08
Dufu Technology Corporation Bhd	79,000	172,356	141,410	0.92
		<u>1,019,049</u>	<u>805,010</u>	<u>5.21</u>
<b>Technology</b>				
Elsoft Research Bhd	329,700	317,800	189,578	1.23
		<u>317,800</u>	<u>189,578</u>	<u>1.23</u>
Total quoted securities		4,547,252	4,365,488	28.27
<b>Unrealised loss on quoted securities</b>			<u>(181,764)</u>	

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Details of unquoted fixed income securities are as follows:

<b>Issuer coupon (%) maturity rating</b>	<b>Nominal Value RM</b>	<b>Aggregate Cost RM</b>	<b>Fair Value RM</b>	<b>Fair Value as a % of Net Asset Value %</b>
<b>2022</b>				
<b>Unquoted Bonds</b>				
Affin Islamic Perpetual Tier 2 5.05% 23/10/2023 A1	1,000,000	1,036,000	1,006,310	6.52
Affin Islamic Perpetual Tier 1 5.65% 18/10/2023 A3	500,000	520,750	504,180	3.26
Amanat Lebuhraya Rakyat Bhd 5.09% 11/10/2030 AAA	1,000,000	1,000,000	1,018,220	6.59
Bank Islam Malaysia Bhd 5.15% 07/11/2028 A1	1,500,000	1,562,850	1,515,030	9.81
Bank Pembangunan Malaysia Bhd 2.80% 10/10/2025 AAA IS	500,000	500,000	481,645	3.12
Lebuhraya Duke Fasa 3 Sdn Bhd 6.23% 21/08/2037 AA-IS	500,000	511,800	506,430	3.28
Malaysian Rail Link Sdn Bhd 3.13% 05/07/2030 NR	1,000,000	1,000,000	924,560	5.99
Sabah Development Bank Bhd 5.30% 27/04/2023 AA1	1,000,000	1,024,500	1,003,370	6.50
TG Excellence Bhd 3.95% 27/02/2120 AA-IS	200,000	200,000	195,814	1.26
		<u>7,355,900</u>	<u>7,155,559</u>	<u>46.33</u>
<b>Islamic Commercial Paper</b>				
Gabungan AQRS Bhd 17/02/2023 MARC-1	1,000,000	987,397	993,288	6.43
Total unquoted fixed income securities		<u>8,343,297</u>	<u>8,148,847</u>	<u>52.76</u>
<b>Unrealised loss on unquoted fixed income securities</b>			<u>(194,450)</u>	

Details of collective investment scheme are as follows:

<b>Collective Investment Scheme</b>	<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>2022</b>				
Areca Global Emerging Momentum Fund 2 – MYR Class	1,000,000	1,000,000	1,004,200	6.50
<b>Unrealised gain on collective investment scheme</b>			<u>4,200</u>	

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Details of preference shares are as follows:

<b>Preference Shares</b>	<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>2022</b>				
Nova Mulia Development Sdn Bhd	1,500,000	1,500,000	1,487,418	9.63
<b>Unrealised loss on preference shares</b>			<u>(12,582)</u>	
Total investments		<u>15,390,549</u>	<u>15,005,953</u>	97.16
<b>Unrealised loss on investments</b>			<u>(384,596)</u>	

**6 SHORT-TERM DEPOSITS**

Short-term deposits represent deposits placed with local licensed financial institutions.

The effective average interest rate for short-term deposits is 3.05% (2022: 2.76%) per annum and the average maturity period is 2 days (2022: 4 days).

**7 OTHER RECEIVABLES**

	<b>2023 RM</b>	<b>2022 RM</b>
Interest receivable from unquoted fixed income securities	85,200	78,992
Interest receivable from short-term deposits	393	144
Dividend receivables	8,160	25,380
	<u>93,753</u>	<u>104,516</u>

**8 AMOUNT DUE TO MANAGER**

	<b>2023 RM</b>	<b>2022 RM</b>
Amount due to Manager	-	589,032

Amount due to Manager is the amounts payable to the Manager in respect of cancellation of units. Amount payable for units cancelled is paid within 7 business days of the transaction dates.

**9 OTHER PAYABLES AND ACCRUED EXPENSES**

	<b>2023 RM</b>	<b>2022 RM</b>
Management fee	16,822	18,047
Trustee's fee	987	1,090
Audit fee	6,250	18,750
Tax agent's fee	6,000	6,000
	<u>30,059</u>	<u>43,887</u>

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**10 NET ASSET VALUE ATTRIBUTABLE TO UNITHOLDERS**

	<b>Note</b>	<b>2023 RM</b>	<b>2022 RM</b>
Unitholders' capital	(a)	10,278,630	10,989,411
Retained earnings			
- Realised gain	(b)	4,713,138	4,839,814
- Unrealised gain/(loss)	(c)	161,171	(384,596)
		4,874,309	4,455,218
		<u>15,152,939</u>	<u>15,444,629</u>

(a) **Unitholders' capital/units in circulation**

	←----- 2023 -----→		←----- 2022 -----→	
	<b>No. of units</b>	<b>RM</b>	<b>No. of units</b>	<b>RM</b>
At beginning of the period	27,364,895	11,557,561	27,625,181	11,701,919
Created during the period	1,165,506	700,232	429,184	250,000
Cancelled during the period	(3,328,154)	(1,979,163)	(1,648,144)	(962,508)
At end of the period	<u>25,202,247</u>	<u>10,278,630</u>	<u>26,406,221</u>	<u>10,989,411</u>

(b) **Realised gain - distributable**

	<b>2023 RM</b>	<b>2022 RM</b>
At beginning of the period	4,722,879	5,459,443
Net realised loss for the period	(9,741)	(619,629)
At end of the period	<u>4,713,138</u>	<u>4,839,814</u>

(c) **Unrealised gain/(loss) – non-distributable**

	<b>2023 RM</b>	<b>2022 RM</b>
At beginning of the period	(231,805)	(1,224,147)
Net unrealised gain for the period	392,976	839,551
At end of the period	<u>161,171</u>	<u>(384,596)</u>

**11 NET ASSET VALUE PER UNIT**

The net asset value per unit is calculated by dividing the net asset value attributable to unitholders as at 31 December 2023 of RM15,152,939 (2022: RM15,444,629) by units in issue as at 31 December 2023 of 25,202,247 units (2022: 26,406,221 units).

**12 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 management fee and Trustee's fee for the relevant day. The management fee provided for in the financial statements amounted to 1.40% (2022: 1.40%) per annum for the period, net of the management fee rebate on the collective investment scheme.

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### 13 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 for in the financial statements amounted to 0.08% (2022: 0.08%) per annum for the period.

### 14 INCOME TAX EXPENSE

There is no income tax expenses 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. Gain arising from realisation of investments are not treated as income pursuant to Paragraph to Paragraph 61(1)(b) of the Income Tax Act 1967.

### 15 TOTAL EXPENSE RATIO AND PORTFOLIO TURNOVER RATIO

#### Total Expense Ratio (TER)

Total expense ratio for the Fund is 0.81% (2022: 0.76%) for the financial period ended 31 December 2023. The total expense ratio which includes management fee, Trustee's fee, audit fee, tax agent's fee and other expenses, is calculated as follows:

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

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

The average net asset value of the Fund for the period is RM15,474,657 (2022: RM16,057,459).

#### Portfolio Turnover Ratio (PTR)

The portfolio turnover ratio for the Fund is 0.18 times (2022: 0.34 times) for the period ended 31 December 2023. 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 period	=	RM2,317,292	(2022: RM5,539,784)
	total disposal for the period	=	RM3,306,077	(2022: RM5,538,540)

### 16 UNITS HELD BY THE MANAGER

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

	←-----2023-----→		←-----2022-----→	
	No. of units	RM	No. of units	RM
The Manager	1,165,113	700,582	-	-

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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### 17 TRADE WITH BROKERS/DEALERS

Details of transactions with brokers/dealers are as follows:

Brokers/Dealers	Value of Trades RM	% of Total Trades %	Fees RM	% of Total Brokerage Fee %
<b>2023</b>				
CIMB Investment Bank Bhd	1,681,011	40.77	625	16.71
RHB Investment Bank Bhd	1,659,327	40.24	527	14.09
Maybank Investment Bank Bhd	461,962	11.20	1,528	40.84
CLSA Securities Malaysia Sdn Bhd	161,020	3.91	532	14.22
JP Morgan Securities (M) Sdn Bhd	160,049	3.88	529	14.14
	<u>4,123,369</u>	<u>100.00</u>	<u>3,741</u>	<u>100.00</u>
<b>2022</b>				
Hong Leong Investment Bank Bhd	2,000,000	24.86	-	-
RHB Investment Bank Bhd	1,228,044	15.26	4,669	24.08
Kenanga Investment Bank Bhd	1,144,190	14.22	518	2.67
CLSA Securities Malaysia Sdn Bhd	1,134,179	14.10	4,524	23.33
CIMB Investment Bank Bhd	1,080,032	13.42	4,109	21.19
UOB Kay Hian Securities (M) Sdn Bhd	708,502	8.81	2,696	13.91
Maybank Investment Bank Bhd	670,780	8.34	2,572	13.26
Public Investment Bank Bhd	79,668	0.99	303	1.56
	<u>8,045,395</u>	<u>100.00</u>	<u>19,391</u>	<u>100.00</u>

### 18 RISK MANAGEMENT POLICIES

#### Financial Risk Management Objectives and Policies

The Fund seeks to preserve capital as well as to provide investors with medium to long-term capital growth by investing in securities that have potential for capital growth. 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.

#### Categories of Financial Instruments

	2023 RM	2022 RM
<b>Financial assets</b>		
<b>Carried at FVTPL:</b>		
Quoted securities	4,180,287	4,365,488
Unquoted fixed income securities	6,788,764	8,148,847
Collective investment scheme	1,046,400	1,004,200
Preference shares	1,500,000	1,487,418
	<u>13,915,451</u>	<u>15,005,753</u>
<b>Amortised costs:</b>		
Cash at bank	7,810	3,746
Short-term deposit	1,565,984	963,333
Other receivables	93,753	104,516
	<u>1,667,547</u>	<u>1,071,595</u>



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	<b>2023 RM</b>	<b>2022 RM</b>
<b>Financial liabilities</b>		
<b>Amortised costs:</b>		
Amount due to Manager	-	589,032
Other payables and accrued expenses	30,059	43,887
	<hr/>	<hr/>

**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 December 2023.

The Fund invests only in unquoted fixed income securities of at least investment grade as rated by a credit rating agency. The Fund also invests in government backed/related securities which are not rated by credit rating agency. The following table set out the Fund's portfolio of unquoted investments by rating categories:

<b>Credit rating</b>	<b>Fair Value RM</b>	<b>As a % of unquoted fixed income securities</b>	<b>As a % of NAV</b>
<b>2023</b>			
<b>Unquoted bonds</b>			
AAA IS	1,554,805	22.90	10.26
AA1	1,500,240	22.10	9.90
AA1 (S)	1,012,160	14.91	6.68
AA-IS	1,566,825	23.08	10.34
A+ IS (CG)	197,374	2.91	1.30
NR	957,360	14.10	6.32
	<hr/>	<hr/>	<hr/>
	6,788,764	100.00	44.80
<b>2022</b>			
<b>Unquoted bonds</b>			
AAA	1,018,220	14.23	6.59
AAA IS	481,645	6.73	3.12
AA1	1,003,370	14.02	6.50
AA-IS	702,244	9.81	4.55
A1	2,521,340	35.24	16.32
A3	504,180	7.05	3.26
NR	924,560	12.92	5.99
	<hr/>	<hr/>	<hr/>
	7,155,559	100.00	46.33

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

	<b>Short-term deposits RM</b>	<b>Quoted securities RM</b>	<b>Unquoted fixed income securities RM</b>	<b>Collective investment scheme RM</b>	<b>Preference shares RM</b>
<b>2023</b>					
<b>Industry</b>					
Civil/Engineering	-	-	1,026,480	-	-
Construction and property development	-	193,750	2,560,595	-	1,500,000
Consumer products and services	-	1,235,340	-	-	-
Energy	-	325,000	-	-	-
Finance, insurance and business services	1,565,984	701,360	3,201,689	1,046,400	-
Health care	-	432,000	-	-	-
Industrial products and services	-	301,000	-	-	-
Real Estate	-	-	-	-	-
Investment Trusts	-	991,837	-	-	-
	<u>1,565,984</u>	<u>4,180,287</u>	<u>6,788,764</u>	<u>1,046,400</u>	<u>1,500,000</u>

**2022**

**Industry**

Construction and property development	-	-	3,442,498	-	1,487,418
Consumer products and services	-	379,600	-	-	-
Finance, insurance and business services	963,333	1,879,520	4,706,349	1,004,200	-
Health care	-	802,020	-	-	-
Industrial products and services	-	805,010	-	-	-
Technology	-	499,338	-	-	-
	<u>963,333</u>	<u>4,365,488</u>	<u>8,148,847</u>	<u>1,004,200</u>	<u>1,487,418</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.

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The table below summarises the maturity profile of the Fund's liabilities at the reporting date based on contractual undiscounted repayment obligations:

	<b>Up to 1 month RM</b>	<b>1 - 3 months RM</b>	<b>3 months to 1 year RM</b>	<b>Total RM</b>
<b>2023</b>				
<b>Financial Liabilities</b>				
<b>Non-interest bearing:</b>				
Other payables and accrued expenses	17,809	12,250	-	30,059
<b>2022</b>				
<b>Financial Liabilities</b>				
<b>Non-interest bearing:</b>				
Amount due to Manager	589,032	-	-	589,032
Other payables and accrued expenses	19,137	24,750	-	43,887

**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 the economic outlook and affects broad market confidence. This risk cannot be removed from an investment portfolio, which is solely invested within that particular market, by diversification.

Therefore, as the Fund presently invests in quoted securities, unquoted fixed income securities, collective investment scheme and preference shares, the performance of the Fund might go up or down in accordance with the prevailing market risk of 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 is not exposed to interest rate risk through the impact of market interest rate changes as the interest rates on fixed income securities are fixed on the inception. 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.

The Fund is exposed to risk of fluctuation in fair value of financial assets as a result of change in the market interest rate. The valuation for financial assets at FVTPL move inversely to the market interest rate movements. As the market interest rate rise, the fair value of financial assets at FVTPL decrease and vice versa.

**Price risk management**

Price risk is the risk of unfavourable changes in the fair value of quoted securities, unquoted fixed income securities, collective investment scheme and preference shares as the result of changes in the levels of the equity indices and the value of individual securities. The price risk exposure arises from the Fund's investments.

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### 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:

	Changes in price %	Effect on profit or loss Increase/(Decrease) RM
<b>2023</b>		
Investments	+5/-5%	<u>675,773/(675,773)</u>
<b>2022</b>		
Investments	+5/-5%	<u>750,298/(750,298)</u>

### Capital risk management

The capital of the Fund is represented by equity of unitholders' capital and reserves. 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.

## 19 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions.

For quoted securities in general, fair values have been estimated by reference to the market price quoted on Bursa Malaysia as at reporting date.

Unquoted fixed income securities are valued using fair value prices quoted by a bond pricing agency ("BPA"). When no market prices are available or during abnormal market or when the Manager is of the view that the price quoted by BPA for a specific bond differs from the market price by more than 20 basis points, The Manager may use the market price, provided that the Manager records its basis for using a non-BPA price, obtains necessary internal approvals to use the non-BPA price, and keeps an audit trail of all decisions and basis for adopting the use of non-BPA price.

The fair value of the collective investment scheme is determined based on the net asset value per unit of such collective investment scheme as at the end of the reporting period.

The fair value of preference shares which is not quoted in an active market may be determined by the Fund using reputable pricing sources (such as pricing agencies) or indicative prices from bond or debt market makers. Broker quotes as obtained from the pricing sources may be indicative and not executable or binding. The Fund would exercise judgement and estimates on the quantity and quality of pricing sources used. Where no market data is available, the Fund may value positions using its own models, which are usually based on valuation methods and techniques generally recognised as standard within the industry. The inputs into these models are primarily earning multiples and discounted cash flows. The models used to determine fair values are validated and periodically reviewed by experienced personnel, independent of the party that created them. The models used for the preference shares are based on net present value of estimated future cash flows, adjusted as appropriate for liquidity, and credit and market risk factors.

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For deposits and placements with financial institutions with maturities of less than twelve months, the carrying value is 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 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
<b>2023</b>				
<b>Financial assets at FVTPL</b>				
Quoted securities	4,180,287	-	-	4,180,287
Unquoted fixed income securities	-	6,788,764	-	6,788,764
Collective investment scheme	-	1,046,400	-	1,046,400
Preference shares	-	-	1,500,000	1,500,000
<hr style="border-top: 3px double #000;"/>				
<b>2022</b>				
<b>Financial assets at FVTPL</b>				
Quoted securities	4,365,488	-	-	4,365,488
Unquoted fixed income securities	-	8,148,847	-	8,148,847
Collective investment scheme	-	1,004,200	-	1,004,200
Preference shares	-	-	1,487,418	1,487,418
<hr style="border-top: 3px double #000;"/>				

There were no transfer between Levels 1, 2 and 3 during the financial period.

The following table shows the valuation technique used in the determination of fair values within Level 3, as well as key observable input used in valuation model:

Instrument	Description of valuation technique and inputs used	Significant unobservable input	Relationship and sensitivity of unobservable inputs to fair value
Preference shares	Discounted cash flows method was used to capture the present value of the expected future economic benefits to derived from the ownership of the investees.	Discount rate: 6.19% (2022: 6.19%)	An increase in the discount rate would result in a decrease in fair value, and vice versa.







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