

Semi-Annual Report December 2025

For the Period Ended 31 December 2025

*Areca enhanced*INCOME Fund

Management Company



200601021087(740840-D)

SEMI-ANNUAL REPORT DECEMBER 2025

✦ ARECA enhancedINCOME FUND

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CORPORATE DIRECTORY

MANAGER

Areca Capital Sdn Bhd
Company No: 200601021087 (740840-D)
107, Blok B, Pusat Dagangan Phileo Damansara 1
No. 9, Jalan 16/11, Off Jalan Damansara
46350 Petaling Jaya, Selangor
Tel: 603-7956 3111, Fax: 603-7955 4111
website: www.arecacapital.com
e-mail: invest@arecacapital.com

BOARD OF DIRECTORS

Raja Datuk Zaharaton Bt Raja Dato' Zainal Abidin
(Independent Non-Executive Chairman)
Dr. Junid Saham
(Independent Non-Executive)
Wong Teck Meng
(Non-Independent Executive/Chief Executive Officer)
Edward Iskandar Toh Bin Abdullah
(Non-Independent Executive/Chief Investment Officer)
(Resigned with effect from 16 April 2025)

INVESTMENT COMMITTEE MEMBERS

Raja Datuk Zaharaton Bt Raja Dato' Zainal Abidin
(Independent Non-Executive Chairman)
Dr. Junid Saham
(Independent Non-Executive)
Dato' Seri Lee Kah Choon
(Independent Non-Executive)

TRUSTEE

Maybank Trustees Berhad
Company No: 196301000109 (5004-P)
Level 22, Tower 1, Etiqa Twins
No. 11 Jalan Pinang
50450 Kuala Lumpur
Tel: 603-2177 5960, Fax: 603-2177 5974

AUDITOR

Deloitte Malaysia PLT (*formerly known as
Deloitte PLT*) (LLP0010145-LCA)
Level 16, Menara LGB
1 Jalan Wan Kadir, Taman Tun Dr. Ismail
60000 Kuala Lumpur
Tel: 603-7610 8888, Fax: 603-7726 8986

TAX ADVISER

Deloitte Malaysia Tax Services Sdn Bhd
(*formerly known as Deloitte Tax Services
Sdn Bhd*) (197701005407 (36421-T))
Level 16, Menara LGB
1 Jalan Wan Kadir, Taman Tun Dr. Ismail
60000 Kuala Lumpur
Tel: 603-7610 8888, Fax: 603-7726 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
e-mail: invest@arecacapital.com

PENANG BRANCH

368-2-02 Bellisa 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/Stutung
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 5-1-8, 1st Floor
Lorong Api-Api 1
Api-Api Centre
88000 Kota Kinabalu, Sabah
Tel : 6088-276 757

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ARECA enhanced**INCOME** FUND

FUND INFORMATION

Name of the Fund	Areca enhanced INCOME Fund
Fund Category/ Type	Fixed Income/Income and Growth
Objective of the Fund	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.
Performance Benchmark	Maybank's 12-month fixed deposit rate
Distribution Policy of the Fund	Incidental.
Rebates & Soft Commissions	<p>The Manager will retain soft commissions received from brokers or dealers, provided that:</p> <ul style="list-style-type: none">(a) the soft commissions bring direct benefit or advantage to the management of the Fund and may include research and advisory related services;(b) any dealing with the broker or dealer is executed on terms which are the most favourable for the Fund; and(c) the availability of soft commissions is not the sole or primary purpose to perform or arrange transactions with such broker or dealer, and the Manager or fund manager shall not enter into unnecessary trades in order to achieve a sufficient volume of transactions to qualify for soft commissions. <p>The soft commissions may be in the form of goods and services such as data and quotation services, computer software incidental to the management of the Fund and investment related publications. Cash rebates, if any, will be directed to the account of the Fund. During the period under review, the Manager had not received any soft commissions.</p>
Inception Date	30 July 2007
Financial Year End	30 June

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ARECA enhanced**INCOME FUND**

FUND PERFORMANCE

	2025	2024	2023
NET ASSET VALUE ("NAV")			
Net Asset Value (RM million)	15.43	15.21	15.15
Units in circulation (million units)	22.56	23.30	25.20
NAV per unit (RM)	0.6840	0.6527	0.6013

HIGHEST & LOWEST NAV per unit			
<i>Please refer to Note 1 for further information on NAV and pricing policy</i>			
Highest NAV per unit (RM)	0.6867	0.6528	0.6023
Lowest NAV per unit (RM)	0.6439	0.6153	0.5859

ASSET ALLOCATION % of NAV			
Quoted equity securities			
Construction	5.78	1.37	1.28
Consumer Products & Services	3.40	-	8.15
Energy	2.99	1.10	2.14
Financial Services	2.75	3.93	4.63
Health Care	-	2.94	2.85
Industrial Products & Services	1.96	2.44	1.99
Real Estate Investment Trust	-	-	6.55
Technology	2.75	2.35	-
Telecommunications & Media	-	0.92	-
Utilities	0.18	3.46	-
Unquoted fixed income securities			
Unquoted Bonds	44.53	38.54	45.37
Collective investment schemes	23.03	33.32	6.90
Unquoted securities			
Preferences Shares	-	-	9.90
Liquid assets and other net current assets	12.63	9.63	10.24

DISTRIBUTION	
There was no distribution for the financial period under review.	

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

EXPENSE/TURNOVER			
Total expense ratio (TER) (%)	0.73	0.74	0.81
<i>Please refer to Note 2 for further information</i>			
Portfolio turnover ratio (PTR) (times)	0.41	0.49	0.18
<i>Please refer to Note 3 for further information</i>			

	30.06.2025 to 31.12.2025	30.06.2024 to 31.12.2024	30.06.2023 to 31.12.2023
TOTAL RETURN			
<i>Please refer to Note 4 for further information</i>			
Total Return (%)	6.06	4.58	2.52
- Capital growth (%)	6.06	4.58	2.52
- Income distribution (%)	-	-	-

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ARECA enhanced**INCOME** FUND

FUND PERFORMANCE

	2025	2024	2023	2022	2021
Annual Total Return (%)	12.39*	9.30*	5.07*	2.77*	8.32*
Performance Benchmark (%): Maybank's 12-month fixed deposit rate	2.20*	2.63*	3.12*	2.58*	1.86*

* Annualised for comparison purpose only

	1-yr	3-yrs	5-yrs
Average Total Return per annum (%)	4.80	5.65	2.39

NOTES:

Note 1: Selling of units by the Management Company (i.e. when you purchase units and invests in the Fund) and redemption of units by the Management Company (i.e. when you redeem your units and liquidate your investments) will be carried out at NAV per unit (the actual value of a unit). The entry/exit fee (if any) would be computed separately based on your net investment/liquidation amount.

Note 2: TER is calculated based on the total fees and expenses incurred by the Fund, divided by the average net asset value calculated on a daily basis.

Note 3: PTR is computed based on the average of the total acquisitions and total disposals of the investment securities of the Fund, divided by the average net asset value calculated on a daily basis.

Note 4: Fund performance figures are calculated based on NAV to NAV and assume reinvestment of distributions (if any) at NAV. The total return and the benchmark data are sourced from Lipper.

The abovementioned performance computations have been adjusted to reflect distribution payments and unit splits wherever applicable.

Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.

FUND REVIEW

For the period ended 31st December 2025, the Fund posted a return of 6.06% compared to its benchmark (Maybank's 12-month fixed deposit rate) return of 1.10%. This enabled the Fund to meet the objective of providing long term investors with high level of income stream and an opportunity for capital appreciation.

The Fund holds 19.81% in Malaysia equities while the rest are in fixed income instruments. While we remain cautious of the global headwinds and challenging growth outlook ahead, we expect local bond market to remain well supported. We opine our domestic interest rate policy will remain accommodative as we are confronted by external geopolitical risks and domestic potential inflationary issues from subsidy rationalisation in the year ahead. We have remained focused on selecting good quality corporate name for better yield pick-up.

In its equity selection, the Fund employs a barbell strategy designed to balance risk and return by combining targeted exposure to high-growth issuers with a core allocation to stable, defensive securities, thereby supporting portfolio resilience in the current uncertain economic environment.

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 2025

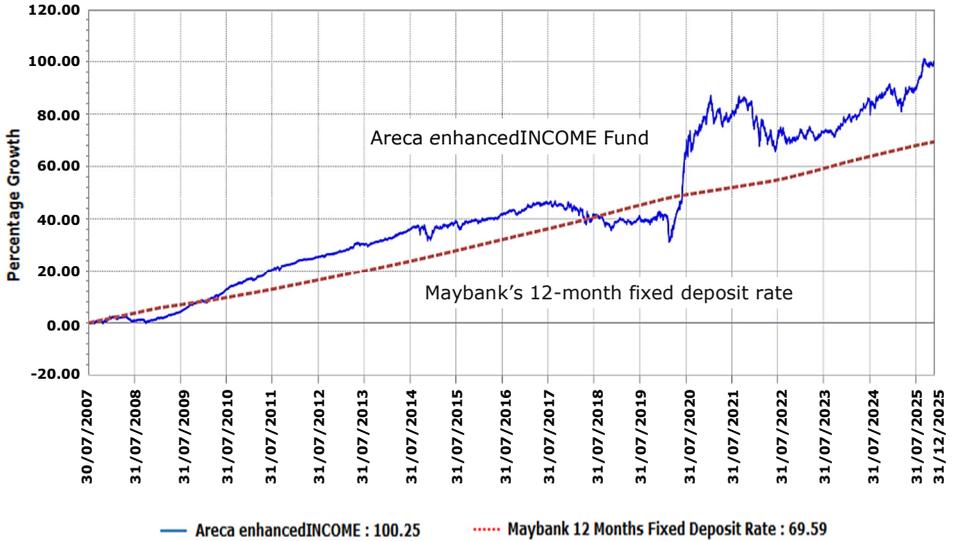
RM0.6840

Asset Allocation/Portfolio Composition	2025	2024	2023
Quoted equity securities	19.81%	18.51%	27.59%
Unquoted fixed income securities	44.53%	38.54%	45.37%
Collective investment schemes	23.03%	33.32%	6.90%
Unquoted securities	-	-	9.90%
Liquid assets and other net current assets	12.63%	9.63%	10.24%

FUND REVIEW

Performance of Areca enhancedINCOME Fund
for the period since inception to 31 December 2025

Total Return of Areca enhancedINCOME Fund vs Benchmark



Source: Lipper

GLOBAL FIXED INCOME MARKET REVIEW AND OUTLOOK

In the period under review, the September United States ("US") headline Consumer Price Index ("CPI") inflation came in at 3.00% year-on-year ("YoY") which was below consensus expectation of 3.10% YoY, but higher than August 2025 at 2.90% YoY. At the same time core CPI inflation cooled to 3.00% YoY in September 2025 from 3.10% YoY in August 2025 raising concern on the resilience of domestic demand. In view of a moderation in US inflation and a softer labour market, the Federal Reserve ("Fed") began its rate cut cycle by reducing the Federal Funds Rate ("FFR") by a total of 50 basis points ("bps") to a target range of 3.75% - 4.00% in September and October.

In November, Treasuries saw declining yields driven primarily by the Fed's consecutive interest rate cut and signs of softening labour market. The decline in yields was most pronounced around mid-to-late November as the sentiment was supported by recent commentary from Fed officials, including Governor Waller and President Williams, who both indicated support for a cut at the year's final meeting.

In December, labour market conditions softened modestly with unemployment increasing to 4.60% in November before easing to 4.40% in December. Non farm payrolls rose by merely 50,000 jobs; the weakest monthly gains after the pandemic. Inflation moderated from earlier highs of 3.00% but remained above the Fed's 2.00% target with YoY CPI at 2.70% in December suggesting persistent price pressures. Against this backdrop, the Fed delivered 25 bps rate cuts in December lowering the federal funds target range to 3.50% - 3.75%. In addition, the Fed began purchasing short-term Treasury securities, primarily Treasury bills to maintain sufficient reserves and to keep the federal funds rate within its target range. Moving forward, US Supreme Court is widely expected to deliver a decision in early 2026 on the president's use of the International Emergency Economic Powers Act. Policy uncertainty, although lower than it was in October, is still much higher than it was in January 2025.

MALAYSIA FIXED INCOME MARKET REVIEW AND OUTLOOK

During the review period, bond market in Malaysia has once again shown its resilience in the first six months of 2025, despite global uncertainties arising from US tariff and trade policies amid easing monetary policies, particularly in emerging markets. Government bond saw yields pressured by inflation and global factors but supported by potential Bank Negara Malaysia ("BNM") easing despite global risk-off sentiment. We anticipate upward inflationary pressure in the near-to-medium term as fiscal reforms are progressively implemented. These include the fiscal consolidation measures outlined earlier, such as the RON95 petrol subsidy rationalisation, electricity tariff hike, and expansion of the Sales and Services Tax ("SST"). The Malaysian government has announced that the expanded SST and electricity hike will take effect from 1 July 2025. We believe the government will closely monitor the impact to ensure inflationary pressures remain under control before proceeding with the RON95 subsidy rationalisation.

BNM delivered the widely expected 25 bps cut to the Overnight Policy Rate ("OPR") lowering it to 2.75% in July after holding OPR steady for 12 consecutive meetings since May 2023. The pre-emptive cut reflected BNM's focus to preserve Malaysia's steady growth path amid continued challenges from global environment. In BNM's final meeting OPR was maintained at 2.75% in line with expectations. The decision highlights the central bank's confidence in Malaysia's economic resilience amid ongoing global uncertainties. Domestic demand remained the key driver of growth, underpinned by resilient private consumption, which expanded by 5.30% on the back of firm household spending, stable inflation, and strong retail and tourism activity.

Looking ahead, growth is expected to moderate as temporary boost from accelerated shipments dissipates and the revised US tariff regime begins to weigh on trade flows. With inflation contained and growth steady, we expect BNM to keep the OPR unchanged at 2.75% for now.

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CROSS TRADE

Cross trade transactions have been carried out during the reporting period and the Investment Committee of the Fund has reviewed that such transactions are in the best interest of the Fund and transacted on an arm's length (*) and fair value basis.

* Transactions at arm's length refer to transactions entered in the normal course of business at prevailing market price as at the date of cross trade.

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.

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 2025 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 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
[Registration No: 196301000109 (5004-P)]

NORHAZLIANA BINTI MOHAMMED HASHIM
HEAD, UNIT TRUST & CORPORATE OPERATIONS

Kuala Lumpur
23 February 2026

STATEMENT BY MANAGER

To the Unitholders of Areca enhancedINCOME Fund

We, **WONG TECK MENG** and **DR. JUNID SAHAM**, 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 2025 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

DR. JUNID SAHAM
INDEPENDENT NON-EXECUTIVE DIRECTOR

Kuala Lumpur
23 February 2026

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UNAUDITED STATEMENT OF FINANCIAL POSITION

As At 31 December 2025

	Note	31.12.2025	31.12.2024
		RM	RM
Assets			
Investments	5	13,483,786	13,743,139
Cash and cash equivalents	6	1,518,537	1,002,922
Amount due from stockbrokers		456,269	479,897
Dividend receivables		4,491	11,377
Total Assets		<u>15,463,083</u>	<u>15,237,335</u>
Unitholders' Fund And Liabilities			
Liabilities			
Other payables and accrued expenses	7	<u>29,681</u>	<u>29,544</u>
Total Liabilities		<u>29,681</u>	<u>29,544</u>
Unitholders' Fund			
Unitholders' capital		8,567,533	9,074,649
Retained earnings		6,865,869	6,133,142
Net Asset Value Attributable To Unitholders		<u>15,433,402</u>	<u>15,207,791</u>
Total Unitholders' Fund And Liabilities		<u>15,463,083</u>	<u>15,237,335</u>
Number Of Units In Circulation	8	<u>22,564,864</u>	<u>23,298,691</u>
Net Asset Value Per Unit (RM)		<u>0.6840</u>	<u>0.6527</u>

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

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UNAUDITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Financial Period Ended 31 December 2025

	Note	01.07.2025 to 31.12.2025 RM	01.07.2024 to 31.12.2024 RM
Investments Income			
Dividend income		31,014	147,458
Interest income		182,481	154,637
Net gain on investments at fair value through profit or loss ("FVTPL")	5	846,754	533,273
Total Investments Income		<u>1,060,249</u>	<u>835,368</u>
Expenditure			
Management fee	9	(92,285)	(95,167)
Trustee's fee	10	(6,262)	(6,229)
Audit fee		(6,000)	(6,251)
Tax agent's fee		(1,999)	(4,159)
Transaction costs		(41,895)	(29,786)
Other expenses		(6,558)	(2,779)
Total Expenditure		<u>(154,999)</u>	<u>(144,371)</u>
Net Income Before Taxation		905,250	690,997
Taxation	11	-	-
Net Income After Taxation And Total Comprehensive Income For The Financial Period		<u>905,250</u>	<u>690,997</u>
Net Income After Taxation Is Made Up Of:			
Realised gain		865,503	489,639
Unrealised gain		39,747	201,358
		<u>905,250</u>	<u>690,997</u>

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

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UNAUDITED STATEMENT OF CHANGES IN NET ASSET VALUE

For The Financial Period Ended 31 December 2025

	Unitholders' capital RM	Retained earnings RM	Total net asset value RM
Balance as at 1 July 2024	9,883,367	5,442,145	15,325,512
Amounts received from units created	44,452	-	44,452
Amounts paid for units cancelled	(853,170)	-	(853,170)
Total comprehensive income for the financial period	-	690,997	690,997
Balance as at 31 December 2024	<u>9,074,649</u>	<u>6,133,142</u>	<u>15,207,791</u>
Balance as at 1 July 2025	9,928,847	5,960,619	15,889,466
Amounts paid for units cancelled	(1,361,314)	-	(1,361,314)
Total comprehensive income for the financial period	-	905,250	905,250
Balance as at 31 December 2025	<u>8,567,533</u>	<u>6,865,869</u>	<u>15,433,402</u>

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

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UNAUDITED STATEMENT OF CASH FLOWS

For The Financial Period Ended 31 December 2025

	Note	01.07.2025 to 31.12.2025	01.07.2024 to 31.12.2024
		RM	RM
Cash Flows From/(Used In) Operating Activities			
Proceeds from disposal of investments		5,936,300	6,149,561
Proceeds from maturity of investments		500,000	1,800,000
Purchase of investments		(5,817,818)	(6,710,082)
Cash capital distribution received		37,370	-
Dividend income received		50,337	158,299
Interest received		173,607	177,042
Management fee paid		(92,137)	(96,951)
Trustee's fee paid		(6,266)	(6,212)
Transaction costs paid		(41,332)	(28,269)
Payment for other fees and expenses		(17,248)	(15,279)
Net Cash From Operating Activities		<u>722,813</u>	<u>1,428,109</u>
Cash Flows From/(Used In) Financing Activities			
Cash proceeds from units created		-	44,452
Payment for cancellation of units		(1,361,314)	(853,170)
Net Cash Used In Financing Activities		<u>(1,361,314)</u>	<u>(808,718)</u>
Net (Decrease)/Increase In Cash And Cash Equivalents			
		(638,501)	619,391
Cash And Cash Equivalents At Beginning Of Period			
		<u>2,157,038</u>	<u>383,531</u>
Cash And Cash Equivalents At End Of Period			
		<u>1,518,537</u>	<u>1,002,922</u>
Cash And Cash Equivalents Comprise:			
Cash at banks	6	7,143	5,234
Short-term deposits	6	1,511,394	997,688
		<u>1,518,537</u>	<u>1,002,922</u>

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

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Areca enhanced**INCOME** Fund ("the Fund") was established pursuant to the 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 ("the Deeds") 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 "Permitted Investments" as defined under Schedule 7 of the Deeds, which include fixed income securities issued by the Malaysian government or Bank Negara Malaysia ("BNM") 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 BNM 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 BNM 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 was launched on 30 July 2007 and will continue its operations until terminated in accordance with the conditions provided in Part 12 of the Deeds.

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 investment objective of the Fund would require unitholders' approval.

The Manager of the Fund is Areca Capital Sdn Bhd, a company incorporated in Malaysia. It is engaged in managing, administering, marketing and distributing unit trust funds, managing and administering funds under private mandates and the regulated activities of financial planning and providing investment advice.

2 BASIS OF PREPARATION OF 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.

New MFRS and Amendments to MFRSs in Issue But Not Yet Effective

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

	Effective for annual periods beginning on or after
MFRS 18 <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
Amendments to MFRS 9 <i>Financial Instruments</i> and MFRS 7 <i>Financial Instruments: Amendments to the Classification and Measurement of Financial Instruments</i>	1 January 2026
Annual Improvements to MFRS Accounting Standards – Volume 11	1 January 2026

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The Manager of the Fund anticipates that the abovementioned new MFRS and Amendments to MFRSs will be adopted in the annual financial statements of the Fund when they become effective and that the adoption of these new MFRS and Amendments to MFRSs is not expected to have 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 except for financial instruments that are measured at fair value. 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

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

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

Realised gain and loss on disposal of investments is arrived at based on net sales proceeds less carrying value. Any unrealised gain and loss previously charged to profit or 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

Pursuant to Paragraph 35 and 35A, Schedule 6 of the Income Tax Act 1967, interest income derived by the Fund is exempt from tax, and pursuant to Paragraph 61(1)(b) of the Income Tax Act 1967, gains from realisation of investments are not treated as income and is also exempt from tax.

Functional and Presentation Currency

The financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates ("the 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 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.

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 measures its equity investments at fair value with gains or losses on valuation recognised in profit or loss unless the Fund's management has made an irrevocable election to recognise the fair value gains and losses in other comprehensive income at its initial stage.

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 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

Investments in quoted equity securities are classified as FVTPL and valued at the last done market price quoted on Bursa Malaysia 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 Bond Pricing Agency Malaysia ("BPAM").

Investments in collective investment schemes 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 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 or 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.

Provisions

Provisions are recognised when the Fund has a present obligation (legal or constructive) as a result of a past event, where it is probable that the Fund will be required to settle that obligation and a reliable estimate can be made of the amount or timing of the obligation.

The amount recognised as a provision will be the best estimate of the amount required to settle the present obligation at the reporting date, taking into account the uncertainties surrounding the obligation. Where a provision is measured using the estimated cash flows to settle the present obligation, its carrying amount will be the present value of those cash flows.

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

	2025	2024
	RM	RM
Financial assets at FVTPL:		
Quoted equity securities	3,056,253	2,814,471
Unquoted fixed income securities	6,873,037	5,861,738
Collective investment schemes	3,554,496	5,066,930
	<u>13,483,786</u>	<u>13,743,139</u>
Net gain on investments at FVTPL comprise:		
Realised gain on disposals	807,007	331,914
Unrealised gain on changes in fair value	39,747	201,359
	<u>846,754</u>	<u>533,273</u>

Financial assets at fair value through profit or loss as at 31 December 2025 are as follows:

	No. of Shares Units	Aggregate Cost RM	Fair Value RM	Fair Value as a % of Net Asset Value %
QUOTED EQUITY SECURITIES				
ACE Market				
Construction				
MN Holdings Bhd	168,000	251,160	277,200	1.80
		<u>251,160</u>	<u>277,200</u>	<u>1.80</u>
Consumer Products & Services				
Aquawalk Group Bhd	1,456,000	463,485	524,160	3.40
		<u>463,485</u>	<u>524,160</u>	<u>3.40</u>
Energy				
Northern Solar Holdings Bhd	379,000	273,176	240,665	1.56
		<u>273,176</u>	<u>240,665</u>	<u>1.56</u>
Industrial Products & Services				
Crest Group Bhd	700,000	153,510	147,000	0.95
		<u>153,510</u>	<u>147,000</u>	<u>0.95</u>

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	No. of Shares Units	Aggregate Cost RM	Fair Value RM	Fair Value as a % of Net Asset Value %
QUOTED EQUITY SECURITIES				
Main Market				
Construction				
Gamuda Bhd	30,012	113,432	149,460	0.97
IJM Corporation Bhd	205,000	545,291	465,350	3.01
		658,723	614,810	3.98
Energy				
Lianson Fleet Group Bhd	106,000	169,778	220,480	1.43
		169,778	220,480	1.43
Financial Services				
AMMB Holdings Bhd	42,000	157,752	273,000	1.77
Well Chip Group Bhd	95,000	156,850	151,050	0.98
		314,602	424,050	2.75
Industrial Products & Services				
Sunway Bhd	27,800	128,900	156,236	1.01
		128,900	156,236	1.01
Technology				
Frontken Corporation Bhd	17,000	77,180	71,060	0.46
Malaysian Pacific Industries Bhd	3,300	63,676	106,392	0.69
ViTrox Corporation Bhd	62,000	240,744	246,760	1.60
		381,600	424,212	2.75
Utilities				
Tenaga Nasional Bhd	2,000	25,640	27,440	0.18
		25,640	27,440	0.18
Total quoted equity securities		2,820,574	3,056,253	19.81

Issuer coupon (%) maturity rating	Nominal value RM	Adjusted Cost RM	Fair Value RM	Fair Value as a % of Net Asset Value %
UNQUOTED FIXED INCOME SECURITIES				
Unquoted Bonds				
Amanat Lebuhraya Rakyat Bhd 5.09% 11/10/2030 AAA	1,000,000	1,011,156	1,076,946	6.98
Bank Simpanan Nasional 3.82% 05/11/2027 AAA	500,000	502,878	505,973	3.28
GENM Capital Bhd 5.07% 05/05/2028 AA1 (S)	1,000,000	1,007,918	1,030,608	6.68
Konsortium KAJV Sdn Bhd 5.90% 11/05/2029 AA- IS	1,000,000	1,010,321	1,050,581	6.81
Lebuhraya Duke Fasa 3 Sdn Bhd 6.23% 21/08/2037 AA- IS	1,000,000	1,080,568	1,167,038	7.56

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Issuer coupon (%) maturity rating	Nominal value RM	Adjusted Cost RM	Fair Value RM	Fair Value as a % of Net Asset Value %
UNQUOTED FIXED INCOME SECURITIES				
Unquoted Bonds				
Malaysia Rail Link Sdn Bhd 3.13% 05/07/2030 NR (LT)	1,000,000	1,015,264	1,004,074	6.50
YTL Power International Bhd 4.30% 24/08/2029 AA1	1,000,000	1,032,697	1,037,817	6.72
Total unquoted fixed income securities		<u>6,660,802</u>	<u>6,873,037</u>	44.53

	Quantity Units	Aggregate Cost RM	Fair Value RM	Fair Value as a % of Net Asset Value %
COLLECTIVE INVESTMENT SCHEMES				
Areca Dynamic Growth Fund 10	449,750	449,750	366,187	2.37
Areca Dynamic Growth Fund 11	800,000	800,000	881,760	5.71
Areca Steady fixedINCOME Fund	401,123	500,000	522,583	3.39
Areca Strategic Income Fund 9.0	991,769	1,000,000	1,041,059	6.75
Areca Strategic Income Fund 11	881,370	844,000	742,907	4.81
Total collective investment schemes		<u>3,593,750</u>	<u>3,554,496</u>	23.03
Total investments		13,075,126	13,483,786	87.37
Unrealised gain on investments			<u>408,660</u>	

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

	No. of Shares Units	Aggregate Cost RM	Fair Value RM	Fair Value as a % of Net Asset Value %
QUOTED EQUITY SECURITIES				
Main Market				
Construction				
Gamuda Bhd	44,006	133,268	208,588	1.37
		<u>133,268</u>	<u>208,588</u>	1.37
Energy				
DIALOG Group Bhd	90,000	224,550	166,500	1.10
		<u>224,550</u>	<u>166,500</u>	1.10
Financial Services				
AMMB Holdings Bhd	109,000	388,285	597,320	3.93
		<u>388,285</u>	<u>597,320</u>	3.93
Health Care				
Hartalega Holdings Bhd	74,500	211,786	294,275	1.93
IHH Healthcare Bhd	21,000	150,961	153,300	1.01
		<u>362,747</u>	<u>447,575</u>	2.94

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	No. of Shares Units	Aggregate Cost RM	Fair Value RM	Fair Value as a % of Net Asset Value %
QUOTED EQUITY SECURITIES				
Main Market				
Industrial Products & Services				
SAM Engineering & Equipment (M) Bhd	19,300	98,573	84,148	0.55
Sunway Bhd	60,000	225,792	287,400	1.89
		<u>324,365</u>	<u>371,548</u>	<u>2.44</u>
Technology				
Inari Amertron Bhd	58,500	171,264	179,010	1.18
VSTECs Bhd	44,000	147,862	177,760	1.17
		<u>319,126</u>	<u>356,770</u>	<u>2.35</u>
Telecommunications & Media				
Telekom Malaysia Bhd	21,000	141,859	139,650	0.92
		<u>141,859</u>	<u>139,650</u>	<u>0.92</u>
Utilities				
Tenaga Nasional Bhd	24,000	297,600	358,560	2.36
YTL Power International Bhd	38,000	152,931	167,960	1.10
		<u>450,531</u>	<u>526,520</u>	<u>3.46</u>
Total quoted equity securities		<u>2,344,731</u>	<u>2,814,471</u>	<u>18.51</u>

	Nominal value RM	Adjusted Cost RM	Fair Value RM	Fair Value as a % of Net Asset Value %
Issuer coupon (%) maturity rating				
UNQUOTED FIXED INCOME SECURITIES				
Unquoted Bonds				
Amanat Lebuhraya Rakyat Bhd 5.09% 11/10/2030 AAA IS	1,000,000	1,011,017	1,066,117	7.01
Bank Pembangunan Malaysia Bhd 2.80% 10/10/2025 AAA IS	500,000	503,030	499,750	3.29
Bank Simpanan Nasional 3.82% 05/11/2027 AAA	500,000	502,878	503,153	3.31
GEMM Capital Bhd 5.07% 05/05/2028 AA1 (S)	1,000,000	1,007,917	1,014,467	6.67
Konsortium KAJV Sdn Bhd 5.90% 11/05/2029 AA- IS	1,000,000	1,010,320	1,035,020	6.80
Lebuhraya Duke Fasa 3 Sdn Bhd 6.23% 21/08/2037 AA- IS	500,000	522,980	560,395	3.68
Malaysia Rail Link Sdn Bhd 3.13% 05/07/2030 NR (LT)	1,000,000	1,015,093	980,363	6.45
TG Excellence Bhd 3.95% 27/02/2120 A IS (CG)	200,000	202,749	202,473	1.33
Total unquoted fixed income securities		<u>5,775,984</u>	<u>5,861,738</u>	<u>38.54</u>

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	Quantity Units	Aggregate Cost RM	Fair Value RM	Fair Value as a % of Net Asset Value %
COLLECTIVE INVESTMENT SCHEMES				
Areca Dynamic Growth Fund 10	449,750	449,750	474,441	3.12
Areca Dynamic Growth Fund 11	800,000	800,000	806,640	5.30
Areca Global Emerging Momentum Fund 2 – MYR Class	1,000,000	1,000,000	1,158,400	7.62
Areca Steady fixedINCOME Fund	401,123	500,000	500,241	3.29
Areca Strategic Income Fund 9.0	991,768	1,000,000	1,002,678	6.59
Areca Strategic Income Fund 11	1,100,000	1,100,000	1,124,530	7.40
Total collective investment schemes		<u>4,849,750</u>	<u>5,066,930</u>	<u>33.32</u>
Total investments		<u>12,970,465</u>	<u>13,743,139</u>	<u>90.37</u>
Unrealised gain on investments			<u>772,674</u>	

6 CASH AND CASH EQUIVALENTS

	2025 RM	2024 RM
Cash at banks	7,143	5,234
Short-term deposits	1,511,394	997,688
	<u>1,518,537</u>	<u>1,002,922</u>

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

The weighted average interest rate for short-term deposits is 2.94% (2024: 3.00%) per annum and the average maturity period is 11 days (2024: 2 days).

7 OTHER PAYABLES AND ACCRUED EXPENSES

	2025 RM	2024 RM
Accrued expenses:		
Management fee	15,326	14,109
Trustee's fee	1,046	1,025
Audit fee	6,000	6,251
Tax agent's fee	5,999	8,159
Other expenses	1,310	-
	<u>29,681</u>	<u>29,544</u>

8 NUMBER OF UNITS IN CIRCULATION

	2025 Units	2024 Units
At beginning of the period	24,637,904	24,557,008
Created during the period	-	70,952
Cancelled during the period	(2,073,040)	(1,329,269)
At end of the period	<u>22,564,864</u>	<u>23,298,691</u>

9 MANAGEMENT FEE

The Schedule 8 of the Deeds provides that the Manager is entitled to an annual management fee of up to 2.50% per annum computed daily on the net asset value of the Fund before deducting the management fee and Trustee's fee for the relevant day.

The management fee provided in the financial statements is an average of 1.18% (2024: 1.22%) 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 Deeds provides that the Trustee is entitled to an annual Trustee's fee of up to 0.50% per annum computed daily on the net asset value of the Fund (excluding foreign custodian fees and charges, if any) before deducting the management fee and Trustee's fee for the relevant day.

The Trustee's fee provided in the financial statements is 0.08% (2024: 0.08%) per annum for the financial period.

11 TAXATION

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.

12 TOTAL EXPENSE RATIO AND PORTFOLIO TURNOVER RATIO

Total Expense Ratio (TER)

Total expense ratio for the Fund is 0.73% (2024: 0.74%) for the financial period ended 31 December 2025. 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 RM15,527,471 (2024: RM15,444,862).

Portfolio Turnover Ratio (PTR)

The portfolio turnover ratio for the Fund is 0.41 times (2024: 0.49 times) for the financial period ended 31 December 2025. The portfolio turnover 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 = RM5,756,605 (2024: RM6,712,245)
total disposal for the financial period = RM6,893,394 (2024: RM8,430,974)

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

There were no units held by the Manager or parties related to the Manager during the current and previous financial periods.

14 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 %
2025				
CIMB Securities Sdn Bhd	2,503,905	20.62	8,309	19.83
Public Investment Bank Bhd	2,497,148	20.56	7,837	18.71
CGS International Securities Malaysia Sdn Bhd	2,007,754	16.53	7,625	18.20
Kenanga Investment Bank Bhd	1,998,647	16.46	6,707	16.01
CLSA Securities Malaysia Sdn Bhd	697,592	5.74	2,303	5.50
Hong Leong Investment Bank Bhd	674,995	5.56	324	0.77
UOB Kay Hian Securities (M) Sdn Bhd	462,702	3.81	1,529	3.65
RHB Investment Bank Bhd	377,570	3.11	1,246	2.97
AmInvestment Bank Bhd	317,750	2.62	3,432	8.19
KAF Investment Bank Bhd	302,680	2.49	918	2.19
Others	303,895	2.50	1,665	3.98
	12,144,638	100.00	41,895	100.00
2024				
Kenanga Investment Bank Bhd	1,803,066	19.90	5,054	16.96
JPMorgan Securities (Malaysia) Sdn Bhd	1,604,323	17.71	5,299	17.79
Public Investment Bank Bhd	1,459,619	16.11	4,822	16.19
CIMB Securities Sdn Bhd	1,179,129	13.01	6,735	22.61
CGS International Securities Malaysia Sdn Bhd (formerly known as CGS CIMB Securities Sdn Bhd)	1,154,851	12.74	3,824	12.84
Maybank Investment Bank Bhd	830,634	9.17	2,380	7.99
CIMB Bank Bhd	500,000	5.52	-	-
CLSA Securities Malaysia Sdn Bhd	215,204	2.37	711	2.39
RHB Investment Bank Bhd	161,548	1.78	533	1.79
Hong Leong Investment Bank Bhd	152,931	1.69	428	1.44
	9,061,305	100.00	29,786	100.00

15 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 interest rate risk and price risk) primarily on its investments and capital risk.

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Categories of Financial Instruments

	2025	2024
	RM	RM
Financial assets		
Carried at FVTPL:		
Investments	13,483,786	13,743,139
Amortised cost:		
Cash and cash equivalents	1,518,537	1,002,922
Amount due from stockbrokers	456,269	479,897
Dividend receivables	4,491	11,377
Financial liabilities		
Amortised cost:		
Other payables and accrued expenses	29,681	29,544

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 nor impaired as at 31 December 2025.

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

The Fund invests only in unquoted fixed income securities of at least investment grade as rated by a credit rating agency at inception. 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 fixed income securities by rating categories:

Credit Rating	Fair Value	As a % of	As a % of
	RM	unquoted	NAV
		fixed income	%
		securities	%
		%	%
2025			
Unquoted Fixed Income Securities			
AAA	1,582,919	23.03	10.26
AA1	1,037,817	15.10	6.72
AA1 (S)	1,030,608	14.99	6.68
AA- IS	2,217,619	32.27	14.37
NR (LT)	1,004,074	14.61	6.50
	6,873,037	100.00	44.53

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Credit Rating	Fair Value RM	As a % of unquoted fixed income securities %	As a % of NAV %
2024			
Unquoted Fixed Income Securities			
AAA	503,153	8.58	3.31
AAA IS	1,565,867	26.71	10.30
AA1 (S)	1,014,467	17.31	6.67
AA- IS	1,595,415	27.22	10.48
A IS (CG)	202,473	3.45	1.33
NR (LT)	980,363	16.73	6.45
	5,861,738	100.00	38.54

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

	Short-term deposits RM	Quoted equity securities RM	Unquoted fixed income securities RM	Collective investment schemes RM
2025				
Industry				
Construction	-	892,010	-	-
Consumer products & services	-	524,160	1,030,608	-
Energy	-	461,145	2,088,398	-
Finance, insurance, real estate and business services	1,511,394	424,050	505,973	3,554,496
Industrial products & services	-	303,236	-	-
Technology	-	424,212	-	-
Transportation	-	-	3,248,058	-
Utilities	-	27,440	-	-
	1,511,394	3,056,253	6,873,037	3,554,496

2024				
Industry				
Construction and property development	-	208,588	1,540,757	-
Energy	-	166,500	1,035,021	-
Finance, insurance and business services	997,688	597,320	3,285,960	5,066,930
Health care	-	447,575	-	-
Industrial products and services	-	371,548	-	-
Technology	-	356,770	-	-
Telecommunications & media	-	139,650	-	-
Utilities	-	526,520	-	-
	997,688	2,814,471	5,861,738	5,066,930

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 manages its liquidity risk by investing predominantly in securities that it expects to be able of being converted into cash with 7 days.

All financial liabilities are repayable on demand or due within 1 year from the date of the statement of financial position.

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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 market prices.

During the financial period, as the Fund invests in quoted equity securities, unquoted fixed income securities and collective investment schemes, 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 is not exposed to interest rate risk through the impact of market interest rate changes as the interest rates on unquoted fixed income securities are fixed on the inception. The Fund's short-term deposits and cash at banks 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 fluctuate significantly 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 equity securities, unquoted fixed income securities and collective investment schemes as the result of changes in the levels of the equity indices and the value of the individual securities. The price risk exposure arises from the Fund's investment in quoted equity securities, unquoted fixed income securities and collective investment schemes. The Manager manages the 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:

	Changes in price %	Effect on profit or loss Increase/(Decrease) RM
2025		
Investments	+5/-5%	<u>674,189/(674,189)</u>
2024		
Investments	+5/-5%	<u>687,157/(687,157)</u>

Capital risk management

The capital of the Fund is represented by equity consisting of unitholders' capital and retained earnings. 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

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 equity 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.

Unquoted fixed income securities are valued using fair value prices quoted by Bond Pricing Agency Malaysia ("BPAM"). When no market price is available or during abnormal market or when the Manager is of the view that the price quoted by BPAM for a specific bond differs from the market price by more than 20 basis points, the Manager will separately assess the security to determine the price valuation, and the Manager will record the valuation basis and obtain the necessary internal approvals for using the non-BPAM price.

The fair value of the collective investment schemes is determined based on Net Asset Value ("NAV") per 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	Level 2	Level 3	Total
	RM	RM	RM	RM
2025				
Financial assets at FVTPL				
Quoted equity securities	3,056,253	-	-	3,056,253
Unquoted fixed income securities	-	6,873,037	-	6,873,037
Collective investment schemes	-	3,554,496	-	3,554,496
2024				
Financial assets at FVTPL				
Quoted equity securities	2,814,471	-	-	2,814,471
Unquoted fixed income securities	-	5,861,738	-	5,861,738
Collective investment schemes	-	5,066,930	-	5,066,930

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



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