

Semi-Annual Report

Dec 2023

For the Period Ended 31 December 2023

*Areca equity*TRUST Fund

Management Company



200601021087(740840-D)

SEMI-ANNUAL REPORT DECEMBER 2023

✧ ARECA equityTRUST FUND

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CORPORATE DIRECTORY

MANAGER

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

BOARD OF DIRECTORS

Raja Datuk Zaharaton Bt Raja Dato' Zainal Abidin
(Independent Non-Executive Chairman)
Dr. Junid Saham
(Independent Non-Executive)
Wong Teck Meng
(Chief Executive Officer Non-Independent)
Edward Iskandar Toh Bin Abdullah
(Executive Non-Independent)

INVESTMENT COMMITTEE MEMBERS

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

TRUSTEE

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

AUDITOR

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

TAX ADVISER

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

MANAGER'S OFFICE AND BRANCHES

HEAD OFFICE

107, Blok B, Pusat Dagangan Phileo Damansara 1, No. 9, Jalan 16/11, Off Jalan Damansara
46350 Petaling Jaya, Selangor
Tel: 603-7956 3111, Fax: 603-7955 4111
website: www.arecacapital.com
e-mail: 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

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ARECA equityTRUST FUND

FUND INFORMATION

Name of the Fund	Areca equityTRUST Fund
Fund Category/ Type	Equity/Growth
Objective of the Fund	The investment objective of the Fund is to provide investors with medium to long term capital growth. To achieve this objective, the Fund will invest in equities and equity-related securities.
Performance Benchmark	1-year Average Returns of the funds under "Equity Malaysia" Non-Islamic category
Distribution Policy of the Fund	Incidental.
Rebates & Soft Commissions	<p>We 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 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	23 April 2007
Initial Offer Price	RM0.5000 per unit during the initial offer period of 21 days ended 13 May 2007.
Pricing Policy	Single Pricing – Selling and repurchase of units by Manager at Net Asset Value per unit
Financial Year End	30 June

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ARECA equity TRUST FUND

FUND PERFORMANCE

	2023	2022	2021
NET ASSET VALUE ("NAV")			
Net Asset Value (RM million)	257.21	254.98	308.88
Units in circulation (million units)	451.42	470.81	477.11
NAV per unit (RM)	0.5698	0.5416	0.6474

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)	0.5774	0.5508	0.6672
Lowest NAV per unit (RM)	0.5419	0.5133	0.6060

ASSET ALLOCATION % of NAV			
Quoted securities			
Consumer Products & Services	-	4.98	8.07
Construction	5.18	-	-
Energy	7.60	6.47	3.23
Financial Services	7.37	23.67	19.94
Health Care	1.51	1.91	3.52
Infrastructure Project Company	-	-	23.69
Industrial Products & Services	20.15	13.14	-
Plantations	-	1.48	-
Properties	6.90	0.05	2.24
Real Estate Investment Trusts	1.20	-	0.97
Technology	20.07	15.05	23.88
Telecommunications & Media	3.02	5.76	-
Trading/Services	-	-	-
Transport & Logistics	2.15	3.52	0.94
Utilities	13.36	6.33	3.95
Collective investment schemes	5.40	5.96	2.57
Cash and cash equivalents including placements & repo	6.09	11.68	7.00

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) (%)	0.98	0.93	0.98
<i>Please refer to Note 2 for further information</i>			
Portfolio turnover ratio (PTR) (times)	0.34	0.42	0.41
<i>Please refer to Note 3 for further information</i>			

	30.06.2023 to 31.12.2023	30.06.2022 to 31.12.2022	30.06.2021 to 31.12.2021
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TOTAL RETURN			
<i>Please refer to Note 4 for further information</i>			
Total Return (%)	4.47	1.44	6.73
- Capital growth (%)	4.47	1.44	6.73
- Income distribution (%)	-	-	-

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ARECA equity TRUST FUND

FUND PERFORMANCE

	2023	2022	2021	2020	2019
Annual Total Return (%)	9.07*	2.88*	13.78*	78.29*	38.82*
Performance Benchmark: 1-year Average Returns of the funds under "Equity Malaysia" Non- Islamic category	15.49*	7.18*	9.23*	45.42*	0.50*
<i>*Annualised for comparison purpose only</i>					

	1-yr	3-yrs	5-yrs
Average Total Return per annum	5.21	(1.84)	16.08

NOTES:

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

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

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

Note 4: *Fund performance figures are calculated based on NAV to NAV and assume reinvestment of distributions (if any) at NAV. The performance figures for the benchmark of 1-year Average Returns of the funds under "Equity Malaysia" Non-Islamic category are calculated assuming investment in the index. The total return and the benchmark data are sourced from Lipper.*

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

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

FUND REVIEW

During the period under review, the Fund underperformed its benchmark (1-year average returns for all the funds under "Equity Malaysia" Non-Islamic category of the Malaysia Lipper Fund table, "peers benchmarking") with a total return of 4.47% compared to benchmark's return of 7.47%. The Fund remain focused on positioning for longer term growth. Since launch in April 2007, the Fund has recorded a total return of 477.20% compared to the benchmark return of 127.26%.

Despite the short-term underperformance during the period under review, the Fund has consistently achieved its objective to provide investors with medium to long term capital growth.

Investment Policy and Strategy

The Fund will invest between 70% - 98% of its NAV in equities and equity-related securities and a minimum of 2% of its NAV in Liquid Assets. Equity-related securities includes but is not limited to different classes of listed shares, warrants, options and convertible securities. The Fund will normally invest in securities issued by companies that exhibit a good management track record, a sound history of Long-Term profitability and earnings resilience, a strong balance sheet, and/or have a good competitive position in their respective industries.

NAV per unit as at 31 December 2023

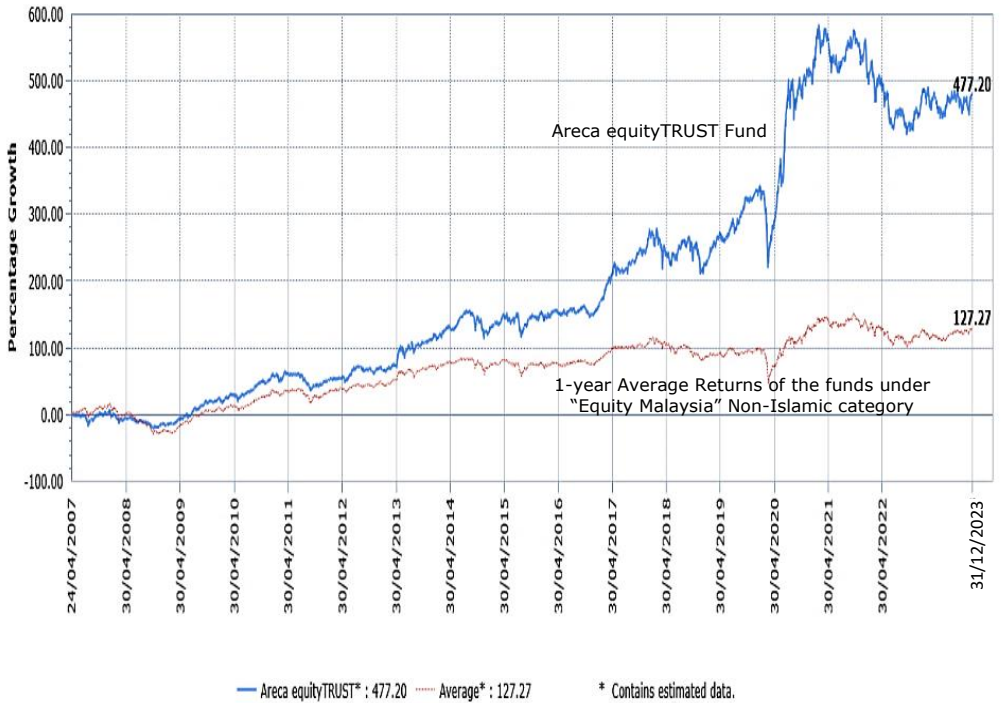
RM0.5698

Asset Allocation/Portfolio Composition	2023	2022	2021
Quoted securities	88.51%	82.36%	90.43%
Collective investment schemes	5.40%	5.96%	2.57%
Cash and cash equivalents	6.09%	11.68%	7.00%

FUND REVIEW

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

Total Return of Areca equityTRUST Fund vs Benchmark



Source: Lipper

MALAYSIAN EQUITY MARKET REVIEW

During the period under review, the FTSE Bursa Malaysia KLCI Index ("FBMKLCI") which is a barometer of the Malaysian equity market, increased by 5.70% to close at 1,455 points. The broader market FTSE Bursa Malaysia EMAS Index rose by 6.70% to 10,823 points while the FTSE Bursa Malaysia Small Cap Index increased by 10.10% to 16,353 points.

After a sluggish first half of 2023 ("1H23"), performance of the local boarse turned positive in early third quarter of 2023 ("3Q23") with the return of foreign fund inflows and increased participation by local institutional funds. Market sentiment improved as inflation moderated, the global economy remained resilient and central banks reached the tail end of aggressive tightening monetary policies. Malaysia saw status quo outcomes from its 6 state elections in Aug 2023, resulting in the removal of political overhang. The incumbent Unity Government also launched several major initiatives such as the Madani Economy Framework, New Industrial Master Plan 2030 and National Energy Transition Roadmap, all of which are aimed at spurring the economy over the medium to long term.

Despite geopolitical tensions from the Israel-Hamas war, global major equity indices trended higher and closed 2023 with strong returns. This coincided with the United States ("US") 10-yr treasury yields compressing from its 16-year high of 5.00% in Oct 2023 as the US Federal Reserve System ("Fed") turned dovish. Domestically, the tabling of Budget 2024 saw an increase in taxes including the broader scope of service tax and the introduction of luxury tax. While development expenditure would be higher, fiscal discipline and subsidy rationalization remained the key themes.

The FBMKLCI was a relative underperformer compared to global indices in 2023 as Developed Markets fared better relative to Emerging Markets.

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 US 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 Bank Negara Malaysia. 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 boarse due to easing monetary policies, undemanding valuation and accelerating corporate earnings growth in 2024. In terms of portfolio strategy, we would adopt a barbell approach and remain selective in our stock picks.

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.

TRUSTEE'S REPORT

To the Unitholders of Areca equityTRUST 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 deeds, securities laws and the Guidelines on Unit Trust Funds;
2. Valuation and pricing is carried out in accordance with the deeds; and
3. Any creation and cancellation of units are carried out in accordance with the deeds and any regulatory requirement.

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

NORHAZLIANA BINTI MOHAMMED HASHIM
HEAD, UNIT TRUST & CORPORATE OPERATIONS

Kuala Lumpur
21 February 2024

STATEMENT BY MANAGER

To the Unitholders of Areca equityTRUST 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

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ARECA equity TRUST FUND

UNAUDITED STATEMENT OF FINANCIAL POSITION

As At 31 December 2023

	Note	31.12.2023 RM	31.12.2022 RM
Assets			
Investments			
Quoted securities	5	227,655,305	210,012,019
Collective investment schemes	5	<u>13,899,783</u>	<u>15,197,684</u>
Total Investments		<u>241,555,088</u>	<u>225,209,703</u>
Other Assets			
Amount due from Manager	6	-	6,472
Cash at bank		1,044	9,144
Other receivables	7	5,575,133	2,760,336
Short-term deposits	8	<u>10,548,393</u>	<u>28,964,934</u>
Total Other Assets		<u>16,124,570</u>	<u>31,740,886</u>
Total Assets		<u>257,679,658</u>	<u>256,950,589</u>
Unitholders' Fund And Liabilities			
Liabilities			
Amount due to Manager	6	46,633	-
Other payables and accrued expenses	9	<u>422,262</u>	<u>1,971,538</u>
Total Liabilities		<u>468,895</u>	<u>1,971,538</u>
Unitholders' Fund			
Unitholders' capital	10	222,390,290	233,310,311
Retained earnings	10	<u>34,820,473</u>	<u>21,668,740</u>
Net Asset Value Attributable To Unitholders		<u>257,210,763</u>	<u>254,979,051</u>
Total Unitholders' Fund And Liabilities		<u>257,679,658</u>	<u>256,950,589</u>
Number of Units In Circulation	10	<u>451,424,045</u>	<u>470,810,571</u>
Net Asset Value Per Unit (RM)	11	<u>0.5698</u>	<u>0.5416</u>

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

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ARECA equity TRUST FUND

UNAUDITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Financial Period Ended 31 December 2023

	Note	01.07.2023 to 31.12.2023 RM	01.07.2022 to 31.12.2022 RM
Investment Income			
Interest income		219,954	486,797
Dividend income		2,212,779	2,868,874
Net gain on investments at fair value through profit or loss ("FVTPL")	5	12,051,489	3,345,254
Total Investments Income		<u>14,484,222</u>	<u>6,700,925</u>
Expenditure			
Management fee	12	2,376,764	2,284,753
Trustee's fee	13	103,180	103,915
Audit fee		6,250	8,250
Tax agent's fee		2,000	-
Transaction cost		798,991	828,030
Other expenses		26,814	2,823
Total Expenditure		<u>3,313,999</u>	<u>3,227,771</u>
Net Income Before Tax		11,170,223	3,473,154
Income Tax Expenses	14	-	-
Net Income After Tax And Total Comprehensive Income For The Financial Period		<u>11,170,223</u>	<u>3,473,154</u>
Net Income After Tax Is Made Up Of:			
Realised loss		(7,723,206)	(8,609,098)
Unrealised gain		18,893,429	12,082,252
		<u>11,170,223</u>	<u>3,473,154</u>

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

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ARECA equity TRUST FUND

UNAUDITED STATEMENT OF CHANGES IN NET ASSET VALUE

For The Financial Period Ended 31 December 2023

	Unitholders' capital RM	Retained earnings RM	Total net asset value RM
Balance as at 1 July 2022	245,434,610	18,195,586	263,630,196
Amounts received from units created	7,055,397	-	7,055,397
Amounts paid from units cancelled	(19,179,696)	-	(19,179,696)
Total comprehensive income for the financial period	-	3,473,154	3,473,154
Balance as at 31 December 2022	233,310,311	21,668,740	254,979,051
Balance as at 1 July 2023	226,053,319	23,650,250	249,703,569
Amounts received from units created	4,805,899	-	4,805,899
Amounts paid from units cancelled	(8,468,928)	-	(8,468,928)
Total comprehensive income for the financial period	-	11,170,223	11,170,223
Balance as at 31 December 2023	222,390,290	34,820,473	257,210,763

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

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ARECA equity TRUST FUND

UNAUDITED STATEMENT OF CASH FLOWS

For The Financial Period Ended 31 December 2023

	01.07.2023 to 31.12.2023	01.07.2022 to 31.12.2022
	RM	RM
Cash Flows From Operating Activities		
Proceeds from disposal of investments	75,795,085	90,721,574
Dividend income received	2,458,584	3,093,817
Interest received	232,028	483,579
Purchase of investments	(95,169,769)	(127,187,756)
Management fee paid	(2,367,765)	(2,320,140)
Trustee's fee paid	(102,344)	(104,373)
Transaction cost paid	(785,890)	(824,751)
Payment for other fees and expenses	(39,314)	(2,823)
Net Cash Used In Operating Activities	<u>(19,979,385)</u>	<u>(36,140,873)</u>
Cash Flows From Financing Activities		
Cash proceeds from units created	4,781,145	7,109,524
Payment for cancellation of units	(8,382,572)	(19,466,277)
Net Cash Used In Financing Activities	<u>(3,601,427)</u>	<u>(12,356,753)</u>
Net Decrease In Cash And Cash Equivalents	(23,580,812)	(48,497,626)
Cash And Cash Equivalents At Beginning Of Period	<u>34,130,249</u>	<u>77,471,704</u>
Cash And Cash Equivalents At The End Of Period	<u><u>10,549,437</u></u>	<u><u>28,974,078</u></u>
Cash And Cash Equivalents Comprise:		
Cash at bank	1,044	9,144
Short-term deposits	10,548,393	28,964,934
	<u><u>10,549,437</u></u>	<u><u>28,974,078</u></u>

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

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Areca equityTRUST 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 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 is ordinary shares and other equity-related securities such as convertible securities, preference shares, warrants listed on the Bursa Malaysia or other public exchanges in Malaysia, securities in Foreign Stock Exchange which has been approved by the relevant authorities from time to time, liquid assets, unlisted fixed income securities and commercial papers traded in money market, units and share in other collective investment schemes, derivatives such as future contracts for hedging purposes only and any other form of investments as may be approved by the relevant authorities from time to time. The Fund commenced operations on 23 April 2007 and will continue its operations until terminated by the Trustee in accordance with Part 12 of the Deed.

The objective of the Fund is to provide investors with medium to long term capital growth by investing in equities and equity-related securities. Any material changes to the investment objective would require unitholders' 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 FINANCIAL STATEMENTS

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

Adoption of Amendments to MFRSs

The Fund has applied the following the relevant Amendment 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.

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:

	Effective for annual periods beginning on or after
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 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.

The principal accounting policies adopted are set out below.

Income Recognition

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

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

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

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

Transaction Costs

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

Income Tax

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

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

Functional and Presentation Currency

The financial statements are measured using the currency of the primary economic environment in which the Fund operates ("functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is also 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 unitholder's 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 unitholder's 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 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 transfer nor retain substantially all the risks and rewards of ownership and continues to control the transferred asset, the Fund recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Fund retains substantially all the risks and rewards of ownership of a transferred financial asset, the Fund continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Equity Instruments

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

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

Financial Liabilities

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

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

(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.

For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, the Fund 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.

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The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. 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

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 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 investment is 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.

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.

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(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

Investments designated as FVTPL are as follows:

	2023	2022
	RM	RM
At aggregate cost		
Quoted securities	203,417,027	205,014,179
Collective investment schemes	13,800,000	15,000,000
	217,217,027	220,014,179
At fair value		
Quoted securities	227,655,305	210,012,019
Collective investment schemes	13,899,783	15,197,684
	241,555,088	225,209,703
Net gain on investments at FVTPL comprised:		
Realised loss on disposals	(6,841,940)	(8,736,998)
Net unrealised gain on changes in fair value	18,893,429	12,082,252
	12,051,489	3,345,254

Details of quoted securities are as follows:

	No. of Shares Units	Aggregate Cost RM	Fair Value RM	Fair Value as a % of Net Asset Value %
Shares quoted in Malaysia				
2023				
Ace Market				
Health Care				
DC Healthcare Holdings Bhd	9,600,000	4,205,510	3,888,000	1.51
Industrial Products & Services				
Econframe Bhd	811,400	600,186	665,348	0.26
Econframe Bhd-Warrants				
2022/2027	1,259,000	-	503,600	0.19
L&P Global Bhd	8,717,600	5,080,185	3,748,568	1.46
Nationgate Holdings Bhd	4,200,000	3,788,820	6,342,000	2.46
		9,469,191	11,259,516	4.37

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Shares quoted in Malaysia	No. of Shares Units	Aggregate Cost RM	Fair Value RM	Fair Value as a % of Net Asset Value %
2023				
Technology				
Autocount Dotcom Bhd	3,777,400	2,270,479	2,417,536	0.94
ECA Integrated Solution Bhd	8,440,400	7,051,378	4,262,402	1.66
Infomina Bhd	4,883,400	4,046,211	8,155,278	3.17
SFP Tech Holdings Bhd	6,961,000	4,328,913	6,682,560	2.60
SMRT Holdings Bhd	6,500,000	4,043,600	6,955,000	2.70
TT Vision Holdings Bhd	476,600	591,360	390,812	0.15
		22,331,941	28,863,588	11.22
Main Market				
Construction				
Ekovest Bhd	13,880,000	6,412,800	6,801,200	2.65
Gamuda Bhd	1,420,000	6,360,618	6,517,800	2.53
		12,773,418	13,319,000	5.18
Energy				
Dayang Enterprise Holdings Bhd	3,612,000	6,464,037	5,779,200	2.25
Hibiscus Petroleum Bhd	1,766,880	4,895,208	4,487,875	1.74
Yinson Holdings Bhd	3,655,160	8,919,692	9,137,900	3.55
Yinson Holdings Bhd- Warrants 2022/2025	349,611	-	153,829	0.06
		20,278,937	19,558,804	7.60
Financial Services				
CIMB Group Holdings Bhd	1,757,400	8,551,463	10,280,790	4.00
Hong Leong Bank Bhd	458,800	7,560,594	8,671,320	3.37
		16,112,057	18,952,110	7.37
Industrial Products & Services				
Ancom Nylex Bhd	4,568,000	5,641,527	5,161,840	2.01
Cape EMS Bhd	6,300,000	9,054,840	6,678,000	2.59
CPE Technology Bhd	3,610,400	3,633,485	3,592,348	1.40
Dufu Technology Corp. Bhd	492,000	917,114	934,800	0.36
EG Industries Bhd	3,836,100	4,899,635	5,754,150	2.24
EG Industries Bhd - Warrants 2023/2028	1,918,050	-	-	-
P.I.E. Industrial Bhd	1,440,500	4,712,060	4,681,625	1.82
RGT Bhd	2,829,900	1,794,953	665,027	0.26
SAM Engineering & Equipment (M) Bhd	720,000	3,245,754	2,923,200	1.14
Sunway Bhd	2,333,300	4,039,154	4,806,598	1.87
Thong Guan Industries Bhd	1,574,000	3,943,080	2,959,120	1.15
V.S. Industry Bhd	2,971,000	2,530,350	2,421,365	0.94
		44,411,952	40,578,073	15.78

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Shares quoted in Malaysia	No. of Shares Units	Aggregate Cost RM	Fair Value RM	Fair Value as a % of Net Asset Value %
2023				
Properties				
Eastern & Oriental Bhd	4,044,400	2,631,976	2,325,530	0.91
Iskandar Waterfront City Bhd	7,940,100	5,489,377	5,796,273	2.25
SP Setia Bhd-Islamic Redeemable Convertible Preference Shares (RCPS-I)	128,520	128,520	118,881	0.05
UEM Sunrise Bhd	11,650,000	7,697,860	9,494,750	3.69
		<u>15,947,733</u>	<u>17,735,434</u>	<u>6.90</u>
Real Estate Investment Trusts				
Pavilion Real Estate Investment Trust	2,550,000	3,111,000	3,085,500	1.20
Technology				
Cnenergiz Bhd	5,606,700	4,316,281	3,392,053	1.32
Frontken Corporation Bhd	869,100	2,416,696	2,815,884	1.10
Genetec Technology Bhd	2,440,000	6,245,547	5,758,400	2.24
Inari Amertron Bhd	2,350,000	6,916,990	7,073,500	2.75
Malaysian Pacific Industries Bhd	131,600	4,285,421	3,711,120	1.44
		<u>24,180,935</u>	<u>22,750,957</u>	<u>8.85</u>
Telecommunication & Media				
TIME dotCom Bhd	1,440,000	6,902,200	7,776,000	3.02
Transport & Logistics				
Malaysia Airports Holdings Bhd	750,139	4,943,022	5,521,023	2.15
Utilities				
Mega First Corporation Bhd	1,630,000	4,082,503	6,014,700	2.34
YTL Corporation Bhd	8,900,000	10,892,600	16,821,000	6.54
YTL Power International Bhd	4,540,000	3,774,028	11,531,600	4.48
		<u>18,749,131</u>	<u>34,367,300</u>	<u>13.36</u>
Total Quoted Securities		<u>203,417,027</u>	<u>227,655,305</u>	<u>88.51</u>
Unrealised gain on quoted securities			<u>24,238,278</u>	

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Details of collective investment schemes are as follow:

Collective investment schemes	Quantity Units	Aggregate Cost RM	Fair Value RM	Fair Value as a % of Net Asset Value %
2023				
Areca Progressive Income Fund	3,763,121	3,800,000	3,800,376	1.48
Areca Steady fixedINCOME Fund	8,353,521	10,000,000	10,099,407	3.92
Total collective investment schemes		<u>13,800,000</u>	<u>13,899,783</u>	<u>5.40</u>
Unrealised gain on collective investment schemes			<u>99,783</u>	
Shares quoted in Malaysia	No. of Shares Units	Aggregate Cost RM	Fair Value RM	Fair Value as a % of Net Asset Value %
2022				
Ace Market				
Health Care				
Umedic Group Bhd	7,166,900	5,244,422	4,873,492	1.91
Industrial Products & Services				
Coraza Integrated Technology Bhd	6,377,300	4,960,589	4,878,634	1.91
Econframe Bhd	3,000,000	2,100,000	2,715,000	1.07
Econframe Bhd-Warrants 2022/2027	1,500,000	-	690,000	0.27
		<u>7,060,589</u>	<u>8,283,634</u>	<u>3.25</u>
Technology				
Cnenergiz Bhd	2,524,500	2,223,837	2,032,222	0.80
Genetec Technology Bhd	2,440,000	6,245,547	5,831,600	2.29
Infomina Bhd	4,139,700	3,059,652	5,961,168	2.33
Microlink Solutions Bhd	3,380,500	2,535,375	3,093,158	1.21
SFP Tech Holdings Bhd	3,000,000	5,182,200	5,400,000	2.12
		<u>19,246,611</u>	<u>22,318,148</u>	<u>8.75</u>
Main Market				
Consumer Products & Services				
Berjaya Food Bhd	4,535,000	4,563,251	4,716,400	1.85
Farm Fresh Bhd	4,954,400	8,508,772	7,976,584	3.13
		<u>13,072,023</u>	<u>12,692,984</u>	<u>4.98</u>

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Shares quoted in Malaysia	No. of Shares Units	Aggregate Cost RM	Fair Value RM	Fair Value as a % of Net Asset Value %
2022				
Energy				
Bumi Armada Bhd	13,965,600	7,073,603	6,703,488	2.63
Hibiscus Petroleum Bhd	2,517,200	2,747,913	2,693,404	1.06
Yinson Holdings Bhd	2,855,160	6,880,332	6,938,039	2.72
Yinson Holdings Bhd-Warrants 2022/2025	349,611	-	160,821	0.06
		<u>16,701,848</u>	<u>16,495,752</u>	<u>6.47</u>
Financial Services				
AMMB Holdings Bhd	2,471,400	7,681,020	10,231,596	4.01
CIMB Group Holdings Bhd	1,907,400	9,291,579	11,062,920	4.34
Hong Leong Bank Bhd	570,000	9,393,066	11,719,200	4.60
Malayan Banking Bhd	612,898	5,392,120	5,332,213	2.09
Public Bank Bhd	2,320,000	9,764,125	10,022,400	3.93
RHB Bank Bhd	2,069,551	11,441,491	11,982,700	4.70
		<u>52,963,401</u>	<u>60,351,029</u>	<u>23.67</u>
Industrial Products & Services				
Ancom Nylex Bhd	4,568,000	5,641,527	4,705,040	1.84
Dufu Technology Corp. Bhd	1,460,900	2,418,495	2,615,011	1.03
P.I.E. Industrial Bhd	2,070,500	6,890,978	5,383,300	2.11
RGT Bhd	5,349,200	3,392,898	2,005,950	0.79
Samchem Holdings Bhd	4,569,300	4,240,487	3,061,431	1.20
Sunway Bhd	2,300,000	3,993,200	3,726,000	1.46
Thong Guan Industries Bhd	1,574,000	3,943,080	3,714,640	1.46
		<u>30,520,665</u>	<u>25,211,372</u>	<u>9.89</u>
Plantations				
Kuala Lumpur Kepong Bhd	168,600	4,633,802	3,769,896	1.48
Properties				
S P Setia Bhd-Islamic Redeemable Convertible Preference Shares (RCPS-I)	128,520	128,520	117,596	0.05
Transport & Logistics				
Malaysia Airports Holdings Bhd	1,370,000	8,781,931	8,987,200	3.52
Technology				
Datasonic Group Bhd	11,000,000	6,233,900	5,060,000	1.99
Frontken Corporation Bhd	1,872,200	5,206,003	5,766,376	2.26
Malaysia Pacific Industries	91,600	3,163,013	2,634,416	1.03
MY E.G. Services Bhd	3,000,000	2,523,000	2,610,000	1.02
		<u>17,125,916</u>	<u>16,070,792</u>	<u>6.30</u>

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Shares quoted in Malaysia	No. of Shares Units	Aggregate Cost RM	Fair Value RM	Fair Value as a % of Net Asset Value %
2022				
Telecommunication & Media				
TIME dotCom Bhd	1,590,000	7,501,058	7,791,000	3.06
Telekom Malaysia Bhd	1,277,097	6,899,906	6,896,324	2.70
		<u>14,400,964</u>	<u>14,687,324</u>	<u>5.76</u>
Utilities				
Mega First Corporation Bhd	1,630,000	4,082,504	5,411,600	2.12
Petronas Gas Bhd	310,000	5,210,703	5,307,200	2.08
YTL Power International Bhd	7,600,000	5,840,280	5,434,000	2.13
		<u>15,133,487</u>	<u>16,152,800</u>	<u>6.33</u>
Total Quoted Securities		<u>205,014,179</u>	<u>210,012,019</u>	<u>82.36</u>
Unrealised gain on quoted securities			<u>4,997,840</u>	

Details of collective investment schemes are as follow:

Collective investment schemes	Quantity Units	Aggregate Cost RM	Fair Value RM	Fair Value as a % of Net Asset Value %
2022				
Areca i-Strategic Income Fund	14,976,038	15,000,000	15,197,684	5.96
Unrealised gain on collective investment schemes			<u>197,684</u>	

6 AMOUNT DUE FROM/(TO) MANAGER

	2023 RM	2022 RM
Amount due from/(to) Manager comprises:		
Amount due from Manager	-	6,472
Amount due to Manager	(46,633)	-
	<u>(46,633)</u>	<u>6,472</u>

Amount due from/(to) Manager consists of amounts receivable from/(payable to) the Manager in respect of creation/(cancellation) of units. Amount receivable/(payable) for units created/(cancelled) is received/(paid) within 7 business days of the transaction dates.

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7 OTHER RECEIVABLES

	2023	2022
	RM	RM
Amount due from stockbroker	5,484,934	2,699,434
Dividends receivable	87,038	47,091
Interest receivable	3,161	13,811
	5,575,133	2,760,336

Amount due from stockbrokers represents receivables for securities sold that have been contracted for but not yet settled at the end of the reporting period.

8 SHORT-TERM DEPOSITS

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

The effective average interest rate for short-term deposits is 3.06% (2022: 2.79%) per annum and the average maturity period is 3 days (2022: 8 days).

9 OTHER PAYABLES AND ACCRUED EXPENSES

	2023	2022
	RM	RM
Amount due to stockbrokers	-	1,541,036
Accrued expenses:		
Management fee	392,767	388,368
Trustee's fee	17,245	17,384
Audit fee	6,250	20,750
Tax agent's fee	6,000	4,000
	422,262	1,971,538

Amount due to stockbrokers represents payables for securities payables that have been contracted for but not yet delivered at the end of the reporting period.

10 NET ASSET VALUE ATTRIBUTABLE TO UNITHOLDERS

	Note	2023	2022
		RM	RM
Unitholders capital	(a)	222,390,290	233,310,311
Retained earnings			
-Realised gain	(b)	10,482,412	16,473,216
-Unrealised gain	(c)	24,338,061	5,195,524
		34,820,473	21,668,740
		257,210,763	254,979,051

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(a) Unitholder's capital/units in circulation

	←----- 2023 -----→		←----- 2022 -----→	
	No. of units	RM	No. of units	RM
At beginning of the period	457,864,638	226,053,319	493,738,720	245,434,610
Created during the period	8,539,196	4,805,899	13,051,581	7,055,397
Cancelled during the period	<u>(14,979,789)</u>	<u>(8,468,928)</u>	<u>(35,979,730)</u>	<u>(19,179,696)</u>
At end of the period	<u>451,424,045</u>	<u>222,390,290</u>	<u>470,810,571</u>	<u>233,310,311</u>

(b) Realised gain - distributable

	2023 RM	2022 RM
At beginning of period	18,205,618	25,082,314
Net realised gain for the period	<u>(7,723,206)</u>	<u>(8,609,098)</u>
At end of the period	<u>10,482,412</u>	<u>16,473,216</u>

(c) Unrealised gain - non-distributable

	2023 RM	2022 RM
At beginning of period	5,444,632	(6,886,728)
Net unrealised gain for the financial period	<u>18,893,429</u>	<u>12,082,252</u>
At end of the period	<u>24,338,061</u>	<u>5,195,524</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 of 31 December 2023 of RM257,210,763 (2022: RM254,979,051) by units in issues as of 31 December 2023 of 451,424,045 units (2022: 470,810,571 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 in the financial statements amounted to 1.84% (2022: 1.76%) per annum for the period, net of management fee rebate on the collective investment schemes.

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 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 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.

15 TOTAL EXPENSE RATIO AND PORTFOLIO TURNOVER RATIO

Total Expense Ratio (TER)

Total expense ratio for the Fund is 0.98% (2022: 0.93%) 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 financial period is RM255,834,797 (2022: RM257,655,816).

Portfolio Turnover Ratio (PTR)

The portfolio turnover ratio for the Fund is 0.34 times (2022: 0.42 times) for the financial period ended 31 December 2023. 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 = RM92,859,169 (2022: RM128,715,126)
total disposal for the financial period = RM81,304,055 (2022: RM89,942,017)

16 UNITS HELD BY THE MANAGER AND RELATED PARTIES

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

	←-----2023-----→		←-----2022-----→	
	No. of units	RM	No. of units	RM
Wong Teck Meng, an Executive Director of the Manager	1,944,448	1,107,946	1,729,838	936,880
Edward Iskandar Toh Bin Abdullah, an Executive Director of the Manager	424,512	241,887	413,567	223,988
	2,368,960	1,349,833	2,143,405	1,160,868

There are no units held by the Manager for the financial period under review.

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 %
2023				
Kenanga Investment Bank Bhd	42,428,799	25.85	207,641	25.99
CIMB Investment Bank Bhd	32,345,417	19.71	156,763	19.62
CLSA Securities Malaysia Sdn Bhd	24,001,696	14.63	119,141	14.91
UOB Kay Hian Securities (M) Sdn Bhd	17,297,058	10.54	89,548	11.21
Maybank Investment Bank Bhd	16,312,078	9.94	80,780	10.11
KAF Equities Sdn Bhd	12,947,853	7.89	60,449	7.57
RHB Investment Bank Bhd	9,407,415	5.73	48,287	6.04
Hong Leong Investment Bank Bhd	5,306,196	3.23	27,730	3.47
KAF Investment Bank Bhd	2,140,000	1.31	-	-
Public Investment Bank Bhd	1,308,500	0.80	6,627	0.83
Others	613,223	0.37	2,025	0.25
	164,108,235	100.00	798,991	100.00
2022				
CIMB Investment Bank Bhd	52,337,094	29.53	244,679	29.55
CLSA Securities Malaysia Sdn Bhd	43,584,021	24.59	184,224	22.25
Kenanga Investment Bank Bhd	39,994,045	22.56	196,570	23.74
Maybank Investment Bank Bhd	29,361,896	16.56	141,509	17.09
Philips Capital Sdn Bhd	11,974,025	6.76	61,048	7.37
	177,251,081	100.00	828,030	100.00

18 RISK MANAGEMENT POLICIES

Financial Risk Management Objectives And Policies

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

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

Categories of Financial Instruments

	2023	2022
	RM	RM
Financial assets		
Carried at FVTPL:		
Quoted securities	227,655,305	210,012,019
Collective investment schemes	<u>13,899,783</u>	<u>15,197,684</u>
Financial assets		
Amortised costs:		
Amount due from Manager	-	6,472
Cash at bank	1,044	9,144
Other receivables	5,575,133	2,760,336
Short-term deposits	<u>10,548,393</u>	<u>28,964,934</u>
Financial liabilities		
Amortised cost:		
Amount due to Manager	46,633	-
Other payable and accrued expenses	<u>422,262</u>	<u>1,971,538</u>

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.

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

	Short-term deposits RM	Quoted securities RM	Collective investment schemes RM
2023			
Industry			
Construction	-	13,319,000	-
Energy	-	19,558,804	-
Financial Services	10,548,393	18,952,110	13,899,783
Health Care	-	3,888,000	-
Industrial Products & Services	-	51,837,589	-
Properties	-	17,735,434	-
Real Estate Investment Trusts	-	3,085,500	-
Technology	-	51,614,545	-
Telecommunications & Media	-	7,776,000	-
Transport & Logistics	-	5,521,023	-
Utilities	-	34,367,300	-
	10,548,393	227,655,305	13,899,783
2022			
Industry			
Consumer Products & Services	-	12,692,984	-
Energy	-	16,495,752	-
Financial Services	28,964,934	60,351,029	15,197,684
Health care	-	4,873,492	-
Industrial Products & Services	-	33,495,006	-
Plantations	-	3,769,896	-
Properties	-	117,596	-
Technology	-	38,388,940	-
Telecommunications & Media	-	14,687,324	-
Transport & Logistics	-	8,987,200	-
Utilities	-	16,152,800	-
	28,964,934	210,012,019	15,197,684

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.

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

	Up to 1 month RM	1 – 3 months RM	3 months to 1 year RM	Total RM
2023				
Financial liabilities:				
Non-interest bearing				
Amount due to Manager	46,633	-	-	46,633
Other payables and accrued expenses	410,012	12,250	-	422,262
2022				
Financial liabilities:				
Non-interest bearing				
Other payables and accrued expenses	1,946,788	24,750	-	1,971,538

Market risk management

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

During the financial period, as the Fund invests only in Malaysian listed securities, the performance of the Fund might go up or down in accordance with the prevailing market risk 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's short-term deposits and cash at bank earn interest at floating rates but is not exposed to any significant interest rate risk as the floating rates, represented by overnight cash rates, do not significantly fluctuate period-on-period.

Price risk management

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

Price risk sensitivity

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

	Changes in price %	Effect on profit or loss Increase/(Decrease) RM
2023		
Investments	+5/-5%	12,077,754/(12,077,754)
2022		
Investments	+5/-5%	11,260,485/(11,260,485)

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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.

19 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2023				
Financial assets at FVTPL				
Quoted securities	227,655,305	-	-	227,655,305
Collective investment schemes	-	13,899,783	-	13,899,783
2022				
Financial assets at FVTPL				
Quoted securities	210,012,019	-	-	210,012,019
Collective investment schemes	-	15,197,684	-	15,197,684

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



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