

Semi-Annual Report

Dec 2024

For the Period Ended 31 December 2024

*Areca equity*TRUST Fund

Management Company



200601021087(740840-D)

SEMI-ANNUAL REPORT DECEMBER 2024

✦ 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 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/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>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	23 April 2007
Financial Year End	30 June

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ARECA equityTRUST FUND

FUND PERFORMANCE

	2024	2023	2022
NET ASSET VALUE ("NAV")			
Net Asset Value (RM million)	380.82	257.21	254.98
Units in circulation (million units)	575.16	451.42	470.81
NAV per unit (RM)	0.6621	0.5698	0.5416

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)	0.7084	0.5774	0.5508
Lowest NAV per unit (RM)	0.6166	0.5419	0.5133

ASSET ALLOCATION % of NAV			
Quoted equity securities			
Construction	10.62	5.18	-
Consumer Products & Services	12.00	-	4.98
Energy	8.73	7.60	6.47
Financial Services	11.32	7.37	23.67
Health Care	6.86	1.51	1.91
Industrial Products & Services	10.30	20.15	13.14
Plantation	4.13	-	1.48
Property	6.67	6.90	0.05
Real Estate Investment Trust	-	1.20	-
Technology	11.05	20.07	15.05
Telecommunications & Media	-	3.02	5.76
Transportation & Logistics	1.73	2.15	3.52
Utilities	3.37	13.36	6.33
Collective investment schemes	9.62	5.40	5.96
Liquid assets and other net current assets	3.60	6.09	11.68

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) (%)	0.95	0.98	0.93
<i>Please refer to Note 2 for further information</i>			
Portfolio turnover ratio (PTR) (times)	0.61	0.34	0.42
<i>Please refer to Note 3 for further information</i>			

	30.06.2024 to 31.12.2024	30.06.2023 to 31.12.2023	30.06.2022 to 31.12.2022
TOTAL RETURN			
<i>Please refer to Note 4 for further information</i>			
Total Return (%)	(0.12)	4.47	1.44
- Capital growth (%)	(0.12)	4.47	1.44
- Income distribution (%)	-	-	-

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ARECA equity TRUST FUND

FUND PERFORMANCE

	2024	2023	2022	2021	2020
Annual Total Return (%)	(0.24)*	9.07*	2.88*	13.78*	78.29*
Performance Benchmark (%): 1-year Average Returns of the funds under "Equity Malaysia" Non-Islamic category	4.71*	15.49*	7.18*	9.23*	45.42*
<i>* Annualised for comparison purpose only</i>					

	1-yr	3-yrs	5-yrs
Average Total Return per annum	24.96	3.33	13.23

NOTES:

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

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

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

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

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

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

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ARECA equity TRUST FUND

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 an total return of -0.12% compared to benchmark's return of 2.28%. The Fund remain focused on positioning for longer term growth. Since launch in April 2007, the Fund has recorded a total return of 621.29% compared to the benchmark return of 180.32%.

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 2024

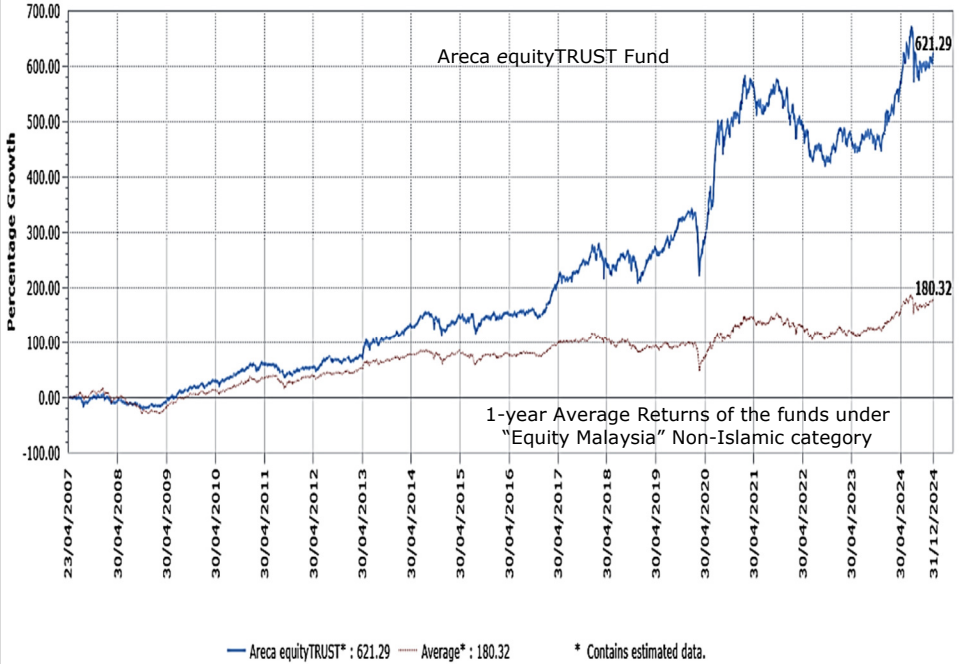
RM0.6621

Asset Allocation/Portfolio Composition	2024	2023	2022
Quoted equity securities	86.78%	88.51%	82.36%
Collective investment schemes	9.62%	5.40%	5.96%
Liquid assets and other net current assets	3.60%	6.09%	11.68%

FUND REVIEW

Performance of Areca equityTRUST Fund
for the period since inception to 31 December 2024

Total Return of Areca equityTRUST Fund vs Benchmark



Source Lipper

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ARECA equity TRUST FUND

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 3.30% to close at 1,642 points. The broader market FTSE Bursa Malaysia EMAS Index ("FBMEMAS") rose by 3.00% to 12,585 points while the FTSE Bursa Malaysia Small Cap Index ("FBMSCAP") declined by 6.90% to 17,964 points.

Malaysian equities continued its robust performance in second half of 2024 ("2H24"), anchored by medium and large capitalisation stocks. The FBMKLCI marked its first annual gain in 2024 after 3 consecutive years of negative returns. This was driven by improved corporate earnings, increased interest in sectors associated with high Foreign Direct Investments ("FDIs"), data centers, the National Energy Transition Roadmap and the Johor-Singapore Special Economic Zone. Furthermore, the market's resurgence was further bolstered by higher domestic liquidity following Prime Minister Anwar Ibrahim's calls to increase local investments. Meanwhile, the FBMSCAP underperformed the FBMKLCI by 10.2 ppt, primarily owing to a flight to large capitalisation stocks amidst a sharp appreciation of the Malaysian Ringgit in third quarter of 2024 ("3Q24"). An estimated 40.00% of the index constituents are exporters, which would have seen downgrades in corporate earnings as most of their sales are denominated in foreign currency.

Meanwhile, global major equity indices continued its upwards trajectory and closed 2024 with strong returns. In tandem with the decline in inflation and weaker than expected labor market, the United States ("U.S.") Federal Reserve ("Fed") embarked on its easing monetary policy with its first cut of the Fed Funds Rate in September 2024. In November 2024, re-election of Donald Trump in the U.S. Presidential Election with a clean sweep at the House and Senate level further bolstered market sentiment.

Domestically, the tabling of Budget 2025 saw allocations rising 3.00% year-over-year to RM421 billion with development expenditure remaining the same as previous year. The Malaysian Government intends to end blanket subsidies for RON95 fuel by mid-2025, although the mechanism remains unclear at current juncture. Additionally, minimum wage will also be raised to RM1,700 from RM1,500, while civil servants will see a 13.00% increase in salaries.

The FBMKLCI was a relative underperformer compared to global indices in 2024 as Developed Markets continued to fare better relative to Emerging Markets.

MALAYSIAN EQUITY MARKET OUTLOOK AND STRATEGY

Moving into 2025, we expect developed economies to continue interest rate cuts but at a more gradual pace. Trump's pro-growth policies are seen to be more inflationary in nature which could result in shallower rate cuts than market expectations. Potential tariffs on China and the rest of the world could also disrupt global trade growth. We anticipate United States Dollar strength and America exceptionalism to be key headwinds for Emerging Markets to perform.

Malaysia's economy is expected to grow 4.00% in 2024, before expanding to 4.50%-5.50% in 2025, according to Bank Negara Malaysia. Growth is expected to be supported by various strategic investments in the country in addition to resilient private consumption growth. Petrol subsidy rationalisation by the Government and higher cost of living are key factors to monitor, in addition to external policies introduced under Trump's administration.

Overall, we continue to expect better performance for the local bourse due to continued corporate earnings growth in 2025, undemanding valuation and better domestic liquidity. In terms of portfolio strategy, we would adopt a barbell approach and remain selective in our stock picks.

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ARECA equity **TRUST** FUND

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.

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ARECA equityTRUST FUND

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 2024 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, Areca Capital Sdn Bhd has operated and managed the Fund during the period covered by these 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
21 February 2025

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 2024 and the financial performance and the cash flows of the Fund for the financial period ended on that date.

For and on behalf of the Manager
Areca Capital Sdn Bhd

WONG TECK MENG
CEO/EXECUTIVE DIRECTOR

EDWARD ISKANDAR TOH BIN ABDULLAH
CIO/EXECUTIVE DIRECTOR

Kuala Lumpur
21 February 2025

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ARECA equity TRUST FUND

UNAUDITED STATEMENT OF FINANCIAL POSITION

As At 31 December 2024

	Note	31.12.2024 RM	31.12.2023 RM
Assets			
Investments	5	367,125,893	241,555,088
Cash and cash equivalents	6	8,430,559	10,552,598
Amount due from stockbrokers		6,246,168	5,484,934
Dividend receivables		193,283	87,038
Total Assets		<u>381,995,903</u>	<u>257,679,658</u>
Unitholders' Fund and Liabilities			
Liabilities			
Amount due to Manager		575,498	46,633
Other payables and accrued expenses	7	602,721	422,262
Total Liabilities		<u>1,178,219</u>	<u>468,895</u>
Unitholders' Fund			
Unitholders' capital		307,420,815	222,390,290
Retained earnings		73,396,869	34,820,473
Net Asset Value Attributable To Unitholders		<u>380,817,684</u>	<u>257,210,763</u>
Total Unitholders' Fund And Liabilities		<u>381,995,903</u>	<u>257,679,658</u>
Number Of Units In Circulation	8	<u>575,161,244</u>	<u>451,424,045</u>
Net Asset Value Per Unit (RM)		<u>0.6621</u>	<u>0.5698</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 2024

	Note	01.07.2024 to 31.12.2024 RM	01.07.2023 to 31.12.2023 RM
Investments Income			
Dividend Income		3,590,037	2,212,779
Interest Income		572,703	219,954
Net (loss)/gain on investments at fair value through profit or loss ("FVTPL")	5	<u>(146,767)</u>	<u>12,051,489</u>
Total Investments Income		<u>4,015,973</u>	<u>14,484,222</u>
Expenditure			
Management fee	9	3,339,692	2,376,764
Trustee's fee	10	148,784	103,180
Audit fee		6,251	6,250
Tax agent's fee		1,999	2,000
Transaction costs		1,933,164	798,991
Other expenses		<u>16,426</u>	<u>26,814</u>
Total Expenditure		<u>5,446,316</u>	<u>3,313,999</u>
Net (Loss)/Income Before Tax		<u>(1,430,343)</u>	<u>11,170,223</u>
Income Tax Expense	11	<u>-</u>	<u>-</u>
Net (Loss)/Income After Tax And Total Comprehensive (Loss)/Income For The Financial Period		<u>(1,430,343)</u>	<u>11,170,223</u>
Net (Loss)/Income After Tax Is Made Up Of:			
Realised gain/(loss)		18,111,104	(7,723,206)
Unrealised (loss)/gain		<u>(19,541,447)</u>	<u>18,893,429</u>
		<u>(1,430,343)</u>	<u>11,170,223</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 2024*

	Unitholders' capital RM	Retained earnings RM	Total net asset value RM
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 for 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	<u>222,390,290</u>	<u>34,820,473</u>	<u>257,210,763</u>
Balance as at 1 July 2024	258,338,526	74,827,212	333,165,738
Amounts received from units created	68,572,766	-	68,572,766
Amounts paid for units cancelled	(19,490,477)	-	(19,490,477)
Total comprehensive loss for the financial period	-	(1,430,343)	(1,430,343)
Balance as at 31 December 2024	<u>307,420,815</u>	<u>73,396,869</u>	<u>380,817,684</u>

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 2024

	Note	01.07.2024 to 31.12.2024	01.07.2023 to 31.12.2023
		RM	RM
Cash Flows From Operating Activities			
Proceeds from disposal of investments		185,952,158	75,795,085
Purchase of investments		(260,224,000)	(95,169,769)
Dividend income received		3,411,095	2,458,584
Interest received		572,703	219,954
Management fee paid		(3,237,498)	(2,367,765)
Trustee's fee paid		(143,496)	(102,344)
Transaction costs paid		(1,941,022)	(785,890)
Payment for other fees and expenses		(24,379)	(39,314)
Net Cash Used In Operating Activities		<u>(75,634,439)</u>	<u>(19,991,459)</u>
Cash Flows From Operating Activities			
Cash proceeds from units created		77,747,430	4,781,145
Payment for cancellation of units		<u>(18,810,388)</u>	<u>(8,382,572)</u>
Net Cash Generated From/(Used In) Financing Activities		<u>58,937,042</u>	<u>(3,601,427)</u>
Net Decrease In Cash And Cash Equivalents		(16,697,397)	(23,592,886)
Cash And Cash Equivalents At Beginning Of Period		25,127,956	34,145,484
Cash And Cash Equivalents At The End Of Period		<u>8,430,559</u>	<u>10,552,598</u>
Cash And Cash Equivalents Comprise:			
Cash at bank	6	5,069	1,044
Short-term deposits	6	<u>8,425,490</u>	<u>10,551,554</u>
		<u>8,430,559</u>	<u>10,552,598</u>

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

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Areca equity TRUST 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 ordinary shares and other equity-related securities such as convertible securities, preference shares, warrants listed on the Bursa Malaysia Berhad 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 was launched on 23 April 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 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. 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 THE FINANCIAL STATEMENTS

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

Adoption of Amendment to MFRSs

The Fund has applied the following relevant Amendment for the first time for the financial period beginning on 1 July 2024:

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

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

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ARECA equity TRUST FUND

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

At the date of authorisation for issue of these financial statements, 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: Disclosures</i>	1 January 2026

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 Amendments will have no material impact on the financial statements of the Fund in the period of initial application.

3 MATERIAL ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Fund have been prepared under the historical cost convention 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.

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ARECA equity TRUST FUND

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 is 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 ("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 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 continue 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 Berhad at the end of the reporting period.

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.

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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.

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

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

	2024	2023
	RM	RM
Financial assets at FVTPL:		
Quoted equity securities	330,494,529	227,655,305
Collective investment schemes	<u>36,631,364</u>	<u>13,899,783</u>
	<u>367,125,893</u>	<u>241,555,088</u>
Net (loss)/gain on investments at FVTPL comprise:		
Realised gain/(loss) on disposals	19,394,680	(6,841,940)
Unrealised (loss)/gain on changes in fair values	<u>(19,541,447)</u>	<u>18,893,429</u>
	<u>(146,767)</u>	<u>12,051,489</u>

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ARECA equity TRUST FUND

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				
ACE Market				
Industrial Products & Services				
Topmix Bhd	6,000,000	2,588,400	2,910,000	0.76
		<u>2,588,400</u>	<u>2,910,000</u>	<u>0.76</u>
Technology				
Edeltec Holdings Bhd	5,317,600	2,591,552	1,807,984	0.48
Infomina Bhd	3,583,400	2,969,078	4,945,092	1.30
LGMS Bhd	1,818,600	2,610,222	2,273,250	0.60
Ramssol Group Bhd	5,211,000	3,288,150	3,777,975	0.99
SFP Tech Holdings Bhd	3,810,400	2,694,441	2,781,592	0.73
SMRT Holdings Bhd	6,206,100	4,588,861	8,005,869	2.10
		<u>18,742,304</u>	<u>23,591,762</u>	<u>6.20</u>
Main Market				
Construction				
Gamuda Bhd	4,785,676	12,973,525	22,684,104	5.96
IJM Corporation Bhd	3,179,600	7,107,012	9,665,984	2.54
WCT Holdings Bhd	8,510,200	8,851,651	8,084,690	2.12
		<u>28,932,188</u>	<u>40,434,778</u>	<u>10.62</u>
Consumer Products & Services				
99 Speed Mart Retail Holdings Bhd	9,600,000	18,657,295	23,712,000	6.23
AirAsia X Bhd	3,000,000	6,077,900	6,000,000	1.57
Capital A Bhd	16,000,000	14,247,100	16,000,000	4.20
		<u>38,982,295</u>	<u>45,712,000</u>	<u>12.00</u>
Energy				
Bm Greentech Bhd	1,914,000	3,488,671	3,330,360	0.87
Bm Greentech Bhd-Warrants 2024/2027	308,000	-	155,540	0.04
Dayang Enterprise Holdings Bhd	3,134,800	5,678,064	6,551,732	1.72
DIALOG Group Bhd	5,700,000	12,229,660	10,545,000	2.77
Hibiscus Petroleum Bhd	2,887,600	6,544,433	5,659,696	1.49
Yinson Holdings Bhd	2,646,700	6,808,588	6,987,288	1.84
		<u>34,749,416</u>	<u>33,229,616</u>	<u>8.73</u>
Financial Services				
AEON Credit Service (M) Bhd	1,332,800	9,581,767	8,343,328	2.19
AMMB Holdings Bhd	1,500,000	7,732,050	8,220,000	2.16
CIMB Group Holdings Bhd	1,857,400	12,051,020	15,230,680	4.00
Hong Leong Bank Bhd	550,000	11,547,050	11,308,000	2.97
		<u>40,911,887</u>	<u>43,102,008</u>	<u>11.32</u>
Health Care				
IHH Healthcare Bhd	1,850,000	13,382,425	13,505,000	3.55
KPJ Healthcare Bhd	3,000,000	7,479,500	7,290,000	1.91
Supermax Corporation Bhd	4,000,000	3,941,600	5,320,000	1.40
		<u>24,803,525</u>	<u>26,115,000</u>	<u>6.86</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				
Industrial Products & Services				
Cahaya Mata Sarawak Bhd	2,400,000	3,424,080	2,880,000	0.76
CPE Technology Bhd	4,221,600	4,280,108	3,947,196	1.04
Hume Cement Industries Bhd	2,349,000	7,563,780	7,493,310	1.97
L&P Global Bhd	9,137,500	5,114,068	2,330,063	0.61
Press Metal Aluminium Holdings Bhd	700,000	3,487,065	3,430,000	0.90
SAM Engineering & Equipment (M) Bhd	1,096,800	4,607,312	4,782,048	1.25
Sunway Bhd	2,365,800	4,120,729	11,332,182	2.97
V.S. Industry Bhd-Warrants 2024/2026	660,530	-	138,711	0.04
		<u>32,597,142</u>	<u>36,333,510</u>	<u>9.54</u>
Plantation				
Johor Plantations Group Bhd	6,100,000	8,164,500	8,235,000	2.16
United Plantations Bhd	241,700	6,521,817	7,512,036	1.97
		<u>14,686,317</u>	<u>15,747,036</u>	<u>4.13</u>
Property				
Eco World Development Group Bhd	3,122,000	5,109,226	6,524,980	1.71
Mah Sing Group Bhd	3,195,000	5,833,853	5,751,000	1.51
Naim Holdings Bhd	3,996,200	4,443,060	4,275,934	1.12
S P Setia Bhd - Islamic Redeemable Convertible Preference Shares (RCPS-I)	128,520	128,520	123,379	0.03
Sime Darby Property Bhd	5,169,100	7,961,088	8,735,779	2.30
		<u>23,475,747</u>	<u>25,411,072</u>	<u>6.67</u>
Technology				
Inari Amertron Bhd	3,170,000	9,241,752	9,700,200	2.55
Notion VTec Bhd	6,605,900	10,695,777	8,785,847	2.30
		<u>19,937,529</u>	<u>18,486,047</u>	<u>4.85</u>
Transportation & Logistics				
E.A. Technique (M) Bhd	22,000,000	7,040,000	6,600,000	1.73
		<u>7,040,000</u>	<u>6,600,000</u>	<u>1.73</u>
Utilities				
Mega First Corporation Bhd	1,630,000	4,082,503	7,481,700	1.97
YTL Corporation Bhd	2,000,000	5,151,400	5,340,000	1.40
		<u>9,233,903</u>	<u>12,821,700</u>	<u>3.37</u>
Total quoted equity securities		<u>296,680,653</u>	<u>330,494,529</u>	<u>86.78</u>

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ARECA equity TRUST FUND

	Quantity Units	Aggregate Cost RM	Fair Value RM	Fair Value as a % of Net Asset Value %
COLLECTIVE INVESTMENT SCHEMES				
Areca Progressive Income Fund	3,763,121	3,800,000	3,801,129	1.00
Areca Progressive Income Fund 7.0	5,821,224	7,003,682	7,407,507	1.94
Areca Steady fixed INCOME Fund	20,385,476	25,041,436	25,422,728	6.68
Total collective investment schemes		<u>35,845,118</u>	<u>36,631,364</u>	<u>9.62</u>
Total investments		<u>332,525,771</u>	<u>367,125,893</u>	<u>96.40</u>
Unrealised gain on investments			<u>34,600,122</u>	

Financial assets at fair value through profit or loss as at 31 December 2023 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 Health Care				
DC Healthcare Holdings Bhd	9,600,000	4,205,510	3,888,000	1.51
		<u>4,205,510</u>	<u>3,888,000</u>	<u>1.51</u>
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
		<u>9,469,191</u>	<u>11,259,516</u>	<u>4.37</u>
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
		<u>22,331,941</u>	<u>28,863,588</u>	<u>11.22</u>
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
		<u>12,773,418</u>	<u>13,319,000</u>	<u>5.18</u>

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ARECA equity TRUST FUND

	No. of Shares Units	Aggregate Cost RM	Fair Value RM	Fair Value as a % of Net Asset Value %
QUOTED EQUITY SECURITIES				
Main Market				
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
		<u>20,278,937</u>	<u>19,558,804</u>	<u>7.60</u>
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
		<u>16,112,057</u>	<u>18,952,110</u>	<u>7.37</u>
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
		<u>44,411,952</u>	<u>40,578,073</u>	<u>15.78</u>
Property				
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 Trust				
Pavilion Real Estate Investment Trust	2,550,000	3,111,000	3,085,500	1.20
		<u>3,111,000</u>	<u>3,085,500</u>	<u>1.20</u>
Technology				
Cnergenz 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>

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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				
Telecommunications & Media				
TIME dotCom Bhd	1,440,000	6,902,200	7,776,000	3.02
		<u>6,902,200</u>	<u>7,776,000</u>	<u>3.02</u>
Transportation & Logistics				
Malaysia Airports Holdings Bhd	750,139	4,943,022	5,521,023	2.15
		<u>4,943,022</u>	<u>5,521,023</u>	<u>2.15</u>
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 equity securities		<u>203,417,027</u>	<u>227,655,305</u>	<u>88.51</u>

	Quantity Units	Aggregate Cost RM	Fair Value RM	Fair Value as a % of Net Asset Value %
COLLECTIVE INVESTMENT SCHEMES				
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>
Total investments		<u>217,217,027</u>	<u>241,555,088</u>	<u>93.91</u>
Unrealised gain on investments			<u>24,338,061</u>	

6 CASH AND CASH EQUIVALENTS

	2024 RM	2023 RM
Cash at bank	5,069	1,044
Short-term deposits	8,425,490	10,551,554
	<u>8,430,559</u>	<u>10,552,598</u>

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

The weighted average interest rate for short-term deposits is 3.00% (2023: 3.06%) per annum and the average maturity period is 2 days (2023: 3 days).

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	2024	2023
	RM	RM
Accrued expenses:		
Management fee	564,866	392,767
Trustee's fee	25,605	17,245
Audit fee	6,251	6,250
Tax agent's fee	5,999	6,000
	<u>602,721</u>	<u>422,262</u>

8 NUMBER OF UNITS IN CIRCULATION

	2024	2023
	Units	Units
At beginning of the period	502,622,660	457,864,638
Created during the period	101,948,160	8,539,196
Cancellation during the period	<u>(29,409,576)</u>	<u>(14,979,789)</u>
At end of the period	<u>575,161,244</u>	<u>451,424,045</u>

9 MANAGEMENT FEE

The Schedule 8 of the Deeds 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 is an average of 1.80% (2023: 1.84%) 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 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 (excluding foreign custodian fee, if any).

The Trustee's fee provided in the financial statements is 0.08% (2023: 0.08%) per annum for the financial period.

11 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.

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12 TOTAL EXPENSE RATIO AND PORTFOLIO TURNOVER RATIO

Total Expense Ratio (TER)

Total expense ratio for the Fund is 0.95% (2023: 0.98%) for the financial period ended 31 December 2024. The total expense ratio which includes management fee, trustee's fee, audit fee, tax agent's fee and other expenses, is calculated as follows:

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

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

The average net asset value of the Fund for the financial period is RM368,909,811 (2023: RM255,834,797).

Portfolio Turnover Ratio (PTR)

The portfolio turnover ratio for the Fund is 0.61 times (2023: 0.34 times) for the financial period ended 31 December 2024. The portfolio turnover ratio is derived from the following calculation:

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

where: total acquisition for the financial period = RM258,244,268 (2023: RM92,859,169)
total disposal for the financial period = RM192,200,869 (2023: RM81,304,055)

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

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

	←-----2024-----→		←-----2023-----→	
	No. of units	RM	No. of units	RM
Directors of the Manager				
(The above units are held legally and beneficially)				
	<u>3,865,222</u>	<u>2,559,163</u>	<u>2,368,960</u>	<u>1,349,833</u>
	<u>3,865,222</u>	<u>2,559,163</u>	<u>2,368,960</u>	<u>1,349,833</u>

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. These dealings with related parties have been transacted at arm's length basis.

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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 %
2024				
CIMB Securities Sdn Bhd	77,306,042	18.40	394,568	20.41
CGS International Securities Malaysia Sdn Bhd (formerly known as CGS CIMB Securities Sdn Bhd)	50,074,876	11.92	236,826	12.25
RHB Investment Bank Bhd	42,717,131	10.16	171,678	8.88
Public Investment Bank Bhd	40,750,484	9.70	195,115	10.09
Phillip Capital Sdn Bhd	38,487,872	9.16	184,305	9.53
Kenanga Investment Bank Bhd	38,208,015	9.09	177,268	9.17
AM Investment Bank Bhd	35,106,003	8.35	142,630	7.38
CLSA Securities Malaysia Sdn Bhd	30,261,877	7.20	110,855	5.74
Maybank Investment Bank Bhd	28,618,007	6.81	134,039	6.93
UOB Kay Hian Securities (M) Sdn Bhd	22,000,178	5.24	106,516	5.51
Others	16,704,334	3.97	79,364	4.11
	<u>420,234,819</u>	<u>100.00</u>	<u>1,933,164</u>	<u>100.00</u>
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
	<u>164,108,235</u>	<u>100.00</u>	<u>798,991</u>	<u>100.00</u>

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

	2024	2023
	RM	RM
Financial assets		
Carried at FVTPL:		
Investments	367,125,893	241,555,088
Amortised cost:		
Cash and cash equivalents	8,430,559	10,552,598
Amount due from stockbrokers	6,246,168	5,484,934
Dividend receivables	193,283	87,038
Financial liabilities		
Amortised cost:		
Amount due to Manager	575,498	46,633
Other payables and accrued expenses	602,721	422,262

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 2024.

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

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

	Short-term deposits	Quoted equity securities	Collective investment schemes
	RM	RM	RM
2024			
Industry			
Construction	-	40,434,778	-
Consumer Products & Services	-	45,712,000	-
Energy	-	33,229,616	-
Financial Services	8,425,490	43,102,008	36,631,364
Health Care	-	26,115,000	-
Industrial Products & Services	-	39,243,510	-
Plantation	-	15,747,036	-
Property	-	25,411,072	-
Technology	-	42,077,809	-
Transportation & Logistics	-	6,600,000	-
Utilities	-	12,821,700	-
	8,425,490	330,494,529	36,631,364

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	Short-term deposits RM	Quoted equity securities RM	Collective investment schemes RM
2023			
Industry			
Construction	-	13,319,000	-
Energy	-	19,558,804	-
Financial Services	10,551,554	18,952,110	13,899,783
Health Care	-	3,888,000	-
Industrial Products & Services	-	51,837,589	-
Property	-	17,735,434	-
Real Estate Investment Trust	-	3,085,500	-
Technology	-	51,614,545	-
Telecommunications & Media	-	7,776,000	-
Transportation & Logistics	-	5,521,023	-
Utilities	-	34,367,300	-
	<u>10,551,554</u>	<u>227,655,305</u>	<u>13,899,783</u>

Liquidity risk management

Liquidity risk is defined as the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Exposure to liquidity risk arises because of the possibility that the Fund could be required to pay its liabilities or redeem its units earlier than expected. The Fund 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.

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 Malaysia listed quoted equity 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 fluctuate significantly period-on-period.

Price risk management

Price risk is the risk of unfavourable changes in the value of quoted equity 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 equity securities. The Manager manages the risk of unfavourable changes in prices by continuous monitoring of the performance and risk profile of the investment portfolio.

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Price risk sensitivity

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

	Changes in price %	Effect on profit or loss Increase/(Decrease) RM
2024		
Investments	+5/-5%	18,356,295/(18,356,295)
2023		
Investments	+5/-5%	12,077,754/(12,077,754)

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 Bhd at the end of the reporting period.

The fair value of the collective investment scheme is determined based on Net Assets 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 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
2024				
Financial assets at FVTPL				
Quoted equity securities	330,494,529	-	-	330,494,529
Collective investment schemes	-	36,631,364	-	36,631,364
2023				
Financial assets at FVTPL				
Quoted equity securities	227,655,305	-	-	227,655,305
Collective investment schemes	-	13,899,783	-	13,899,783

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

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The following comparative figures have been reclassified to conform with current period's financial statements presentation:

	2023	Reclassification	2023
	RM	RM	RM
Statement of financial position			
Assets			
Quoted securities	227,655,305	(227,655,305)	-
Collective investment schemes	13,899,783	(13,899,783)	-
Cash at bank	1,044	(1,044)	-
Other receivables	5,575,133	(5,575,133)	-
Short-term deposits	10,548,393	(10,548,393)	-
Investments	-	241,555,088	241,555,088
Cash and cash equivalents	-	10,552,598	10,552,598
Amount due from stockbrokers	-	5,484,934	5,484,934
Dividend receivables	-	87,038	87,038



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