

Annual Report

July 2024

For the Year Ended 31 July 2024

Areca Equity Growth Fund

Management Company



200601021087(740840-D)

ANNUAL REPORT JULY 2024

✦ ARECA EQUITY GROWTH 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

PricewaterhouseCoopers Taxation
Services Sdn Bhd (464731-M)
Level 10, 1 Sentral, Jalan Rakyat
Kuala Lumpur Sentral, P O Box 10192
50706 Kuala Lumpur
Tel: 03-2173 1188, Fax: 03-2173 1288

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 EQUITY GROWTH FUND

FUND INFORMATION

Name of the Fund	Areca Equity Growth Fund
Fund Category/ Type	Equity/Growth
Objective of the Fund	The Fund aims to provide investors with Medium to Long Term capital growth.
Performance Benchmark	1-year Average Returns of the funds under "Equity Malaysia" Non-Islamic category
Distribution Policy of the Fund	Incidental, subject to availability of distributable income.
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 year under review, the Manager had not received any soft commissions.</p>
Inception Date	4 January 2021
Financial Year End	31 July

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ARECA EQUITY GROWTH FUND

FUND PERFORMANCE

	2024	2023	2022
NET ASSET VALUE ("NAV")			
Net Asset Value (RM million)	41.07	60.63	69.01
Units in circulation (million units)	44.33	72.27	81.44
NAV per unit (RM)	0.9264	0.8388	0.8474

HIGHEST & LOWEST NAV per unit

*Please refer to **Note 1** for further information on NAV and pricing policy*

Highest NAV per unit (RM)	0.9623	0.8896	1.0487
Lowest NAV per unit (RM)	0.7733	0.7845	0.7739

ASSET ALLOCATION % of NAV

Quoted equity securities - local

Construction	26.97	1.01	-
Consumer Products & Services	9.21	7.43	14.83
Energy	8.59	8.95	2.62
Financial Services	-	8.28	16.43
Industrial Products & Services	1.45	18.12	11.17
Plantation	1.80	2.88	-
Property	10.27	-	-
Real Estate Investment Trusts	-	1.65	-
Technology	22.36	29.04	34.62
Telecommunications & Media	3.06	-	-
Utilities	2.06	-	-

Quoted equity securities - foreign

Exchange Traded Fund	-	4.68	4.17
Financial - Bank	-	8.57	-
Information Technology	-	3.62	-

Collective investment scheme

	3.65	2.48	7.25
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Liquid assets and other net current assets	10.58	3.29	8.91
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DISTRIBUTION

There was no distribution for the financial year under review.

UNIT SPLIT

There was no unit split exercise for the financial year under review.

EXPENSE/TURNOVER

Total expense ratio (TER) (%)	2.09	2.03	2.07
<i>Please refer to Note 2 for further information</i>			
Portfolio turnover ratio (PTR) (times)	1.72	1.44	0.90
<i>Please refer to Note 3 for further information</i>			

TOTAL RETURN

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

Total Return (%)	10.44	(1.03)	(9.58)
- Capital growth (%)	10.44	(1.03)	(9.58)
- Income distribution (%)	-	-	-

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ARECA EQUITY GROWTH FUND

FUND PERFORMANCE

	2024	2023	2022	04.01.2021 (launch date) to 31.07.2021
Annual Total Return (%)	10.44	(1.03)	(9.58)	(10.74)*
Performance Benchmark (%): 1-year Average Returns of the funds under "Equity Malaysia" Non-Islamic category	24.84	2.45	(5.83)	1.09*
<i>* Annualised for comparison purpose only</i>				
	2024	2023	2022	
Total Return since launch (%)	(7.36)	(16.12)	(15.25)	
	1-yr	3-yrs	5-yrs	
Average Total Return per annum (%)	10.44	(0.39)	N/A	

NOTES:

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

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

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

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

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

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

FUND REVIEW

During the year 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 10.44% compared to benchmark's total return of 24.84%. The underperformance of the Fund was mainly attributable to underweight allocation to the top performing sectors such as utilities, construction and property, particularly in the first half of the performance review period. The Fund remain focused on positioning for longer term growth. Since launch in January 2021, the Fund has recorded a total return of -7.36% compared to the benchmark return of 21.78%.

In view of the underperformance during the year under review, the Fund has not yet achieved its objective of providing investors with medium to long term capital growth.

Investment Policy and Strategy

Fund will invest a maximum of 98% of its NAV in equities and equity-related securities which is traded on eligible markets (maximum 25% of its NAV in foreign eligible markets) and a minimum of 2% of its NAV in liquid assets. Equity-related securities includes but is not limited to different classes of listed and unlisted shares, warrants, options, preference shares 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. The Fund will invest in markets where the regulatory authorities are ordinary or associate members of the International Organization of Securities Commission ("IOSCO").

NAV per unit as at 31 July 2024

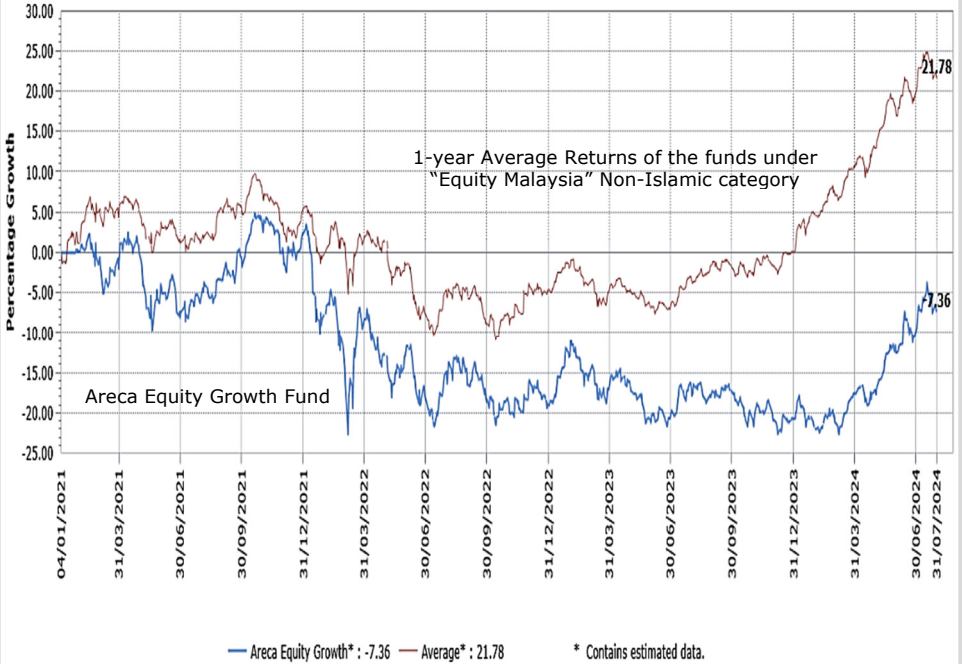
RM0.9264

Asset Allocation/Portfolio Composition	2024	2023	2022
Quoted equity securities - local	85.77%	77.36%	79.67%
Quoted equity securities - foreign	-	16.87%	4.17%
Collective investment scheme	3.65%	2.48%	7.25%
Liquid assets and other net current assets	10.58%	3.29%	8.91%

FUND REVIEW

Performance of Areca Equity Growth Fund
for the financial period since inception to 31 July 2024

Total Return of Areca Equity Growth Fund vs Benchmark



Source Lipper

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ARECA EQUITY GROWTH FUND

GLOBAL ECONOMIC REVIEW

U.S.	Current (T)	Previous (T-1)	Previous (T-2)	Previous (T-3)
GDP (QoQ)	2.8% 2Q24	1.4% 1Q24	3.4% 4Q23	4.9% 3Q23
Inflation Rate (Annual)	2.9% Jul 24	3.0% Jun 24	3.4% Dec 23	3.7% Aug 23
Unemployment Rate	4.3% Jul 24	4.1% Jun 24	3.7% Dec 23	3.8% Aug 23

In the evolving landscape of global economies, the United States (“U.S.”) demonstrated robust resilience, achieving a 2.50% growth rate in 2023, a slight increase from the 1.90% seen in the previous year. Looking ahead, the International Monetary Fund (“IMF”) projects a modest rise to 2.60% growth in 2024. Notably, the U.S. economy marked its eighth consecutive quarter of expansion in the second quarter of 2024 (“2Q24”), reflecting a significant rebound from the challenges experienced in the first half of 2022 (“1H22”). The stronger-than-expected gross domestic product (“GDP”) figures for 2Q24 underscore the ongoing vitality of the U.S. economic environment.

Inflation in the U.S. has also eased, averaging 3.20% thus far in 2024, a welcome improvement from the 4.10% average in 2023 and a significant drop from the 8.00% peak in 2022. This decline is largely due to lower energy costs, which have helped to temper price pressures across the economy. However, the labor market has shown signs of strain, with the unemployment rate rising to an average of 4.00% in 2024, up from 3.60% in both 2023 and 2022.

The combination of cooling inflation and a softening labor market has set the stage for potential adjustments by the Federal Reserve’s (“Fed”). The Fed Funds Rate (“FFR”), which has remained at 5.25%-5.50% since July 2023, could be lowered later this year as the Fed seeks to balance the need for economic stimulus with the risks of inflation resurgence.

In summary, the U.S. economy in 2024 continues to demonstrate resilience, with steady growth and easing inflation. However, the rise in unemployment highlights emerging challenges, suggesting that careful economic management will be crucial in the months ahead.

E.U.	Current (T)	Previous (T-1)	Previous (T-2)	Previous (T-3)
GDP (QoQ)	0.3% 2Q24	0.3% 1Q24	0.0% 4Q23	0.1% 3Q23
Inflation Rate (Annual)	2.8% Jul 24	2.6% Jun 24	3.4% Dec 23	5.9% Aug 23
Unemployment Rate	6.0% Jun 24	6.0% May 24	6.0% Dec 23	6.0% Aug 23

Across the Atlantic, the European Union (“EU”) saw modest growth of 0.40% in 2023, a sharp slowdown from the 3.40% achieved the previous year. Looking ahead, the International Monetary Fund (“IMF”) projects a slight improvement, with the EU economy expected to grow by 0.90% in 2024.

Inflation, which peaked in 2022, has steadily declined, with the average annual rate settling at 2.70% in the first seven months of 2024. This is a significant drop from 6.40% in 2023 and 9.20% in 2022. Meanwhile, the EU labor market has shown a slight improvement, with the unemployment rate averaging 6.00% in both 2024 and 2023, down from 6.10% in 2022.

In response to the declining inflation, the European Central Bank (“ECB”) lowered interest rates by 25 basis points (“bps”) to 4.25% in June 2024, aiming to support the ongoing economic recovery.

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China	Current (T)	Previous (T-1)	Previous (T-2)	Previous (T-3)
GDP (QoQ)	0.7% 2Q24	1.5% 1Q24	1.0% 4Q23	1.5% 3Q23
Inflation Rate (Annual)	0.5% Jul 24	0.2% Jun 24	-0.3% Dec 23	0.1% Aug 23
Unemployment Rate	5.2% Jul 24	5.0% Jun 24	5.1% Dec 23	5.2% Aug 23

Turning to China, the economy regained momentum with a 5.20% growth in 2023, driven by supportive measures from Beijing. Despite challenges such as a property downturn and deflationary trends, China is aiming for a 5.00% GDP growth target in 2024, buoyed by an eighth consecutive quarter of expansion in the 2Q24.

Inflation remained low, with occasional contractions throughout 2023, but saw a rebound in 2024 due to stimulus efforts that boosted consumption. The unemployment rate also improved, averaging 5.10% in 2024, down from 5.20% in 2023 and 5.60% in 2022.

China's policy approach diverged from global trends, with the People's Bank of China ("PBoC") adopting monetary easing to stimulate the economy. The one-year loan prime rate ("LPR") was reduced by 10 bps in June and August 2023, and again in July 2024, bringing it to 3.35%. The five-year LPR was also lowered, with a total reduction of 45 bps, currently standing at 3.85%.

Malaysia	Current (T)	Previous (T-1)	Previous (T-2)	Previous (T-3)
GDP (QoQ)	2.9% 2Q24	1.5% 1Q24	-1.0% 4Q23	2.4% 3Q23
Inflation Rate (Annual)	2.0% Jul 24	2.0% Jun 24	1.5% Dec 23	2.0% Aug 23
Unemployment Rate	3.3% Jun 24	3.3% May 24	3.3% Dec 23	3.4% Aug 23

In Malaysia, economic growth slowed to 3.70% in 2023, down from the robust 8.70% seen the previous year. Bank Negara Malaysia ("BNM") projects a rebound, with growth expected to range between 4.00% and 5.00% in 2024. The Malaysian economy experienced fluctuations throughout 2023, driven by strong domestic demand but tempered by a slowdown in private consumption and declining exports in the fourth quarter. However, the GDP made a strong recovery in the first half of 2024.

Inflation in Malaysia eased to an average of 1.80% over the first seven months of 2024, down from 2.50% in 2023 and 3.40% in 2022. The unemployment rate also improved, averaging 3.30% in 2024, compared to 3.40% in 2023 and 3.80% in 2022.

In response to global economic conditions, BNM has maintained the Overnight Policy Rate ("OPR") at 3.00% since May 2023, aiming to balance growth and stability.

MALAYSIAN EQUITY MARKET REVIEW

During the period under review, the FTSE Bursa Malaysia KLCI Index ("FBMKLCI"), which is the barometer of the Malaysian equity market closed 11.40% higher at 1,626 points. On the contrary, the broader market FTSE Bursa Malaysia EMAS Index ("FBMEMAS") gained 16.90% to 12,517 points while the FTSE Bursa Malaysia Small Cap Index ("FBMSCAP") surged 24.50% to 19,411 points in the same period.

Foreign investors were net buyers for eight out of twelve months of the period, bringing their net buy for the period to +MYR0.94b (CY2022: +MYR4.3b). Similarly, domestic institutions were net buyers at +MYR3.89b (CY2022: -MYR6.5b) while domestic retail investors were net sellers throughout the period, having their net sell at -MYR4.83b (CY2022: +MYR2.2b).

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ARECA EQUITY GROWTH FUND

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

However, the overall global equity market turned bearish in September by the Fed's 'higher for longer' theme as well as rising crude oil prices. Geopolitical risks also came to light following the ongoing conflict between Israeli military forces and Hamas-led Palestinian militant groups in early October. Nevertheless, buying interest was generally strong ahead of Budget 2024, as the government unveiled a tighter budget for 2024, focusing on subsidy rationalization to strengthen its fiscal position.

Overall, equities climbed towards year-end as markets digested more economic data on cooling inflation, supporting the view that the Fed will loosen monetary policy sooner than expected. Indices were also partially boosted by window dressing towards the end of the year.

The FBMKLCI continued its rally throughout early 2024 as markets shifted their focus toward the memorandum of understanding for the Johor-Singapore Special Economic Zone. The rally was mainly propelled by significant net buying activity from foreign investors, where noteworthy contributions to this surge were selective heavyweights in the construction, properties and utilities sectors as newsflow throughout the period was centred around infrastructure.

The respective sectors' robust performance is also attributable to the progress in economic restructuring and fiscal reforms along with record-high approved direct investments government's energy transition plans, especially as Malaysia has positioned itself as a regional hub for data centres. Moreover, the introduction of Employees Provident Fund ("EPF") Account 3 along with civil servants' salary increase further boosted investor confidence. Towards the end of the period, indices declined marginally due to profit-taking, which was offset by news flow centered around data center job wins, albeit investor sentiment remained positive on ample domestic liquidity.

Sector-wise, construction, utilities, and properties were the outperformers while plantation, telecommunications, and consumer were the laggards of the market. The top three gainers within the FBMKLCI constituents were YTL Power (+250.00%), YTL Corp (+199.00%), and Sunway (+145.00%). On the other hand, the worst-performing stocks were Petronas Dagangan (-20.00%), Nestle Malaysia (-17.00%), and Petronas Chemicals (-15.00%).

MALAYSIAN EQUITY MARKET OUTLOOK AND STRATEGY

Moving into 2H24, we maintain our optimistic outlook on markets given a resilient global economy backdrop and moderating inflation which would pave the way for monetary easing policies by central banks. Historically, equities return has been generally positive during the start of a rate cut cycle in a non-recessionary environment. We expect tailwinds for the local market driven by acceleration in corporate earnings in 2024, undemanding equity valuation and ongoing strong thematic.

Malaysia's GDP grew 5.90% in 2Q24, beating expectations and puts the economy on course to surpass the 4.00% - 5.00% growth forecast in 2024 by BNM. Growth is expected to be anchored by resilient domestic consumption, improving Electrical and Electronics ("E&E") exports and a pickup in tourism. The OPR is also anticipated to be unchanged and be supportive of economic expansion.

Among sectors, we favor domestic oriented sectors such as construction and property driven by robust domestic project pipelines as well as ongoing strong Foreign Direct Investment ("FDI"). We remain optimistic in the technology sector as semiconductor inventories are bottoming and earnings are expected to benefit from a tech upcycle.

Our investment strategy embraces a barbell approach, balancing exposure to both value and growth stocks. On the value side, we focus on sectors poised to benefit from post economic reopening, such as tourism, property, and construction. On the growth side, we favor technology companies and exporters known for generating strong free cash flow.

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CROSS TRADE

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

SECURITIES FINANCING TRANSACTIONS

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

TRUSTEE'S REPORT

To the Unitholders of Areca Equity Growth Fund ("Fund")

We have acted as Trustee of the Fund for the financial year ended 31 July 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 year 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
[Company No: 196301000109 (5004-P)]

NOR FAZLINA BINTI MOHD GHOUSE
CHIEF EXECUTIVE OFFICER

Kuala Lumpur
23 September 2024

STATEMENT BY MANAGER

To the Unitholders of Areca Equity Growth 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 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 July 2024 and the financial performance and the cash flows of the Fund for the financial year 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
23 September 2024

**INDEPENDENT AUDITORS' REPORT
TO THE UNITHOLDERS OF ARECA EQUITY GROWTH FUND**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **ARECA EQUITY GROWTH FUND** ("the Fund"), which comprise the statement of financial position as at 31 July 2024, and the statement of profit or loss and other comprehensive income, statement of changes in net asset value and statement of cash flows for the year then ended, and notes to the financial statements including material accounting policy information, as set out on pages 16 to 36.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 July 2024, and of its financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Fund in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information Other than the Financial Statements and Auditors' Report Thereon

The Manager of the Fund is responsible for the other information. The other information comprises Manager's and Trustee's reports, but does not include the financial statements of the Fund and our auditors' report thereon.

Our opinion on the financial statements of the Fund does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Fund, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Fund or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager and Trustee for the Financial Statements

The Manager of the Fund is responsible for the preparation of the financial statements of the Fund that give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Manager is also responsible for such internal control as the Manager determines is necessary to enable the preparation of financial statements of the Fund that are free from material misstatement, whether due to fraud or error. The Trustee is responsible for ensuring that the Manager maintains proper accounting and other records as are necessary to enable the fair presentation of these financial statements.

In preparing the financial statements of the Fund, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Fund as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Fund, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Matters

This report is made solely to the unitholders of the Fund, as a body, and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

The financial statements of the Fund for the preceding financial year ended 31 July 2023 were audited by another firm of auditors whose report thereon dated 26 September 2023 expressed an unmodified opinion on those financial statements.

DELOITTE PLT (LLP0010145-LCA)
Chartered Accountants (AF 0080)

MAK WAI KIT
Partner - 03546/12/2024 J
Chartered Accountant

23 September 2024

ANNUAL REPORT JULY 2024
ARECA EQUITY GROWTH FUND

STATEMENT OF FINANCIAL POSITION

As At 31 July 2024

	Note	2024 RM	2023 RM
Assets			
Investments	5	36,724,359	58,629,283
Cash and cash equivalents	6	3,047,361	1,866,423
Amount due from stockbroker		1,381,123	233,337
Dividend receivables		3,442	10,000
Total Assets		<u>41,156,285</u>	<u>60,739,043</u>
Unitholders' Fund and Liabilities			
Liabilities			
Other payables and accrued expenses	7	87,063	113,387
Total Liabilities		<u>87,063</u>	<u>113,387</u>
Unitholders' Fund			
Unitholders' capital		49,399,475	72,229,342
Accumulated losses		<u>(8,330,253)</u>	<u>(11,603,686)</u>
Net Asset Value Attributable To Unitholders		<u>41,069,222</u>	<u>60,625,656</u>
Total Unitholders' Fund And Liabilities		<u>41,156,285</u>	<u>60,739,043</u>
Number Of Units In Circulation	8	<u>44,333,510</u>	<u>72,273,348</u>
Net Asset Value Per Unit (RM)		<u>0.9264</u>	<u>0.8388</u>

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

ANNUAL REPORT JULY 2024
ARECA EQUITY GROWTH FUND

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Financial Year Ended 31 July 2024

	Note	2024 RM	2023 RM
Investments Income			
Dividend income		586,446	1,277,282
Interest income		73,188	157,697
Net gain/(loss) on investments at fair value through profit or loss ("FVTPL")	5	4,374,879	(236,856)
Net realised loss on foreign exchange		<u>(173,773)</u>	<u>(160,429)</u>
Total Investments Income		<u>4,860,740</u>	<u>1,037,694</u>
Expenditure			
Management fee	9	994,075	1,223,963
Trustee's fee	10	30,848	38,503
Audit fee		12,500	9,000
Tax agent's fee		3,630	4,560
Transaction costs		512,040	549,912
Other expenses		<u>30,793</u>	<u>25,366</u>
Total Expenditure		<u>1,583,886</u>	<u>1,851,304</u>
Net Income/(Loss) Before Tax		3,276,854	(813,610)
Income Tax Expense	11	<u>3,421</u>	-
Net Income/(Loss) After Tax And Total Comprehensive Income/(Loss) For The Financial Year		<u>3,273,433</u>	<u>(813,610)</u>
Net Income/(Loss) After Tax Is Made Up Of:			
Realised loss		(2,162,312)	(8,585,701)
Unrealised gain		<u>5,435,745</u>	<u>7,772,091</u>
		<u>3,273,433</u>	<u>(813,610)</u>

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

ANNUAL REPORT JULY 2024
ARECA EQUITY GROWTH FUND

STATEMENT OF CHANGES IN NET ASSET VALUE

For The Financial Year Ended 31 July 2024

	Unitholders' capital RM	Accumulated losses RM	Total net asset value RM
Balance as at 1 August 2022	79,804,377	(10,790,076)	69,014,301
Amounts received from units created	1,360,377	-	1,360,377
Amounts paid for units cancelled	(8,935,412)	-	(8,935,412)
Total comprehensive loss for the financial year	-	(813,610)	(813,610)
Balance as at 31 July 2023	<u>72,229,342</u>	<u>(11,603,686)</u>	<u>60,625,656</u>
Balance as at 1 August 2023	72,229,342	(11,603,686)	60,625,656
Amounts received from units created	1,806,421	-	1,806,421
Amounts paid for units cancelled	(24,636,288)	-	(24,636,288)
Total comprehensive income for the financial year	-	3,273,433	3,273,433
Balance as at 31 July 2024	<u>49,399,475</u>	<u>(8,330,253)</u>	<u>41,069,222</u>

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

ANNUAL REPORT JULY 2024
ARECA EQUITY GROWTH FUND

STATEMENT OF CASH FLOWS

For The Financial Year Ended 31 July 2024

	Note	2024 RM	2023 RM
Cash Flows From Operating Activities			
Proceeds from disposal of investments		100,189,984	94,097,478
Purchase of investments		(75,061,073)	(90,469,951)
Dividend income received		592,406	1,267,282
Interest received		73,188	157,697
Management fee paid		(1,023,030)	(1,089,076)
Trustee's fee paid		(31,717)	(38,863)
Transaction costs paid		(508,935)	(556,781)
Payment for other fees and expenses		(216,597)	(199,026)
Tax paid		(3,421)	-
Net Cash Generated From Operating Activities		<u>24,010,805</u>	<u>3,168,760</u>
Cash Flows From Financing Activities			
Cash proceeds from units created		1,806,421	1,365,377
Payment for cancellation of units		(24,636,288)	(8,935,412)
Net Cash Used In Financing Activities		<u>(22,829,867)</u>	<u>(7,570,035)</u>
Net Increase/(Decrease) In Cash And Cash			
Equivalents			
		1,180,938	(4,401,275)
Cash And Cash Equivalents At Beginning Of Year		<u>1,866,423</u>	<u>6,267,698</u>
Cash And Cash Equivalents At The End Of Year		<u>3,047,361</u>	<u>1,866,423</u>
Cash And Cash Equivalents Comprise:			
Cash at bank	6	8,149	4,740
Short-term deposits	6	3,039,212	1,861,683
		<u>3,047,361</u>	<u>1,866,423</u>

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

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Areca Equity Growth Fund (“the Fund”) was established pursuant to the Trust Deed dated 19 October 2020, as modified by the First Supplemental 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 investments as defined under the Schedule 7 of the Deeds, which include listed and unlisted securities, deposits with financial institutions, derivatives such as futures contracts for hedging purposes only, collective investment schemes, and any other form of investment as may be agreed upon by the Manager and the Trustee from time to time. The Fund was launched on 4 January 2021 and will continue its operations until terminated by the Trustee in accordance with Part 12 of the Deeds.

The investment objective of the Fund is to provide investors with medium to long term capital growth. Any material changes to the Fund’s 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.

The financial statements were authorised for issue by the Board of Directors of the Manager on 23 September 2024.

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

Adoption of Amendments to MFRSs

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

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

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

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
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to MFRS 121 <i>Lack of Exchangeability</i>	1 January 2025
MFRS 18 <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027

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.

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 year.

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

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 year, which is measured using the tax rates that have been enacted or substantively enacted at the end of each reporting year.

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.

Foreign Currency Translation

Foreign currency transactions in the Fund are accounted for at exchange rates prevailing at the transaction dates. Foreign currency monetary assets and liabilities are translated at exchange rates prevailing as at the date of the statement of financial position. Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in the statement of comprehensive income.

Translation differences on non-monetary financial assets such as foreign quoted equity securities classified as investments at fair value through profit and loss are recognised in profit or loss as part of the fair value gain or loss.

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 year 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 year 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 continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Equity Instruments

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

Financial Liabilities

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

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

Financial Liabilities Measured Subsequently at Amortised Cost

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

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

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

Investments

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

Investments in collective investment scheme are valued at FVTPL based on the Net Asset Value of such collective investment scheme at the end of the reporting year.

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

Classification of Realised and Unrealised Gains and Losses

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

Gains or losses arising from the changes in the valuation of financial instruments at the end of the reporting year 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 year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

ANNUAL REPORT JULY 2024
ARECA EQUITY GROWTH FUND

5 INVESTMENTS

	2024	2023
	RM	RM
Financial assets at FVTPL:		
Quoted equity securities - local	35,224,062	46,899,838
Quoted equity securities - foreign	-	10,229,296
Collective investment scheme	<u>1,500,297</u>	<u>1,500,149</u>
	<u><u>36,724,359</u></u>	<u><u>58,629,283</u></u>
Net gain/(loss) on investments at FVTPL comprise:		
Realised loss on disposals	(1,060,866)	(8,008,947)
Unrealised gain on changes in fair value	<u>5,435,745</u>	<u>7,772,091</u>
	<u><u>4,374,879</u></u>	<u><u>(236,856)</u></u>

Financial assets at fair value through profit or loss as at 31 July 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 - LOCAL				
ACE Market				
Construction				
MN Holdings Bhd	1,200,000	1,074,000	1,128,000	2.75
Southern Score Builders Bhd	2,145,800	<u>1,367,654</u>	<u>1,373,312</u>	3.34
		<u>2,441,654</u>	<u>2,501,312</u>	6.09
Main Market				
Construction				
Gamuda Bhd	470,000	2,746,022	3,694,200	9.00
IJM Corporation Bhd	1,040,000	1,902,220	3,640,000	8.86
Muhibbah Engineering (M) Bhd	1,300,000	<u>965,761</u>	<u>1,241,500</u>	3.02
		<u>5,614,003</u>	<u>8,575,700</u>	20.88
Consumer Products & Services				
Genting Bhd	800,000	<u>3,518,411</u>	<u>3,784,000</u>	9.21
		<u>3,518,411</u>	<u>3,784,000</u>	9.21
Energy				
DIALOG Group Bhd	760,000	1,858,960	1,930,400	4.70
Keyfield International Bhd	660,000	<u>1,209,734</u>	<u>1,597,200</u>	3.89
		<u>3,068,694</u>	<u>3,527,600</u>	8.59
Industrial Products & Services				
SAM Engineering & Equipment (M) Bhd	104,300	<u>482,857</u>	<u>594,510</u>	1.45
		<u>482,857</u>	<u>594,510</u>	1.45

ANNUAL REPORT JULY 2024
ARECA EQUITY GROWTH FUND

	No. of Shares Units	Aggregate Cost RM	Fair Value RM	Fair Value as a % of Net Asset Value %
QUOTED EQUITY SECURITIES - LOCAL				
Main Market				
Plantation				
Genting Plantations Bhd	130,000	815,256	741,000	1.80
		<u>815,256</u>	<u>741,000</u>	<u>1.80</u>
Property				
Eupe Corporation Bhd	970,000	1,078,715	1,261,000	3.07
Sime Darby Property Bhd	902,000	1,246,456	1,425,160	3.47
S P Setia Bhd	957,900	901,911	1,532,640	3.73
		<u>3,227,082</u>	<u>4,218,800</u>	<u>10.27</u>
Technology				
D&O Green Technologies Bhd	300,000	1,065,090	1,041,000	2.54
Frontken Corporation Bhd	430,000	1,607,151	1,849,000	4.50
Greotech Technology Bhd	500,000	2,440,104	2,655,000	6.47
Inari Amertron Bhd	120,000	381,696	453,600	1.10
JCY International Bhd	2,172,000	1,735,115	1,509,540	3.68
Malaysian Pacific Industries Bhd	20,000	563,234	752,000	1.83
UWC Bhd	320,000	1,090,016	921,600	2.24
		<u>8,882,406</u>	<u>9,181,740</u>	<u>22.36</u>
Telecommunications & Media				
Telekom Malaysia Bhd	180,000	1,215,936	1,254,600	3.06
		<u>1,215,936</u>	<u>1,254,600</u>	<u>3.06</u>
Utilities				
Tenaga Nasional Bhd	60,000	744,000	844,800	2.06
		<u>744,000</u>	<u>844,800</u>	<u>2.06</u>
Total quoted equity securities - local		<u>30,010,299</u>	<u>35,224,062</u>	<u>85.77</u>
	Quantity Units	Aggregate Cost RM	Fair Value RM	Fair Value as a % of Net Asset Value %
COLLECTIVE INVESTMENT SCHEME				
Areca Progressive Income Fund	1,485,443	1,500,000	1,500,297	3.65
Total collective investment scheme		<u>1,500,000</u>	<u>1,500,297</u>	<u>3.65</u>
Total investments		<u>31,510,299</u>	<u>36,724,359</u>	<u>89.42</u>
Unrealised gain on investments			<u>5,214,060</u>	

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ARECA EQUITY GROWTH FUND

Financial assets at fair value through profit or loss as at 31 July 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 - LOCAL				
ACE Market				
Industrial Products & Services				
L&P Global Bhd	3,800,000	1,713,037	1,824,000	3.01
Sunview Group Bhd	1,037,200	769,223	871,248	1.44
Volcano Bhd	1,830,000	1,773,150	1,903,200	3.14
		<u>4,255,410</u>	<u>4,598,448</u>	<u>7.59</u>
Technology				
Cloudpoint Technology Bhd	3,000,000	1,610,400	1,545,000	2.55
Genetec Technology Bhd	1,800,000	4,412,025	4,392,000	7.24
Greatech Technology Bhd	1,200,000	5,856,251	5,520,000	9.11
TT Vision Holdings Bhd	2,500,000	3,051,503	2,850,000	4.70
		<u>14,930,179</u>	<u>14,307,000</u>	<u>23.60</u>
Main Market				
Construction				
Muhibbah Engineering (M) Bhd	900,000	591,601	612,000	1.01
		<u>591,601</u>	<u>612,000</u>	<u>1.01</u>
Consumer Products & Services				
Berjaya Food Bhd	1,049,600	955,136	713,728	1.18
Genting Bhd	880,000	3,870,252	3,792,800	6.25
		<u>4,825,388</u>	<u>4,506,528</u>	<u>7.43</u>
Energy				
Bumi Armada Bhd	2,000,000	956,180	1,040,000	1.72
Uzma Bhd	3,000,000	1,830,000	2,175,000	3.59
Yinson Holdings Bhd	840,000	1,859,517	2,142,000	3.53
Yinson Holdings Bhd – warrants 2022/2025	102,857	-	65,828	0.11
		<u>4,645,697</u>	<u>5,422,828</u>	<u>8.95</u>
Financial Services				
AMMB Holdings Bhd	750,000	2,173,869	2,895,000	4.78
Tune Protect Group Bhd	5,000,000	2,120,157	2,125,000	3.50
		<u>4,294,026</u>	<u>5,020,000</u>	<u>8.28</u>
Industrial Products & Services				
Malaysia Smelting Corporation Bhd	600,000	1,250,610	1,440,000	2.38
Press Metal Aluminium Holdings Bhd	300,000	1,424,550	1,512,000	2.49
SAM Engineering & Equipment (M) Bhd	400,000	1,893,470	2,000,000	3.30
Sunway Bhd	800,000	1,333,680	1,432,000	2.36
		<u>5,902,310</u>	<u>6,384,000</u>	<u>10.53</u>

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ARECA EQUITY GROWTH FUND

	No. of Shares Units	Aggregate Cost RM	Fair Value RM	Fair Value as a % of Net Asset Value %
QUOTED EQUITY SECURITIES - LOCAL				
Main Market				
Plantation				
Kuala Lumpur Kepong Bhd	75,000	1,762,200	1,749,000	2.88
		<u>1,762,200</u>	<u>1,749,000</u>	<u>2.88</u>
Real Estate Investment Trusts				
Pavilion Real Estate Investment Trust	819,700	1,000,034	1,000,034	1.65
		<u>1,000,034</u>	<u>1,000,034</u>	<u>1.65</u>
Technology				
Elsoft Research Bhd	3,000,000	3,010,570	1,680,000	2.77
Mi Technovation Bhd	1,000,000	1,490,500	1,620,000	2.67
		<u>4,501,070</u>	<u>3,300,000</u>	<u>5.44</u>
Total quoted equity securities - local		<u>46,707,915</u>	<u>46,899,838</u>	<u>77.36</u>
QUOTED EQUITY SECURITIES - FOREIGN				
Hong Kong				
Exchange Traded Fund				
Global X China Electric Vehicle and Battery ETF	50,000	3,211,622	2,836,016	4.68
		<u>3,211,622</u>	<u>2,836,016</u>	<u>4.68</u>
Financial - Bank				
Ping An Insurance Company of China, Ltd	160,000	5,062,711	5,198,400	8.57
		<u>5,062,711</u>	<u>5,198,400</u>	<u>8.57</u>
Information Technology - Software				
Pentamaster International Ltd	3,800,000	2,368,720	2,194,880	3.62
		<u>2,368,720</u>	<u>2,194,880</u>	<u>3.62</u>
Total quoted equity securities - foreign		<u>10,643,053</u>	<u>10,229,296</u>	<u>16.87</u>

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	Quantity Units	Aggregate Cost RM	Fair Value RM	Fair Value as a % of Net Asset Value %
COLLECTIVE INVESTMENT SCHEME				
Areca Progressive Income Fund	1,485,443	1,500,000	1,500,149	2.48
Total collective investment scheme		<u>1,500,000</u>	<u>1,500,149</u>	<u>2.48</u>
Total investments		<u>58,850,968</u>	<u>58,629,283</u>	<u>96.71</u>
Unrealised loss on investments			<u>(221,685)</u>	

6 CASH AND CASH EQUIVALENTS

	2024 RM	2023 RM
Cash at bank	8,149	4,740
Short-term deposits	<u>3,039,212</u>	<u>1,861,683</u>
	<u>3,047,361</u>	<u>1,866,423</u>

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

The effective average interest rate for short-term deposits is 3.00% (2023: 3.01%) per annum and the average maturity period is 1 day (2023: 4 days).

7 OTHER PAYABLES AND ACCRUED EXPENSES

	2024 RM	2023 RM
Accrued expenses:		
Management fee	68,793	97,748
Trustee's fee	2,140	3,009
Audit fee	12,500	9,000
Tax agent's fee	<u>3,630</u>	<u>3,630</u>
	<u>87,063</u>	<u>113,387</u>

8 NUMBER OF UNITS IN CIRCULATION

	2024 Units	2023 Units
At beginning of the year	72,273,348	81,442,339
Created during the year	2,212,585	1,646,222
Cancelled during the year	<u>(30,152,423)</u>	<u>(10,815,213)</u>
At end of the year	<u>44,333,510</u>	<u>72,273,348</u>

9 MANAGEMENT FEE

The Schedule 8 of the Deeds provides that the Manager is entitled to an annual management fee up to 2.00% 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 1.94% (2023: 1.91%) per annum for the financial year, net of management fee rebate on the collective investment scheme.

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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 0.06% 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, subject to a minimum fee of RM6,000 per annum. The Trustee's fee provided in the financial statements is 0.06% (2023: 0.06%) per annum for the financial year.

11 INCOME TAX EXPENSE

(a) Tax charge for the financial year

	2024	2023
	RM	RM
Current taxation	-	-
Under provision of tax in prior year	3,421	-
	3,421	-
	3,421	-

(b) Numerical reconciliation of income tax expense

The numerical reconciliation between the net income/(loss) before tax multiplied by the Malaysian statutory income tax rate and the tax expense of the Fund is as follows:

	2024	2023
	RM	RM
Net income/(loss) before tax	3,276,854	(813,610)
Tax calculated at a tax rate of 24% (2023: 24%)	786,445	(195,266)
Tax effects of:		
- Income not subject to tax	(1,208,283)	(344,395)
- Loss not subject to tax	41,705	95,348
- Expenses not deductible for tax expenses	138,539	148,005
- Restriction on tax deductible expenses	241,594	296,308
Under provision of tax in prior year due to foreign-sourced income tax	3,421	-
Tax expenses	3,421	-

12 TOTAL EXPENSE RATIO AND PORTFOLIO TURNOVER RATIO

Total Expense Ratio (TER)

Total expense ratio for the Fund is 2.09% (2023: 2.03%) for the financial year ended 31 July 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

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The average net asset value of the Fund for the financial year is RM51,270,225 (2023: RM64,169,053).

Portfolio Turnover Ratio (PTR)

The portfolio turnover ratio for the Fund is 1.72 times (2023: 1.44 times) for the financial year ended 31 July 2024. The portfolio turnover ratio is derived from the following calculation:

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

Where: total acquisition for the financial year = RM75,061,073 (2023: RM90,469,951)
total disposal for the financial year = RM101,340,876 (2023: RM94,344,957)

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

As at end of the financial year, the total number and value of units held by 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)	249,627	231,254	169,489	142,167
	249,627	231,254	169,489	142,167

There are no units held by the Manager for the financial year 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.

14 TRADE WITH BROKERS/DEALERS

Details of transactions with brokers/dealers are as follows:

	Value of Trades RM	% of Total Trades %	Fees RM	% of Total Brokerage Fee %
2024				
JP Morgan Securities (M) Sdn Bhd	34,008,782	20.29	104,548	20.42
Maybank Investment Bank Bhd	27,245,843	16.25	85,542	16.71
CGS International Securities Malaysia Sdn Bhd (formerly known as CGS CIMB Securities Sdn Bhd)	20,492,798	12.23	62,690	12.24
UOB Kay Hian Securities (M) Sdn Bhd	18,966,016	11.31	60,050	11.73
Kenanga Investment Bank Bhd	17,947,135	10.71	48,103	9.39
CLSA Securities Malaysia Sdn Bhd	17,770,158	10.60	57,662	11.26
RHB Investment Bank Bhd	16,815,836	10.03	50,968	9.95
Public Investment Bank Bhd	7,312,854	4.36	25,502	4.98
Affin Hwang Investment Bank Bhd	6,747,844	4.03	16,975	3.32
KAF Investment Bank Bhd	321,000	0.19	-	-
	167,628,266	100.00	512,040	100.00

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Brokers/Dealers	Value of Trades RM	% of Total Trades %	Fees RM	% of Total Brokerage Fee %
2023				
CIMB Investments Bank Bhd	32,711,110	18.78	89,141	16.40
Maybank Investment Bank Bhd	30,114,856	17.29	98,984	18.22
CLSA Securities Malaysia Sdn Bhd	27,253,359	15.64	94,555	17.40
RHB Investment Bank Bhd	24,119,420	13.84	78,057	14.36
UOB Kay Hian Securities (M) Sdn Bhd	21,164,548	12.15	67,347	12.39
JP Morgan Securities (M) Sdn Bhd	18,126,048	10.40	57,341	10.55
Kenanga Investment Bank Bhd	11,832,422	6.79	30,829	5.67
Public Investment Bank Bhd	5,625,245	3.23	20,387	3.75
Haitong International Securities Co. Ltd	3,276,977	1.88	6,815	1.26
	<u>174,223,985</u>	<u>100.00</u>	<u>543,456</u>	<u>100.00</u>

15 RISK MANAGEMENT POLICIES

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund seeks to provide investors with medium to long term capital growth 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 interest rate risk and price risk) primarily on its investment and capital risk.

Categories of Financial Instruments

	2024 RM	2023 RM
Financial assets		
Carried at FVTPL:		
Investments	<u>36,724,359</u>	<u>58,629,283</u>
Amortised costs:		
Cash and cash equivalents	3,047,361	1,866,423
Amount due from stockbroker	1,381,123	233,337
Dividend receivables	<u>3,442</u>	<u>10,000</u>
Financial liabilities		
Amortised costs:		
Other payables and accrued expenses	<u>87,063</u>	<u>113,387</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.

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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 July 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 RM	Quoted equity securities RM	Collective investment scheme RM
2024			
Industry			
Construction	-	11,077,012	-
Consumer Products & Services	-	3,784,000	-
Energy	-	3,527,600	-
Financial Services	3,039,212	-	1,500,297
Industrial Products & Services	-	594,510	-
Plantation	-	741,000	-
Property	-	4,218,800	-
Technology	-	9,181,740	-
Telecommunication & Media	-	1,254,600	-
Utilities	-	844,800	-
	<u>3,039,212</u>	<u>35,224,062</u>	<u>1,500,297</u>
2023			
Industry			
Construction	-	612,000	-
Consumer Products & Services	-	4,506,528	-
Energy	-	5,422,828	-
Exchange Traded Fund	-	2,836,016	-
Financial Services	1,861,683	10,218,400	1,500,149
Industrial Products & Services	-	10,982,448	-
Information Technology	-	2,194,880	-
Plantation	-	1,749,000	-
Real Estate Investment Trusts	-	1,000,034	-
Technology	-	17,607,000	-
	<u>1,861,683</u>	<u>57,129,134</u>	<u>1,500,149</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 markets prices.

During the financial year, as the Fund invests in Malaysia listed quoted equity securities and collective investment scheme, 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 year-on-year.

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.

Price risk sensitivity

The Manager's best estimate of the effect on the income for the year 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%	<u>1,836,218/(1,836,218)</u>
2023		
Investments	+5/-5%	<u>2,931,464/(2,931,464)</u>

Capital risk management

The capital of the Fund is represented by equity consisting of unitholders' capital and accumulated losses. 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 Securities Bhd at the end of the reporting year.

The fair value of the collective investment scheme is determined based on Net Assets Value ("NAV") per unit of such collective investment scheme as at the end of the reporting year.

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

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

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

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2024				
Financial assets at FVTPL				
Quoted equity securities - local	35,224,062	-	-	35,224,062
Collective investment scheme	-	1,500,297	-	1,500,297
2023				
Financial assets at FVTPL				
Quoted equity securities - local	46,899,838	-	-	46,899,838
Quoted equity securities - foreign	10,229,296	-	-	10,229,296
Collective investment scheme	-	1,500,149	-	1,500,149

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

17 COMPARATIVE FIGURES

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

	2023 RM	Reclassification RM	2023 RM
Statement of profit or loss and other comprehensive income			
Investment income			
Net loss on financial assets at fair value through profit or loss	(185,056)	(51,800)	(236,856)
Expenditure			
Management fee	1,275,763	(51,800)	1,223,963
Custody fee	23,665	(23,665)	-
Other expenses	1,701	23,665	25,366



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