

# PRODUCT HIGHLIGHTS SHEET

## Areca Composite Bond Fund

(Date of Constitution: 28 July 2021)

### **RESPONSIBILITY STATEMENT**

This Product Highlights Sheet has been reviewed and approved by the Directors of Areca Capital Sdn Bhd and collectively and individually accept full responsibility for the accuracy of all information contained herein and confirm, having made all enquiries which are reasonable in the circumstances, that to the best of their knowledge and belief, there are no other facts omitted which would make any statement herein misleading.

### **SPECIFIC RISK DISCLOSURE STATEMENTS**

The Fund is suitable only for Sophisticated Investors who understand the degree of risks involved and believe that the investment is suitable to them based upon their investment objectives and financial needs; accept the investment strategy of the Fund according to their risk appetite; and have no need for liquidity of the investment monies.

The Fund adopts a hold to maturity investment strategy and has an investment horizon of approximately five (5) years. Sophisticated Investors are warned that they may not be able to redeem their Units during the investment tenure of five (5) years from the date of investment. Sophisticated Investors may also face difficulties in redeeming their investments if the Manager is not be able to dispose of the investments. You are advised not to invest in this Fund if you are unable to accept the risks in relation to the Fund.

### **STATEMENT OF DISCLAIMER**

The relevant information and document in relation to the Areca Composite Bond Fund, including a copy of this Product Highlights Sheet has been lodged with the Securities Commission Malaysia under the Lodge and Launch Framework.

The lodgement of the relevant information and document in relation to the Areca Composite Bond Fund, including this Product Highlights Sheet, should not be taken to indicate that the Securities Commission Malaysia recommends the Areca Composite Bond Fund or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Product Highlights Sheet.

The Securities Commission Malaysia is not liable for any non-disclosure on the part of Areca Capital Sdn Bhd responsible for the Areca Composite Bond Fund and takes no responsibility for the contents of this Product Highlights Sheet. The Securities Commission Malaysia makes no representation on the accuracy or completeness of this Product Highlights Sheet, and expressly disclaims any liability whatsoever arising from, or in reliance upon, the whole or any part of its contents.



### **NO CASH POLICY**

Areca Capital Sdn Bhd is committed towards safeguarding the interests of our investors; prevention of any incidence of cash mishandling or mismanagement while heeding Bank Negara Malaysia's desire for electronic payment methods for greater efficiency, transparency and accountability.

**WE DO NOT ACCEPT CASH DEPOSIT, CASH PAYMENT AND PAYMENT THROUGH THE CASH DEPOSIT MACHINE AND PAYMENT MADE BY A THIRD PARTY.**

**YOU SHOULD NOT MAKE PAYMENT IN CASH TO A UNIT TRUST CONSULTANT OR ISSUE A CHEQUE IN THE NAME OF A UNIT TRUST CONSULTANT.**

**This Product Highlights Sheet only highlights the key features and risks of the Areca Composite Bond Fund. Investors are advised to request, read and understand the disclosure documents of the Fund before deciding to invest.**

## PRODUCT HIGHLIGHTS SHEET

# ARECA COMPOSITE BOND FUND

### BRIEF INFORMATION ON THE FUND

#### 1. What is this fund about?

|                      |   |
|----------------------|---|
| Fund category / type | Wholesale Fixed Income Fund / Income            |
| Manager              | Areca Capital Sdn Bhd [200601021087 (740840-D)] |
| Trustee              | RHB Trustees Berhad [200201005356 (573019-U)]   |

### PRODUCT SUITABILITY

#### 2. Who is this fund suitable for?

**Please note that this wholesale fund is for Sophisticated Investors (please refer to Glossary) only.**

This Fund is suitable and only offer to Sophisticated Investors (applicable for principal and Jointholder) who:

- have Medium to Long Term investment horizon; and
- seek higher than fixed deposit rate of returns through investment in Fixed Income Instruments

### KEY FUND FEATURES

#### 3. What am I investing in?

|                       |   |
|-----------------------|---|
| Launch date           | 01 September 2021   |
| Objective of the Fund | <p>The Fund aims to provide Sophisticated Investors with a stable stream of consistent income over Medium to Long Term while maintaining capital stability.</p> <p>Any material changes to the Fund's objective would require Unit Holder's approval.</p>   |
| Investment Strategy   | <p>The Fund will primarily invest in Fixed Income Instrument with an intention to hold such investments until maturity. The Fund will focus on Fixed Income Instrument with a target maturity or call / redemption date of not more than five (5) years.</p> <p>The Manager may select quality Fixed Income Securities that are rated with a minimum rating of "A3" by RAM Holdings Berhad ("RAM") or its equivalent, and commercial papers with a minimum rating of "P1" by RAM or its equivalent at the time of purchase. Notwithstanding the above, the Fund may invest up to its entire NAV (at time of purchase) in unrated Fixed Income Instrument.</p> |
| Asset Allocation      | <p><b>FIXED INCOME INSTRUMENTS</b></p> <p>Up to 100% of the Fund's NAV</p> <p><b>LIQUID ASSETS &amp; MONEY MARKET INSTRUMENTS</b></p> <p>Remaining balance of the Fund's NAV</p>  |
| Performance Benchmark | Maybank's 12-month fixed deposit rate.  |

|  |  |
|--|--|
| Distribution of Income and Reinvestment Policy | The Fund will distribute income at least once a year; Subject to the availability of distributable income.<br><br>In the absence of any instructions, we will, at our discretion, reinvest the income distribution or capital distribution of the Fund into another unit trust fund as determined by the Manager at the net asset value per unit of that unit trust fund on the distribution day of the Fund without any entry fee.  |
| Capital Distribution                           | <u>Capital distribution without cancellation / Redemption of Units ("Cash Capital Distribution")</u><br><br>The Manager may declare Cash Capital Distribution by way of cash to Unit Holders at its discretion; Cash Capital Distribution will reduce the NAV of the Fund without reducing the total Units in circulation of the Fund.<br><br><u>Capital distribution by way of mandatory cancellation / Redemption of Units ("Capital Redemption")</u><br><br>The Manager may make Capital Redemption through the compulsory Redemption of the Units held by the Unit Holders at its discretion.<br><br>The Capital distribution of the Fund (with or without cancellation of Units) is pursuant to the maturity of the investment, disposal of the investment by Manager or early redemption of the investment by issuer (if any) and the Manager does not intend to reinvest the investment proceeds. |
| Financial Year End                             | 31 July  |

#### 4. Who am I investing in?

|         |   |
|---------|---|
| Manager | Areca Capital Sdn Bhd [200601021087 (740840-D)] |
| Trustee | RHB Trustees Berhad [200201005356 (573019-U)]   |

#### 5. What are the possible outcomes of my investment?

There are many possible outcomes associated with an investment in the Fund and involves some degree of risk. Investors are to take note that the value of an investment in the Fund and its distributions payable (if any) may go down as well as up and are not guaranteed. The value of your investment is at risk depending on the underlying investments of the Fund.

Under normal circumstances, the Manager aims to out-perform the Fund's benchmark, the Maybank's 12-month fixed deposit rate. However, on the flip side, the Fund may post a much lower return or even incurring losses if one or more of the key risks occur. **In the worst scenario where all the investments of the Fund are in default or suspended, investors may lose part or even all of your initial investments.**

### KEY RISKS

#### 6. What are the key risks associated with this fund?

**PLEASE BE ADVISED THAT IF YOU INVEST IN UNITS THROUGH AN IUTA WHICH ADOPTS THE NOMINEE SYSTEM OF OWNERSHIP, YOU WOULD NOT BE CONSIDERED TO BE A UNIT HOLDER UNDER THE DEED AND YOU MAY CONSEQUENTLY NOT HAVE ALL THE RIGHTS ORDINARILY EXERCISABLE BY A UNIT HOLDER (FOR EXAMPLE, THE RIGHT TO CALL FOR A UNIT HOLDERS' MEETING AND TO VOTE THEREAT AND THE RIGHT TO HAVE YOUR PARTICULARS APPEARING IN THE REGISTER OF UNIT HOLDERS OF THE FUND).**

Below are the risks associated in the product which may cause significant losses if they occur.

#### General risks of investing in the Unit Trust Fund

- **Market Risk**  
Market risk refers to the possibility that an investment will lose value because of a general decline in financial markets, due to economic, political, social and/or other factors, which will result in a decline in the fund's net asset value. Market risk stems from the fact that there are economy-wide perils which impact all businesses. Investors will be exposed to market uncertainties no matter how a fund's investments are diversified. The fluctuations in the economy, political and social environment will affect the market price of the fund's investments either in a positive or negative way.
- **Manager's Risk**  
This risk refers to the day-to-day management of a fund by the manager which will impact the performance of the fund. For example, investment decisions undertaken by the manager, as a result of an incorrect view of the market or any non-compliance with internal policies, investment mandate, the deed, relevant laws or guidelines due to factors such as human error or weaknesses in operational process and systems, may adversely affect the performance of the fund.
- **Liquidity Risk**  
Liquidity risks refer to the ease of liquidating an asset at or near its fair value depending on the asset's volume traded in the market. If the fund holds assets that are illiquid, or are difficult to dispose of, the value of the fund will be negatively affected when it has to sell

such assets at unfavourable prices. In situation where the fund has insufficient cash and is unable to liquidate its assets due to market condition as aforesaid, redemption requests made by the unit holders are likely to be affected as the manager may not be able to fulfil its payment obligation on time.

- **Financing Risk**

The risk occurs when investors take a financing to finance their investment and thereafter unable to service the financing payments. If units are used as collateral, an investor may be required to top-up the investor's existing instalment if the prices of units fall below a certain level due to market conditions. Failing which, the units may be sold at a lower net asset value per unit as compared to the net asset value per unit at the point of purchase towards settling the financing.

- **Performance Risk**

As a result of the risk elements, the returns from a fund are not guaranteed. The value of the fund's investment will vary when disposed and an investment may be worth more or less than when purchased.

- **Inflation Risk**

This is the risk that investors' investment in the unit trust fund may not grow or generate income at a rate that keeps pace with inflation. This would reduce investors' purchasing power even though the value of the investment in monetary terms has increased.

- **Non-Compliance Risk**

This risk refers to the possibility that the manager may not follow the provisions set out in the information memorandum, the deed or the relevant laws, rules, guidelines or internal operating policies which governs the fund. Non-compliance may occur directly due to factors such as human error or system failure and can also occur indirectly due to amendment on the relevant regulatory frameworks, relevant laws, rules, and other legal practices affecting the fund. This risk may result in operational disruptions and potential losses to the fund.

- **Suspension of Redemption Request Risk**

Having considered the best interests of unit holders, the redemption requests by the unit holders may be subject to suspension due to exceptional circumstances, where the market value or fair value of a material portion of the fund's assets cannot be determined. In such case, unit holders will not be able to redeem their units and will be compelled to remain invested in the fund for a longer period of time than original timeline. Hence, their investments will continue to be subject to the risks inherent to the fund.

#### **Specific risks associated to the Fund**

- **Downgrade of Issuer Risk**

Any credit ratings given to the issuers may be subject to suspension, downgrade or withdrawal at any time. In the event any of the credit ratings of the issuers of the investments of the Fund fall below the required minimum credit ratings, the Manager, acting in the interest of the Fund, would use its best efforts to dispose of the holdings before maturity, failing which, it shall be held to maturity.

- **Concentration Risk**

Concentration risk is the probability of loss arising from lack of diversification, investing with a single issuer. The strength of the issuer may be affected due to changes of financial performance, news of a possible merger or loss of key personnel of the issuer.

- **Country Risk**

Investments of the Fund in any foreign countries may be affected by changes in the economic and political climate, restriction on currency repatriation or other developments in the laws or regulations of the countries in which the Fund invests in. For example, the deteriorating economic condition of the countries may adversely affect the value of the investments undertaken by the Fund in those affected countries. This in turn may cause the NAV or prices of Units to fall.

- **Interest Rate Risk**

Interest rate risk refers to the impact of interest rate changes on the valuation of debt instruments whenever is applicable. When interest rates rise, debt instruments prices generally decline and this may lower the market value of the Fund's investment in debt instruments. The reverse may apply when interest rates fall.

- **Counterparty Risk**

The Fund's placements of deposits and/or investments in Money Market Instruments with Financial Institutions are subject to the risk of the counterparty. Counterparty risk also refers to the possibility that the counterparty being unable to make timely payments of interest and/or principal payment on the maturity date. This may then lead to a default in the payment and/or interest and ultimately, affect the NAV per Unit of the Fund.

- **Currency Risk**

As the base currency of the Fund is in Malaysian Ringgit, any fluctuation in the exchange rate between the base currency of the Fund and the currencies in which the investments of the Fund are denominated may have an impact on the value of these investments. Investors should be aware that if the currencies in which the investments of the Fund are denominated depreciate against the base currency of the Fund, this will have an adverse effect on the NAV of the Fund in the base currency of the Fund and vice-versa. Investors should note that any gains or losses arising from the fluctuation in the exchange rate may further increase or decrease the returns of the investments of the Fund.

- **Credit and Default Risk**

Credit risk relates to the creditworthiness of the issuer of the debt instruments and its expected ability to make timely payment of interest and/or principal. Any adverse situations faced by the issuer may impact the value as well as liquidity of the debt instrument. Default risk relates to the risk that an issuer of a debt instrument either defaulting on payments or failing to make payments in a timely manner which will in turn adversely affect the value of the debt instruments. This could adversely affect the value of the Fund.

**The abovementioned risks which you should consider before investing into a wholesale fund should not be considered to be an exhaustive list.**

**You should be aware that investments in the Fund may be exposed to other risks of an exceptional nature from time to time.**

**FEES & CHARGES****7. What are the fees and charges involved?**

|                                 |   |
|---------------------------------|---|
| <b>Entry Fee (Sales Charge)</b> | Up to 2.00% of the net investment amount of the Fund.   |
| <b>Exit Fee</b>                 | NIL   |
| <b>Annual Management Fee</b>    | Up to 1.00% per annum of the NAV of the Fund.. The Manager may lower the fee at its discretion. |
| <b>Annual Trustee Fee</b>       | 0.07% per annum of NAV of the Fund. (exclude foreign custodian fee, if any).                    |

**How will I be notified of any increase in fees and charges?**

- A written communication will be sent to unit holders to notify on the higher rate and its effective date;
- A supplementary or replacement Information Memorandum will be lodged and issued.

**VALUATION AND EXITING FROM INVESTMENT****8. How often are valuations available?**

The valuation of the assets of the Fund is carried out at the end of the Business Day.

The NAV per unit of the Fund will be published on the Manager's website at [www.arecacapital.com](http://www.arecacapital.com)

**9. How can I invest in this investment?**

|                                      |  |
|--------------------------------------|--|
| <b>Minimum Initial Investment</b>    | RM50,000 or such other lower amount as decided by the Manager. |
| <b>Minimum Additional Investment</b> | RM10,000 or such other lower amount as decided by the Manager. |

**Note:** The Manager reserves the rights to accept or reject any application in whole or part thereof without assigning any reason.

**10. How can I exit from this investment and what are the risks and costs involved?**

|   |   |
|---|---|
| <b>Cooling-Off Rights</b>               | Not Available   |
| <b>Minimum Redemption</b>               | 50,000 Units or such other lower number of Units at the Manager's discretion.   |
| <b>Minimum Balance</b>                  | 50,000 Units or such other number of Units at the Manager's discretion. We will, at our sole discretion, require you to redeem all the Units should the remaining balance Units in your account is less than the minimum balance.   |
| <b>Redemption Restriction/Frequency</b> | <p>You are not allowed and will not be able to redeem your Units within the first five (5) years from the investment date; subject to the liquidation of the underlying investment at the discretion of the Manager.</p> <p>Please note that you might not be able to redeem Units if the Fund is not able to dispose of its assets and may have insufficient cash.</p>   |
| <b>Redemption Payment</b>               | <p>Subject to the Redemption restriction of this Fund, we will pay you within seven (7) Business Days upon receipt of the duly completed original Redemption form. However, for this Fund, it is our general Redemption policy to make payment within three (3) Business Days (T+3 days).</p> <p>Please note that for third party distributors such as IUTA, the Redemption payment could be longer, however it will still be within seven (7) Business Days as aforementioned.</p> <p>Redemption proceeds will be only paid to the principal Unit Holder, unless requested by the principal Unit Holder to pay to the Jointholder. We do not pay the Redemption proceeds to any third-party.</p> |

|                           |   |
|---------------------------|---|
| <b>Switching Facility</b> | Not Available   |
| <b>Transfer Facility</b>  | Not available, unless by operations of law or under the provision of the Deed.  |
| <b>Cut-Off time</b>       | All completed transaction forms and investment notice must be submitted to the Manager before the cut-off time, on any Business Day. We will process your transaction on the next Business Day if we receive your application after the cut-off time. Distributors may impose an earlier cut-off time if you purchase the Units through our distributors. Redemption proceeds will only be credited into your account after we receive your original Redemption form. Please refer to our company website, <a href="http://www.arecacapital.com">www.arecacapital.com</a> for the cut-off time. |

For more information, please refer to the Replacement Information Memorandum dated 01 July 2024 and the First Supplementary Information Memorandum dated 28 April 2025.

#### CONTACT INFORMATION

##### 11. Who should I contact for further information or to lodge a complaint?

For enquiries/further information, please contact:

|                    |   |   |
|--------------------|---|---|
| <b>Head Office</b> | <b>Areca Capital Sdn Bhd (200601021087 (740840-D))</b><br>107, Blok B, Pusat Dagangan Phileo Damansara 1, No 9, Jalan 16/11, Off Jalan Damansara, 46350 Petaling Jaya, Selangor.<br>Tel: 603-7956 3111 Fax: 603-7955 4111 Website: <a href="http://www.arecacapital.com">www.arecacapital.com</a><br>E-mail: <a href="mailto:invest@arecacapital.com">invest@arecacapital.com</a> |   |
| <b>Branches</b>    | <b>Pulau Pinang</b><br>Tel: 604-210 2011 Fax: 604-210 2013  | <b>Malacca</b><br>Tel: 606-282 9111 Fax: 606-283 9112 |
|                    | <b>Ipoh</b><br>Tel: 605-249 6697 Fax: 605-249 6696  | <b>Kuching</b><br>Tel: 082-572 472                    |
|                    | <b>Johor Bharu</b><br>Tel: 07-336 3689  | <b>Kota Kinabalu</b><br>Tel 088-276 757               |

- For internal dispute resolution, you may contact:  
Areca Capital Sdn Bhd – Investor Care: 03-7956 3111
- If you are dissatisfied with the outcome of the internal dispute resolution process, please refer your dispute to the Financial Ombudsman Service (FMOS):
  - By fax / email / post to: Chief Executive Officer  
Financial Ombudsman Service (FMOS):  
14<sup>th</sup> Floor, Main Block, Menara Takaful Malaysia,  
No. 4, Jalan Sultan Sulaiman, 50000 Kuala Lumpur  
Tel: 03-2272 2811 Fax: 03-22721577  
Website: [www.fmos.org.my](http://www.fmos.org.my)
  - Walk in: Financial Ombudsman Service (FMOS):  
14<sup>th</sup> Floor, Main Block, Menara Takaful Malaysia,  
No. 4, Jalan Sultan Sulaiman, 50000 Kuala Lumpur.
- You can also direct your complaint to the Securities Commission Malaysia even if you have initiated a dispute resolution process with (FMOS). To make a complaint, please contact the Securities Commission Malaysia's Investor Affairs & Complaints Department:
  - via phone to the Aduan Hotline at : 03-6204 8999
  - via fax to : 03-6204 8991
  - via e-mail to : [aduan@seccom.com.my](mailto:aduan@seccom.com.my)
  - via online complaint form available at [www.sc.com.my](http://www.sc.com.my)
  - via letter to : Investor Affairs & Complaints Department  
Securities Commission Malaysia  
No. 3 Persiaran Bukit Kiara, Bukit Kiara  
50490 Kuala Lumpur
- Federation of Investment Managers Malaysia (FIMM)'s Complaints Bureau:
  - via phone to : 03-2092 3800
  - via fax to : 03-2093 2700
  - via e-mail to : [complaints@fimm.com.my](mailto:complaints@fimm.com.my)
  - via online complaint form available at [www.fimm.com.my](http://www.fimm.com.my)
  - via letter to : Legal, Secretariat & Regulatory Affairs  
Federation of Investment Managers Malaysia  
19-06-01, 6th Floor Wisma Tune  
No. 19 Lorong Dungun, Damansara Heights  
50490 Kuala Lumpur

**GLOSSARY**

|                                     |  |
|-------------------------------------|--|
| <b>Business Day</b>                 | A day on which Bursa Malaysia Securities Berhad, the stock exchange managed or operated by Bursa Malaysia Securities Berhad, is open for trading;  |
| <b>CIS</b>                          | Collective investment schemes;   |
| <b>CMSA</b>                         | The Capital Markets and Services Act, 2007 including all amendments thereto;   |
| <b>Deed(s)</b>                      | The deed in relation to the Fund and any other supplemental deeds that may be entered into between the Manager and the Trustee;  |
| <b>Financial Institution</b>        | <p>If the institution is in Malaysia –</p> <ul style="list-style-type: none"> <li>i. licensed bank;</li> <li>ii. licensed investment bank; and</li> <li>iii. licensed Islamic bank.</li> </ul> <p>If the institution is outside Malaysia, any institution that is licensed, registered, approved or authorised to provide financial services by the relevant banking regulator;</p> <p>“licensed bank” has the same meaning as given under the Financial Services Act 2013;</p> <p>“licensed investment bank” has the same meaning as given under the Financial Services Act 2013;</p> <p>“licensed Islamic bank” means a bank licensed under the Islamic Financial Services Act 2013;</p> |
| <b>Fixed Income Instruments</b>     | Includes Fixed Income Securities, preference shares, Government Backed Securites, Money Market Instruments, CIS and any other investment as permitted under the permitted investments of the Fund;   |
| <b>Fixed Income Securities</b>      | Includes but not limited to commercial papers, bonds, and other fixed income securities which display similar characteristic of a corporate bond;  |
| <b>Fund</b>                         | Areca Composite Bond Fund;   |
| <b>Government Backed Securities</b> | Refers to government debt issuances used to fund daily operations, and special infrastructure and military projects. They guarantee the full repayment of invested principal at the maturity of the security and often pay periodic coupon or interest payments.   |
| <b>Guidelines</b>                   | Guidelines on Unlisted Capital Market Products Under the Lodge and Launch Framework as may be amended from time to time;   |
| <b>Information Memorandum</b>       | Information Memorandum in relation to the Fund and includes any supplemental or replacement information memorandum;  |
| <b>IUTA</b>                         | Institutional Unit Trust Scheme Adviser;   |
| <b>Jointholder</b>                  | A Sophisticated Investor who holds Units together with another Sophisticated Investor(s);  |
| <b>Liquid Assets</b>                | Means cash or any permitted investment capable of being converted into cash within seven (7) days;   |
| <b>Manager/We/Us</b>                | Areca Capital Sdn Bhd;   |
| <b>Medium to Long Term</b>          | A period of two (2) years or more;   |
| <b>Money Market Instruments</b>     | Include but not limited to banker's acceptance, Repurchase Agreement (“Repo”), certificates of deposit and negotiable instruments of deposit;  |
| <b>NAV</b>                          | The net asset value of the Fund, which is the value of all the assets of the Fund less the value of all liabilities of the Fund at the valuation point;  |
| <b>NAV per Unit</b>                 | The NAV of the Fund divided by the total number of Units in circulation of the Fund at the valuation point;  |
| <b>Redemption</b>                   | The repurchase by the Manager of the Units owned by the Unit Holders upon a proper redemption request;   |
| <b>RM</b>                           | Means Ringgit Malaysia;  |

|                               |   |
|-------------------------------|---|
| <b>SC</b>                     | The Securities Commission Malaysia which was established under the Securities Commission Malaysia Act 1993;   |
| <b>Sophisticated Investor</b> | Refers to:<br><br>(a) any person who is determined to be a sophisticated investor under:<br><br>(i) the Guidelines on Categories of Sophisticated Investors issued by the SC;<br><br>(ii) any relevant laws/guidelines for wholesale funds; or<br><br>(b) any person who acquires any capital market product specified under the Guidelines where the consideration is not less than RM250,000 or its equivalent in foreign currencies for each transaction whether such amount is paid for in cash or otherwise; |
| <b>Trustee</b>                | RHB Trustees Berhad and includes its permitted assigns and successors in title;   |
| <b>Units</b>                  | Units of the Fund and includes a fraction of a unit of the Fund; and  |
| <b>Unit Holder/You</b>        | A Sophisticated Investor for the time being who is registered pursuant to the Deed as a holder of Units, including a Jointholder.   |