

Semi-Annual Report January 2024

For the Period Ended 31 January 2024

Areca Equity Growth Fund

Management Company



200601021087(740840-D)

SEMI-ANNUAL REPORT JANUARY 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>We will retain soft commissions received from brokers or dealers, provided that:</p> <ul style="list-style-type: none"> (a) the soft commissions bring direct benefit or advantage to the management of the Fund and may include research and advisory related services; (b) any dealing with the broker or dealer is executed on terms which are the most favourable for the Fund; and (c) the availability of soft commissions is not the sole or primary purpose to perform or arrange transactions with such broker or dealer, and the Manager shall not enter into unnecessary trades in order to achieve a sufficient volume of transactions to qualify for soft commissions. <p>The soft commissions may be in the form of goods and services such as data and quotation services, computer software incidental to the management of the Fund and investment related publications. Cash rebates, if any, will be directed to the account of the Fund. During the period under review, the Manager had not received any soft commissions.</p>
Inception Date	4 January 2021
Initial Offer Price	RM1.0000 per unit during the initial offer period of 21 days from the date of the Prospectus.
Pricing Policy	Single Pricing – Selling and repurchase of units by Manager at Net Asset Value per unit
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)	52.84	67.81	74.31
Units in circulation (million units)	67.53	78.05	80.52
NAV per unit (RM)	0.7825	0.8688	0.9229

HIGHEST & LOWEST NAV per unit			
<i>Please refer to Note 1 for further information on NAV and pricing policy</i>			
Highest NAV per unit (RM)	0.8376	0.8797	1.0487
Lowest NAV per unit (RM)	0.7742	0.7863	0.8995

ASSET ALLOCATION % of NAV			
Quoted securities - local			
Construction	13.98	-	-
Consumer Products & Services	12.66	12.39	11.82
Energy	6.45	3.44	8.77
Financial Services	5.15	11.30	11.16
Health Care	11.11	5.33	-
Industrial Products & Services	8.67	22.60	18.96
Technology	26.29	26.31	39.05
Trading & Services	-	1.94	-
Transportation & Logistics	6.11	-	1.60
Quoted securities - foreign			
ETF	-	-	2.29
Financial services	-	5.41	-
Information technology	3.79	-	-
Collective investment scheme	2.84	-	-
Cash and cash equivalents including placements & repo	2.95	11.28	6.35

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

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

EXPENSE/TURNOVER			
Total expense ratio (TER) (%)	1.05	0.76	1.05
<i>Please refer to Note 2 for further information</i>			
Portfolio turnover ratio (PTR) (times)	0.68	0.63	0.41
<i>Please refer to Note 3 for further information</i>			

	31.07.2023 to 31.01.2024	31.07.2022 to 31.01.2023	31.07.2021 to 31.01.2022
TOTAL RETURN			
<i>Please refer to Note 4 for further information</i>			
Total Return (%)	(6.71)	2.51	(1.54)
- Capital growth (%)	(6.71)	2.51	(1.54)
- Income distribution (%)	-	-	-

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ARECA EQUITY GROWTH FUND

FUND PERFORMANCE

	2024	2023	2022
Annual Total Return (%)	(12.87)*	5.05*	(3.02)*
Performance Benchmark: 1-year Average Returns of the funds under "Equity Malaysia" Non-Islamic category	15.39*	2.51*	(1.89)*
<i>*Annualised for comparison purpose only</i>			
Total Return since launch (%)	(21.75)	(13.12)	(7.71)
Average Total Return per annum	1-yr (9.93)	3-yrs (7.24)	5-yrs 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 performance figures for the benchmark of 1-year Average Returns of the funds under "EquityMalaysia" Non-Islamic category are calculated assuming investment in the index. The total return and the benchmark data are sourced from Lipper.

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

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

FUND REVIEW

During the period under review, the Fund registered a total return of -6.71%, underperforming against its benchmark (1-year Average Returns of the funds under "Equity Malaysia" Non-Islamic category of the Malaysia Lipper Fund table, "peers benchmarking") which recorded a total return of 7.31%. The subpar performance of the Fund was attributable to the poor performance of domestic growth stocks in view of the United States ("US") Federal Reserve ("Fed") "higher-for-longer" hawkish interest rate narrative. Industry sectors that spearheaded performance during the period under review were the value-oriented sectors such as utilities, property and construction. The Fund remain focused on positioning for mid-longer-term growth. A foreseeable catalyst on the horizon for growth stocks to perform is the Fed's pivot to cutting interest rates, which the Fed's dot plot is currently indicating a total of 75 basis points interest rate cuts for the year of 2024.

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 January 2024

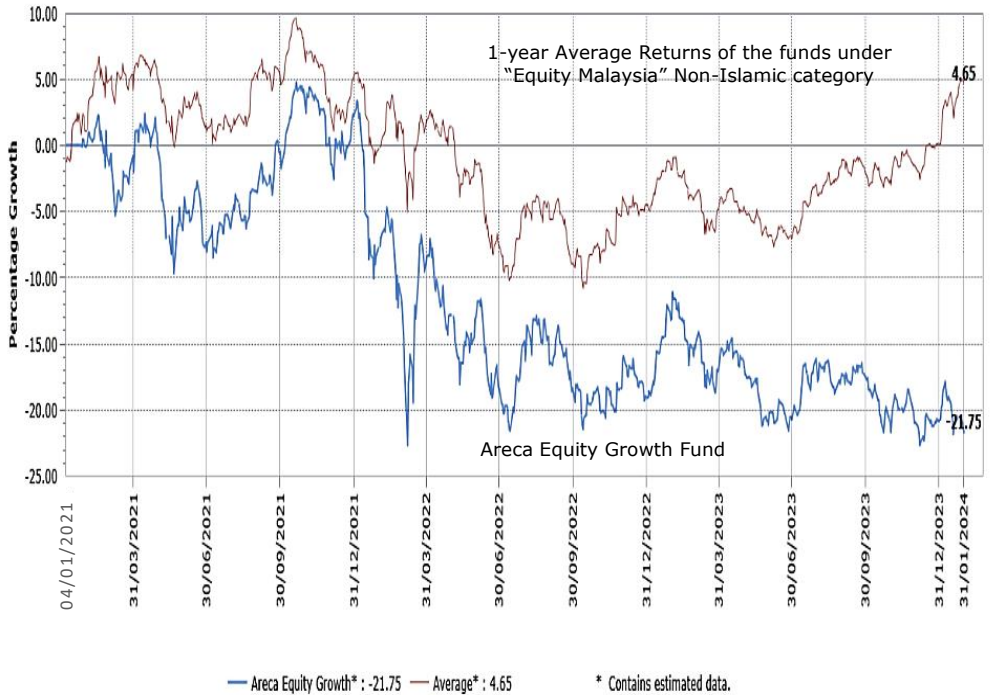
RM0.7825

Asset Allocation/Portfolio Composition	2024	2023	2022
Quoted securities - local	90.42%	83.31%	91.36%
Quoted securities - foreign	3.79%	5.41%	2.29%
Collective investment scheme	2.84%	-	-
Cash and cash equivalents	2.95%	11.28%	6.35%

FUND REVIEW

Performance of Areca Equity Growth Fund
for the period since inception to 31 January 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	Previous	Remarks
GDP (QoQ)	3.3% 4Q23	4.9% 3Q23	Consumer spending, private inventories, and government spending slowed, while exports accelerated and imports grew less.
Inflation Rate (Annual)	3.1% Jan 24	3.7% Aug 23	Energy prices went down at a faster pace.
Unemployment Rate	3.7% Jan 24	3.8% Aug 23	

In the United States ("U.S."), the economy registered a lower quarter-over-quarter ("QoQ") growth in the fourth quarter of 2023 ("4Q23"), compared to its previous quarter. The annual inflation rate in the U.S. decreased marginally during the reporting period and averaged the year 2023 at 4.10%. The labour market remained tight, where the jobless rate was hovering in a narrow range of 3.70% to 3.90% during the reporting period, and averaged the year 2023 at 3.60%. The Fed Funds Rate ("FFR") stayed at a range of 5.25% to 5.50% currently since July 2023. Nevertheless, the Federal Reserve ("Fed") had a dovish pivot in its latest meeting in December 2023; the Fed's dot plot suggests that the Fed will cut rates by 75 basis points ("bps") in the year 2024, but unlikely in the first half of the year 2024 ("1H24").

E.U.	Current	Previous	Remarks
GDP (QoQ)	0.1% 4Q23	-0.1% 3Q23	Demand and activity were hit by high inflation and rising borrowing costs.
Inflation Rate (Annual)	3.4% Dec 23	5.9% Aug 23	
Unemployment Rate	5.9% Dec 23	6.0% Aug 23	

As for the European Union ("E.U."), the economy was rather flattish in the last two quarters. The annual inflation rate in the EU moderated considerably during the reporting period and averaged 6.40% in the year 2023. The labour market remained tight and unemployment rate was hovering at around 5.90% to 6.00% during the reporting period, and averaged the year 2023 at 6.00%. The key European Central Bank ("ECB") interest rates stayed at 4.50% currently since September 2023.

China	Current	Previous	Remarks
GDP (QoQ)	1.0% 4Q23	1.5% 3Q23	Weakness in the property sector drags the broader economic recovery. Also, the Chinese government seemed reluctant to give a major stimulus package due to attempts to control mounting government debts.
Inflation Rate (Annual)	-0.8% Jan 24	0.1% Aug 23	Food prices declined at a record pace.
Unemployment Rate	5.1% Dec 23	5.2% Aug 23	

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Meanwhile, in China, the gross domestic product (“GDP”) in 4Q23 grew slightly less than the third quarter of 2023 (“3Q23”). As for the annual inflation rate, China experienced the fourth straight month of deflation and averaged 0.20% for the year 2023. Meanwhile, the unemployment rate was hovering at 5.00% to 5.20% and averaged 5.20% for 2023. China remains an outlier among the other countries, where The People’s Bank of China (“PBoC”) was loosening the monetary policy to revive a slowing economy; the one-year loan prime rate (“LPR”) was reduced by 10 bps in June and August 2023 to 3.45%, while the five-year LPR was reduced by 10 bps in June 2023 and 25 bps in February 2024 to 3.95%.

Malaysia	Current	Previous	Remarks
GDP	-2.1%	2.6%	A slowdown in growth for private consumption, imports fell but exports dropped at a much faster pace, while growth accelerated for government spending and fixed investments.
(QoQ)	4Q23	3Q23	
Inflation Rate	1.5%	2.0%	A slowdown in food inflation.
(Annual)	Dec 23	Aug 23	
Unemployment	3.3%	3.4%	
Rate	Dec 23	Aug 23	

Back in Malaysia, the GDP contracted significantly in 4Q23 compared to the last quarter. The annual inflation rate continued to decline during the reporting period and averaged 2.50% for the year 2023, while the unemployment rate was hovering at 3.30% to 3.40% and averaged 3.40%. On another note, the Overnight Policy Rate (“OPR”) stayed at 3.00% currently, since an upward revision of 25 bps by Bank Negara Malaysia (“BNM”) in May 2023.

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 gained 3.70% to close at 1,513 points. Similarly, the broader market FTSE Bursa Malaysia EMAS Index rose by 5.00% to 11,243 points while the FTSE Bursa Malaysia Small Cap Index gained 7.30% to 16,721 points in the same period.

Foreign investors were net buyers for five out of six months of the period, bringing their net buy to +MYR1.12b. Similarly, domestic institutions were net buyers at +MYR0.42b while domestic retail investors were net sellers at –MYR1.54b for the period.

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.

In November, all eyes were on corporate results, where despite a rebound in earnings, markets saw more disappointments. All in all, autos, gloves, and gaming names beat expectations while consumer, tech, and media names disappointed. Nonetheless, 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 period.

The FBMKLCI continued its rally in 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 utilities along with some bank names.

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Sector-wise, utilities and construction were the outperformers while technology and consumer were laggards of the market. The top three gainers within the constituents were YTL Power (+202.00%), YTL (+100.00%), and TM (+16.00%). On the other hand, the worst-performing stocks were PPB (-12.00%), Hong Leong Financial Group (-10.00%), and Nestle Malaysia (-9.00%).

MALAYSIAN EQUITY MARKET OUTLOOK AND STRATEGY

Moving into 2024, we expect advanced economies to start cutting interest rates on the back of slowing economic growth. Excess savings by consumers during the Covid-19 pandemic have depleted, while supply disruption conditions have broadly improved. Investors are anticipating that the US Fed could start easing monetary policy by mid-2024 and this could reduce the tailwinds for the United States Dollar ("USD") strength. Any moderation in the USD strength would benefit Emerging Markets, including Malaysia.

Malaysia's economy is expected to grow 4.00% - 5.00% in 2024, according to Bank Negara Malaysia. Growth is expected to be driven by the expansion in domestic demand. Consensus expects corporate earnings growth to accelerate in 2024. Investors would be monitoring the government's subsidy rationalization plans especially on petrol pump prices as this would have implications for consumption.

Overall, we expect better performance for the local bourse due to easing monetary policies, undemanding valuation and accelerating corporate earnings growth in 2024.

In terms of portfolio strategy, the fund has positioned well in growth stocks that are expected to deliver strong mid-longer-term growth, in anticipation of the US Fed pivot to rate cut to be a catalyst for growth stocks valuation re-rating.

CROSS TRADE

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

SECURITIES FINANCING TRANSACTIONS

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

STATE OF AFFAIRS

There has been neither significant change to the state of affairs of the Fund nor any circumstances that materially affect any interests of the unitholders during the financial period under review.

TRUSTEE'S REPORT

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

We have acted as Trustee of the Fund for the financial period ended 31 January 2024 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, Areca Capital Sdn Bhd has operated and managed the Fund during the period covered by these unaudited financial statements in accordance with the following:

1. Limitations imposed on the investment powers of the management company under the deeds, securities laws and the Guidelines on Unit Trust Funds;
2. Valuation and pricing is carried out in accordance with the deeds; and
3. Any creation and cancellation of units are carried out in accordance with the deeds and any regulatory requirement.

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

NORHAZLIANA BINTI MOHAMMED HASHIM
HEAD, UNIT TRUST & CORPORATE OPERATIONS

Kuala Lumpur
21 March 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 unaudited financial statements are drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of the Fund as at 31 January 2024 and the financial performance and the cash flows of the Fund for the financial period ended on that date.

For and on behalf of the Manager
Areca Capital Sdn Bhd

WONG TECK MENG
CEO/EXECUTIVE DIRECTOR

EDWARD ISKANDAR TOH BIN ABDULLAH
CIO/EXECUTIVE DIRECTOR

Kuala Lumpur
21 March 2024

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UNAUDITED STATEMENT OF FINANCIAL POSITION

As At 31 January 2024

	Note	31.01.2024	31.01.2023
		RM	RM
Assets			
Investments	5	51,279,507	60,159,375
Cash and cash equivalents	6	2,324,795	5,779,495
Amount due from Manager	7	-	14,851
Other receivables	8	31,200	2,192,664
Total Assets		<u>53,635,502</u>	<u>68,146,385</u>
Unitholders' Fund And Liabilities			
Liabilities			
Amount due to Manager	7	687,875	-
Other payables and accrued expenses	9	106,253	337,318
Total Liabilities		<u>794,128</u>	<u>337,318</u>
Unitholders' Fund			
Unitholders' capital		68,428,300	77,009,824
Accumulated losses		(15,586,926)	(9,200,757)
Net Asset Value Attributable To Unitholders		<u>52,841,374</u>	<u>67,809,067</u>
Total Unitholders' Fund And Liabilities		<u>53,635,502</u>	<u>68,146,385</u>
Number of Units In Circulation	10	<u>67,530,044</u>	<u>78,047,599</u>
Net Asset Value Per Unit (RM)		<u>0.7825</u>	<u>0.8688</u>

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

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ARECA EQUITY GROWTH FUND

UNAUDITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Financial Period Ended 31 January 2024

	Note	01.08.2023 to 31.01.2024 RM	01.08.2022 to 31.01.2023 RM
Investment (Loss)/Income			
Interest income		27,979	78,364
Dividend income		266,087	678,786
Net (loss)/gain on investments at fair value through profit or loss ("FVTPL")	5	(3,471,932)	1,585,409
Net gain/(loss) on foreign exchange		<u>17,341</u>	<u>(4,354)</u>
Total Investments (Loss)/Income		<u>(3,160,525)</u>	<u>2,338,205</u>
Expenditure			
Management fee	11	561,019	476,867
Trustee's fee	12	17,407	20,001
Audit fee		6,250	4,500
Tax agent's fee		1,815	1,650
Transaction cost		219,363	244,766
Other expenses		<u>16,861</u>	<u>1,102</u>
Total Expenditure		<u>822,715</u>	<u>748,886</u>
Net (Loss)/Income Before Tax		(3,983,240)	1,589,319
Income Tax Expenses	13	-	-
Net (Loss)/Income After Tax And Total Comprehensive (Loss)/Income For The Financial Period		<u>(3,983,240)</u>	<u>1,589,319</u>
Net (Loss)/Income After Tax Is Made Up Of:			
Realised loss		(3,058,354)	(9,867,584)
Unrealised (loss)/gain		<u>(924,886)</u>	<u>11,456,903</u>
		<u>(3,983,240)</u>	<u>1,589,319</u>

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

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ARECA EQUITY GROWTH FUND

UNAUDITED STATEMENT OF CHANGES IN NET ASSET VALUE

For The Financial Period Ended 31 January 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	574,245	-	574,245
Amounts paid from units cancelled	(3,368,798)	-	(3,368,798)
Total comprehensive income for the financial period	-	1,589,319	1,589,319
Balance as at 31 January 2023	<u>77,009,824</u>	<u>(9,200,757)</u>	<u>67,809,067</u>
Balance as at 1 August 2023	72,229,342	(11,603,686)	60,625,656
Amounts received from units created	1,121,955	-	1,121,955
Amounts paid from units cancelled	(4,922,997)	-	(4,922,997)
Total comprehensive loss for the financial period	-	(3,983,240)	(3,983,240)
Balance as at 31 January 2024	<u>68,428,300</u>	<u>(15,586,926)</u>	<u>52,841,374</u>

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

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UNAUDITED STATEMENT OF CASH FLOWS

For The Financial Period Ended 31 January 2024

	01.08.2023 to 31.01.2024	01.08.2022 to 31.01.2023
	RM	RM
Cash Flows From Operating Activities		
Proceeds from disposal of investments	41,146,948	41,810,313
Purchase of investments	(37,018,426)	(39,492,327)
Dividend income received	244,887	678,786
Interest received	27,979	78,364
Management fee paid	(567,037)	(474,237)
Trustee's fee paid	(17,588)	(20,018)
Transaction cost paid	(219,363)	(244,766)
Payment for other fees and expenses	(25,861)	(19,914)
Net Cash Generated From Operating Activities	3,571,539	2,316,201
Cash Flows From Financing Activities		
Cash proceeds from units created	1,121,955	564,394
Payment for cancellation of units	(4,235,122)	(3,368,798)
Net Cash Used In Financing Activities	(3,113,167)	(2,804,404)
Net Increase/(Decrease) In Cash And Cash Equivalents	458,372	(488,203)
Cash And Cash Equivalents At Beginning Of Period	1,866,423	6,267,698
Cash And Cash Equivalents At The End Of Period	2,324,795	5,779,495
Cash And Cash Equivalents Comprise:		
Cash at bank	7,786	6,592
Short-term deposits	2,317,009	5,772,903
	2,324,795	5,779,495

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

NOTES TO THE UNAUDITED 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 between Areca Capital Sdn Bhd as the Manager, Maybank Trustees Berhad as the Trustee and all the registered unitholders of the Fund ("the Deed").

The principal activity of the Fund is to invest purposes investments as defined under the Schedule 7 of the Deed, which include listed and unlisted securities, deposit with Financial Institutions, derivatives such as futures contracts for hedging purposes only, collective investments schemes; and any other form of investment as may be agrees upon by the Manager and the Trustee from time to time. The Fund commenced operations on 4 January 2021 and will continue its operations until terminated by the Trustee in accordance with Part 12 of the Deed.

The objective of the Fund is to provide investors with Medium to Long Term capital growth by investing in equities and equity related securities. Any material changes to the Fund's objective would require unitholder's approval.

The Manager of the Fund is Areca Capital Sdn Bhd, a company incorporated in Malaysia. Its principal activities are that of management of unit trust funds and private mandates; and regulated activity of financial planning.

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

Adoption of Amendments to MFRSs

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

Amendments in Issue But Not Yet Effective

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

	Effective for annual periods beginning on or after
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to MFRS 121 <i>Lack of Exchangeability</i>	1 January 2025

The Manager of the Fund anticipates that the abovementioned Amendments to MFRSs will be adopted in the annual financial statements of the Fund when they become effective and that the adoption of these Amendments will have no material impact on the financial statements of the Fund in the period of initial application.

3 MATERIAL ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Fund have been prepared under the historical cost convention. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Fund takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of MFRS 2, leasing transactions that are within the scope of MFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in MFRS 102 or value in use in MFRS 136.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies adopted are set out below.

Income Recognition

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

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

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

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

Transaction Costs

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

Income Tax

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

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

Functional and Presentation Currency

The financial statements are measured using the currency of the primary economic environment in which the Fund operates ("functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is also the Fund's functional currency.

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 recognised in profit 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 unitholder's option and are classified as equity. Cancellable units can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's net asset value. The outstanding units are carried at the redemption amount that is payable at the net asset value if the holder exercises the right to put the units back to the Fund.

Units are created and cancelled at the unitholder's option at prices based on the Fund's net asset value per unit at the time of creation or cancellation. The Fund's net asset value per unit is calculated by dividing the net assets attributable to unitholders with the total number of outstanding units.

Financial Instruments

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Fund changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

Financial Assets

(i) Classification

The Fund classified its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and
- those to be measured at amortised cost

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, the Fund can make an irrevocable election at the time of initial recognition to account for the equity investment either at fair value through other comprehensive income ("FVTOCI") or fair value through profit or loss ("FVTPL").

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Fund commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Fund measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest ("SPPI").

Impairment of Financial Assets

The Fund assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired.

The Fund applies the simplified approach under MFRS 9 which requires expected lifetime loss to be recognised from initial recognition. The expected loss allowance is based on provisional matrix.

Derecognition of Financial Assets

The Fund derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Fund neither transfer nor retain substantially all the risks and rewards of ownership and continues to control the transferred asset, the Fund recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Fund retains substantially all the risks and rewards of ownership of a transferred financial asset, the Fund continue to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Equity Instruments

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

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

Financial Liabilities

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

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

(a) *Financial liabilities at FVTPL*

Financial liabilities are classified as at FVTPL when financial liabilities are either held for trading or it is designated as at FVTPL. Financial liabilities at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss.

For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, the Fund recognises the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in the profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

(b) ***Financial liabilities measured subsequently at amortised cost***

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

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

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

Investments

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

Investment in unlisted collective investment schemes are valued at FVTPL based on the Net Asset Value of such collective investment schemes at the end of the reporting period.

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

Classification of Realised and Unrealised Gains and Losses

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

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

Provisions

The Fund recognises a liability as a provision if the outflows required to settle the liability are uncertain in timing or amount.

A provision for onerous contracts is recognised when the Fund has a present legal or constructive obligation as a result of a past event, and of which the outflows of resources on settlement are probable and a reliable estimate of the amount can be made. No provision is recognised if these conditions are not met.

Statement of Cash Flows

The Fund adopts the direct method in the preparation of the statement of cash flows.

Cash equivalents are highly liquid investments with maturities of three months or less from the date of acquisition and are readily convertible to cash with insignificant risk of changes in value.

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4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

(i) **Critical judgements in applying accounting policies**

In the process of applying the Fund's accounting policies, which are described in Note 3 above, the Manager is of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements.

(ii) **Key sources of estimation uncertainty**

The Manager believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

5 INVESTMENTS

	2024	2023
	RM	RM
Financial assets at FVTPL:		
Quoted securities - local	47,779,228	56,492,998
Quoted securities - foreign	2,000,130	3,666,377
Collective investment scheme	1,500,149	-
	<u>51,279,507</u>	<u>60,159,375</u>
Net (loss)/gain on investments at FVTPL comprise:		
Realised loss on disposals	(2,547,046)	(9,871,494)
Net unrealised (loss)/gain on changes in fair value	(924,886)	11,456,903
	<u>(3,471,932)</u>	<u>1,585,409</u>

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

	No. of Shares Units	Aggregate Cost RM	Fair Value RM	Fair Value as a % of Net Asset Value %
QUOTED SECURITIES - LOCAL				
ACE Market				
Industrial Products & Services				
L&P Global Bhd	3,000,000	1,352,398	1,230,000	2.33
Volcano Bhd	1,830,000	1,773,150	1,226,100	2.32
		<u>3,125,548</u>	<u>2,456,100</u>	<u>4.65</u>
Technology				
Cloudpoint Technology Bhd	3,000,000	1,610,400	1,560,000	2.95
LGMS Bhd	1,500,000	1,646,936	1,387,500	2.63
TT Vision Holdings Bhd	2,500,000	3,051,503	1,862,500	3.52
		<u>6,308,839</u>	<u>4,810,000</u>	<u>9.10</u>

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	No. of Shares Units	Aggregate Cost RM	Fair Value RM	Fair Value as a % of Net Asset Value %
Main Market				
Construction				
Ekovest Bhd	3,350,000	1,697,390	1,859,250	3.52
Gamuda Bhd	520,000	2,329,756	2,626,000	4.97
IJM Corporation Bhd	975,000	1,604,265	2,184,000	4.13
Muhibbah Engineering (M) Bhd	900,000	591,601	720,000	1.36
		<u>6,223,012</u>	<u>7,389,250</u>	<u>13.98</u>
Consumer Products & Services				
Airasia X Bhd	1,500,000	3,321,578	2,535,000	4.80
Genting Bhd	880,000	3,870,252	4,153,600	7.86
		<u>7,191,830</u>	<u>6,688,600</u>	<u>12.66</u>
Energy				
Yinson Holdings Bhd	840,000	1,859,517	2,158,800	4.09
Yinson Holdings Bhd - Warrants 2022/2025	2,500,000	1,469,801	1,250,000	2.36
		<u>3,329,318</u>	<u>3,408,800</u>	<u>6.45</u>
Financial Services				
AMMB Holdings Bhd	500,000	1,449,246	2,120,000	4.01
Tune Protect Group Bhd	1,500,000	636,047	600,000	1.14
		<u>2,085,293</u>	<u>2,720,000</u>	<u>5.15</u>
Health Care				
Hartalega Holdings Bhd	800,000	1,698,248	2,192,000	4.15
Supermax Coporation Bhd	1,300,000	1,262,840	1,215,500	2.30
Kossan Rubber Industries Bhd	1,200,000	2,024,323	2,460,000	4.66
		<u>4,985,411</u>	<u>5,867,500</u>	<u>11.11</u>
Industrial Products & Services				
SAM Engineering & Equipment (M) Bhd	600,000	2,777,700	2,124,000	4.02
SAM Engineering & Equipment (M) Bhd - Ordinary Rights	150,000	-	750	-
		<u>2,777,700</u>	<u>2,124,750</u>	<u>4.02</u>

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	No. of Shares Units	Aggregate Cost RM	Fair Value RM	Fair Value as a % of Net Asset Value %
Technology				
Genetec Technology Bhd	770,200	1,887,856	1,463,380	2.77
Greatech Technology Bhd	946,400	4,618,630	4,325,048	8.19
Mi Technovation Bhd	685,000	1,053,034	1,370,000	2.59
Unisem (M) Bhd	600,000	1,995,682	1,926,000	3.64
		<u>9,555,202</u>	<u>9,084,428</u>	<u>17.19</u>
Transportation & Logistics				
Malaysia Airports Holdings Bhd	420,000	2,975,204	3,229,800	6.11
		<u>2,975,204</u>	<u>3,229,800</u>	<u>6.11</u>
Total quoted securities - local		<u>48,557,357</u>	<u>47,779,228</u>	<u>90.42</u>
Unrealised loss on quoted securities - local			<u>(778,129)</u>	
QUOTED SECURITIES - FOREIGN				
Hong Kong				
Information Technology				
Pentamaster International Ltd	3,800,000	2,368,721	2,000,130	3.79
Total quoted securities - foreign		<u>2,368,721</u>	<u>2,000,130</u>	<u>3.79</u>
Unrealised loss on quoted securities - foreign			<u>(368,591)</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	1,500,149	2.84
Total collective investment scheme		<u>1,500,000</u>	<u>1,500,149</u>	<u>2.84</u>
Unrealised gain on collective investment scheme			<u>149</u>	

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Financial assets at fair value through profit or loss as at 31 January 2023 are as follows:

	No. of Shares Units	Aggregate Cost RM	Fair Value RM	Fair Value as a % of Net Asset Value %
QUOTED SECURITIES - LOCAL				
ACE Market				
Industrial Products & Services				
L&P Global Bhd	2,100,000	630,000	1,197,000	1.76
Sunview Group Bhd	2,030,000	1,279,915	1,400,700	2.07
		<u>1,909,915</u>	<u>2,597,700</u>	<u>3.83</u>
Technology				
Genetec Technology Bhd	1,800,000	4,412,025	4,770,000	7.03
Greatech Technology Bhd	920,000	4,687,111	4,692,000	6.92
		<u>9,099,136</u>	<u>9,462,000</u>	<u>13.95</u>
Main Market				
Consumer Products & Services				
Berjaya Food Bhd	3,205,000	2,916,550	3,461,400	5.10
Guan Chong Bhd	480,000	1,364,988	1,320,000	1.95
Padini Holdings Bhd	500,000	1,694,910	1,825,000	2.69
UMW Holdings Bhd	484,900	1,487,889	1,794,130	2.65
		<u>7,464,337</u>	<u>8,400,530</u>	<u>12.39</u>
Energy				
Yinson Holdings Bhd	840,000	1,859,517	2,259,600	3.33
Yinson Holdings Bhd - Warrants 2022/2025	102,857	-	75,600	0.11
		<u>1,859,517</u>	<u>2,335,200</u>	<u>3.44</u>
Financial Services				
Alliance Bank Malaysia Bhd	430,000	1,552,773	1,543,700	2.28
AMMB Holdings Bhd	1,500,000	4,347,738	6,120,000	9.02
		<u>5,900,511</u>	<u>7,663,700</u>	<u>11.30</u>
Health Care				
Supercomnet Technologies Bhd	760,000	1,219,201	1,193,200	1.76
Supermax Corporation Bhd	2,990,300	2,301,006	2,422,143	3.57
		<u>3,520,207</u>	<u>3,615,343</u>	<u>5.33</u>

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	No. of Shares Units	Aggregate Cost RM	Fair Value RM	Fair Value as a % of Net Asset Value %
Industrial Products & Services				
Dufu Technology Corp. Bhd	1,200,000	3,040,592	2,676,000	3.95
Foundpac Group Bhd	3,090,000	2,275,742	1,575,900	2.32
Kobay Technology Bhd	1,275,000	3,719,824	3,837,750	5.66
Malaysia Smelting Corporation Bhd	800,000	1,679,950	1,696,000	2.50
SAM Engineering & Equipment (M) Bhd	400,000	1,893,470	1,980,000	2.92
Solarvest Holdings Bhd	900,000	788,136	963,000	1.42
		<u>13,397,714</u>	<u>12,728,650</u>	<u>18.77</u>
Technology				
D&O Green Technologies Bhd	400,000	1,574,282	1,888,000	2.79
Elsoft Research Bhd	3,000,000	3,010,570	1,815,000	2.68
Pentamaster Corporation Bhd	390,000	1,542,459	1,883,700	2.78
Unisem (M) Bhd	564,500	1,497,364	1,778,175	2.62
UWC Bhd	250,000	1,030,720	1,012,500	1.49
		<u>8,655,395</u>	<u>8,377,375</u>	<u>12.36</u>
Trading & Services				
Uzma Bhd	2,100,000	1,333,780	1,312,500	1.94
		<u>1,333,780</u>	<u>1,312,500</u>	<u>1.94</u>
Total quoted securities - local		<u>53,140,512</u>	<u>56,492,998</u>	<u>83.31</u>
Unrealised gain on quoted securities - local			<u>3,352,486</u>	
QUOTED SECURITIES - FOREIGN				
Hong Kong				
Financial Services				
Ping An Insurance Company of China, Ltd	112,000	3,555,736	3,666,377	5.41
Total quoted securities - foreign		<u>3,555,736</u>	<u>3,666,377</u>	<u>5.41</u>
Unrealised gain on quoted securities - foreign			<u>110,641</u>	

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6 CASH AND CASH EQUIVALENTS

	2024	2023
	RM	RM
Cash at bank	7,786	6,592
Short-term deposits	2,317,009	5,772,903
	2,324,795	5,779,495

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

The effective average interest rate for short-term deposits is 3.00% (2023: 2.75%) per annum and the average maturity period is 2 days (2023: 5 days).

7 AMOUNT DUE FROM/(TO) MANAGER

	2024	2023
	RM	RM
Amount due from/(to) Manager comprises:		
Amount due from Manager	-	14,851
Amount due to Manager	(687,875)	-
	(687,875)	14,851

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

8 OTHER RECEIVABLES

	2024	2023
	RM	RM
Amount due from stockbroker	-	2,192,664
Dividends receivable	31,200	-
	31,200	2,192,664

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

9 OTHER PAYABLES AND ACCRUED EXPENSES

	2024	2023
	RM	RM
Amount due to stockbroker	-	213,881
Accrued expenses:		
Management fee	91,730	110,635
Trustee's fee	2,828	3,352
Audit fee	6,250	2,850
Tax agent's fee	5,445	6,600
	106,253	337,318

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

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10 NUMBER OF UNITS IN CIRCULATION

	2024	2023
	Units	Units
At beginning of the period	72,273,348	81,442,339
Created during the period	1,409,434	686,399
Cancelled during the period	<u>(6,152,738)</u>	<u>(4,081,139)</u>
At end of the period	<u>67,530,044</u>	<u>78,047,599</u>

11 MANAGEMENT FEE

The Schedule 8 of the Deed 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 2.00% (2023: 2.00%) per annum for the period, net of management fee rebate on the collective investment scheme.

12 TRUSTEE’S FEE

The Schedule 9 of the Deed provides that the Trustee is entitled to an annual Trustee’s fee at rate not exceeding 0.06% 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 of RM6,000 per annum. The Trustee’s fee provided in the financial statements is 0.06% (2023: 0.06%) per annum for the period.

13 INCOME TAX EXPENSE

There is no income tax expenses for the period as interest income derived by the Fund is exempted from tax pursuant to Paragraph 35 and 35A, Schedule 6 of the Income Tax Act 1967. Gains arising from realisation of investments are not treated as income pursuant to Paragraph 61(1)(b) of the Income Tax Act 1967.

14 TOTAL EXPENSE RATIO AND PORTFOLIO TURNOVER RATIO

Total Expense Ratio (TER)

Total expense ratio for the Fund is 1.05% (2023: 0.76%) for the financial period ended 31 January 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:

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

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

The average net asset value of the Fund for the financial period is RM57,548,981 (2023: RM66,123,358).

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Portfolio Turnover Ratio (PTR)

The portfolio turnover ratio for the Fund is 0.68 times (2023: 0.63 times) for the financial period ended 31 January 2024. The portfolio turnover is derived from the following calculation:

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

Where: total acquisition for the financial period = RM37,018,426 (2023: RM39,919,040)
total disposal for the financial period = RM40,913,611 (2023: RM43,971,043)

15 UNITS HELD BY THE MANAGER AND RELATED PARTIES

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

	<-----2024----->	<-----2023----->		
	No. of units	RM	No. of units	RM
The Manager	-	-	671,198	583,137
Edward Iskandar Toh Bin Abdullah, an Executive Director of the Manager	169,489	132,625	169,489	147,252
	169,489	132,625	840,687	730,389

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.

16 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				
CIMB Investment Bank Bhd	15,761,341	21.91	47,197	21.52
UOB Kay Hian Securities (M) Sdn Bhd	11,664,124	16.21	36,264	16.53
Maybank Investment Bank Bhd	10,094,784	14.03	30,279	13.80
JPMorgan Securities (Malaysia) Sdn Bhd	9,299,286	12.93	29,311	13.36
RHB Investment Bank Bhd	8,810,764	12.25	28,293	12.90
Kenanga Investment Bank Bhd	8,232,213	11.44	21,012	9.58
CLSA Securities Malaysia Sdn Bhd	6,464,280	8.99	21,323	9.72
Public Investment Bank Bhd	1,130,880	1.57	5,160	2.35
KAF Investment Bank Berhad	321,000	0.45	-	-
Affin Hwang Investment Bank Bhd	158,880	0.22	524	0.24
	71,937,552	100.00	219,363	100.00

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Brokers/Dealers	Value of Trades RM	% of Total Trades %	Fees RM	% of Total Brokerage Fee %
2023				
CIMB Investment Bank Bhd	21,582,400	25.73	54,671	22.34
Maybank Investment Bank Bhd	12,205,006	14.55	42,454	17.34
CLSA Securities Malaysia Sdn Bhd	11,942,517	14.24	40,578	16.58
UOB Kay Hian Securities (M) Sdn Bhd	9,741,199	11.61	30,235	12.35
RHB Investment Bank Bhd	8,768,586	10.45	28,963	11.83
Kenanga Investment Bank Bhd	7,396,792	8.82	19,375	7.92
Areca Capital Sdn Bhd#	5,180,889	6.18	-	-
Public Investment Bank Bhd	3,550,413	4.23	13,493	5.51
Haitong International Securities Group Ltd	2,612,741	3.11	5,458	2.23
Affin Hwang Investment Bank Bhd	909,540	1.08	9,540	3.90
	<u>83,890,083</u>	<u>100.00</u>	<u>244,767</u>	<u>100.00</u>

Included in the transactions are trades conducted with Areca Capital Sdn Bhd, the Manager of the Fund amounting to RM5,180,889. The Manager is of the opinion that all transactions with the related companies have been entered into in the normal course of business at agreed terms between the related parties.

17 RISK MANAGEMENT POLICIES

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

Categories of Financial Instruments

	2024 RM	2023 RM
Financial assets		
Carried at FVTPL:		
Quoted securities - local	47,779,228	56,492,998
Quoted securities - foreign	2,000,130	3,666,377
Collective investment schemes	1,500,149	-
	<u>49,279,507</u>	<u>60,159,375</u>
Financial assets		
Amortised costs:		
Cash and cash equivalents	2,324,795	5,779,495
Amount due from Manager	-	14,851
Other receivables	31,200	2,192,664
	<u>2,356,000</u>	<u>7,987,010</u>

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	2024	2023
	RM	RM
Financial liabilities		
Amortised cost:		
Amount due to Manager	687,875	-
Other payable and accrued expenses	106,253	337,318
	106,253	337,318

Credit risk management

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Fund by failing to discharge an obligation. The Fund is exposed to the risk of credit-related losses that can occur as a result of a counterparty or issuer being unable or unwilling to honour its contractual obligations to make timely repayments of interest, principal and proceeds from realisation of investments.

The Manager manages the Fund's credit risk by undertaking credit evaluation and close monitoring of any changes to the issuer/counterparty's credit profile to minimise such risk. It is the Fund's policy to enter into financial instruments with reputable counterparties.

The Fund's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position. None of the Fund's financial assets were past due or impaired as at 31 January 2024.

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

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

	Short-term deposits	Quoted securities	Collective investment scheme
	RM	RM	RM
2024			
Industry			
Construction	-	7,389,250	-
Consumer Products & Services	-	6,688,600	-
Energy	-	3,408,800	-
Financial Services	2,317,009	2,720,000	1,500,149
Health Care	-	5,867,500	-
Industrial Products & Services	-	4,580,850	-
Information Technology	-	2,000,130	-
Technology	-	13,894,428	-
Transportation & Logistics	-	3,229,800	-
	2,317,009	49,779,358	1,500,149
2023			
Industry			
Consumer Products & Services	-	8,400,530	-
Energy	-	2,335,200	-
Financial Services	5,772,903	11,330,077	-
Health care	-	3,615,343	-
Industrial Products & Services	-	15,326,350	-
Technology	-	17,839,375	-
Trading & Services	-	1,312,500	-
	5,772,903	60,159,375	-

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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 of the Fund are expected to due within one year from the date of the statement of financial position and do not carry interest rate risk.

Market risk management

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

During the financial period, as the Fund invests in quoted securities, the performance of the Fund might go up or down in accordance with the prevailing market risk of countries.

Interest rate risk management

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate. The Fund's short-term deposits and cash at bank earn interest at floating rates but is not exposed to any significant interest rate risk as the floating rates, represented by overnight cash rates, do not significantly fluctuate period-on-period.

Price risk management

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

Price risk sensitivity

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

	Changes in price %	Effect on profit or loss Increase/(Decrease) RM
2024		
Investments	+5/-5%	<u>2,563,975/(2,563,975)</u>
2023		
Investments	+5/-5%	<u>3,007,969/(3,007,969)</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.

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18 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2024				
Financial assets at FVTPL				
Quoted securities - local	47,779,228	-	-	47,779,228
Quoted securities - foreign	2,000,130	-	-	2,000,130
Collective investment scheme	-	1,500,149	-	1,500,149
<hr/>				
2023				
Financial assets at FVTPL				
Quoted securities - local	56,492,998	-	-	56,492,998
Quoted securities - foreign	3,666,377	-	-	3,666,377
<hr/>				

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



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