

# Annual Report March 2024

For the Year Ended 31 March 2024

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Areca Islamic equityTRUST Fund

Management Company



200601021087(740840-D)



# **ANNUAL REPORT MARCH 2024**

## **❖ ARECA Islamic equityTRUST FUND**

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## CORPORATE DIRECTORY

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### 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](http://www.arecacapital.com)  
e-mail: [invest@arecacapital.com](mailto: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

### SHARIAH ADVISER

Amanie Advisors Sdn Bhd  
Company No: 200501007003 (684050-H)  
Level 13A-2, Menara Tokio Marine Life  
189, Jalan Tun Razak  
50400 Kuala Lumpur  
Tel: 03-2161 0260, Fax: 03-2161 0262

## MANAGER'S OFFICE AND BRANCHES

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### 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](http://www.arecacapital.com)  
e-mail: [invest@arecacapital.com](mailto: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: 604-283 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

**FUND INFORMATION**

<b>Name of the Fund</b>	Areca Islamic equityTRUST Fund
<b>Fund Category/ Type</b>	Equity (Shariah-compliant)/Growth
<b>Objective of the Fund</b>	To provide investors with Medium to Long Term capital growth by investing primarily in a portfolio of Shariah-compliant equities and Shariah-compliant equity-related securities.
<b>Performance Benchmark</b>	1-year Average Returns of the funds under Lipper’s “Equity Malaysia-Islamic” category.
<b>Distribution Policy of the Fund</b>	Incidental, subject to the availability of distributable income.
<b>Rebates &amp; Soft Commissions</b>	<p>We will retain soft commissions received from brokers or dealers, provided that:</p> <ul style="list-style-type: none"><li>(a) the soft commissions bring direct benefit or advantage to the management of the Fund and may include research and advisory related services;</li><li>(b) any dealing with the broker or dealer is executed on terms which are the most favourable for the Fund; and</li><li>(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.</li></ul> <p>The soft commissions may be in the form of goods and services such as data and quotation services, computer software incidental to the management of the Fund and investment related publications. Cash rebates, if any, will be directed to the account of the Fund. During the year under review, the Manager had not received any soft commissions.</p>
<b>Inception Date</b>	9 September 2022
<b>Initial Offer Price</b>	RM0.5000 per unit during the initial offer period of 21 days from the date of the Prospectus.
<b>Pricing Policy</b>	Single Pricing – Selling and repurchase of units by Manager are at Net Asset Value per unit
<b>Financial Year End</b>	31 March

**FUND PERFORMANCE**

	<b>2024</b>	<b>09.09.2022 (launch date) to 31.03.2023</b>
<b>NET ASSET VALUE ("NAV")</b>		
Net Asset Value (RM million)	1.13	0.001
Units in circulation (million units)	2.10	0.002
NAV per unit (RM)	0.5394	0.5000
<b>HIGHEST &amp; LOWEST NAV per unit</b>		
<i>Please refer to <b>Note 1</b> for further information on NAV and pricing policy</i>		
Highest NAV per unit (RM)	0.5394	0.5000
Lowest NAV per unit (RM)	0.4712	0.5000
<b>ASSET ALLOCATION % of NAV</b>		
<b>Quoted Shariah-compliant securities</b>		
Construction	11.11	-
Energy	11.66	-
Health Care	3.35	-
Industrial Products & Services	19.01	-
Property	20.42	-
Technology	20.40	-
Telecommunications & Media	8.48	-
Utilities	4.02	-
<b>Liquid assets and other net current assets</b>	<b>1.55</b>	<b>100.00</b>
<b>DISTRIBUTION</b>		
There was no distribution for the financial year under review.		
<b>UNIT SPLIT</b>		
There was no unit split exercise for the financial year under review.		
<b>EXPENSE/TURNOVER</b>		
Total expense ratio (TER) (%)		
<i>Please refer to <b>Note 2</b> for further information</i>	5.12	-
Portfolio turnover ratio (PTR) (times)		
<i>Please refer to <b>Note 3</b> for further information</i>	1.23	-
<b>TOTAL RETURN</b>		
<i>Please refer to <b>Note 4</b> for further information</i>		
Total Return (%)	7.88	-
- Capital growth (%)	7.88	-
- Income distribution (%)	-	-
Annual Total Return (%)	7.88	-
Performance Benchmark: 1-year Average Returns of the funds under Lipper's "Equity Malaysia-Islamic" category (%)	13.02	3.14*
* Annualised for comparison purpose only		
Total Return since launch (%)	7.88	-

**FUND PERFORMANCE**

	<b>1-yr</b>	<b>3-yrs</b>	<b>5-yrs</b>
Average Total Return per annum (%)	7.88	N/A	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 Average Returns of the funds under Lipper's "Equity Malaysia-Islamic" category are calculate 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 year under review, the Fund underperformed its benchmark (1-year Average Returns for all the funds under “Equity Malaysia” Islamic category of the Malaysia Lipper Fund table, “peers benchmarking”) with an annual total return of 7.88% compared to benchmark’s return of 13.02%. As this is the first year since the Fund has begun investment after the Fund was launched on September 2022, the return since the Fund launch is the same as the annual total return.

Despite the short-term underperformance during the year under review, The Fund remain focused on positioning for medium to long term growth.

**Investment Policy and Strategy**

The Fund will invest a maximum of 98% of its NAV in Shariah-compliant equities and Shariah-compliant equity-related securities and a minimum of 2% of its net assets value (NAV) in Islamic Liquid Assets. Shariah-compliant equity-related securities includes but not limited to different classes of listed and unlisted Shariah-compliant shares, Shariah-compliant warrants, Shariah-compliant options, Islamic preference shares and Shariah-compliant convertible securities. The Fund will normally invest in Shariah-compliant 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 may also invest in units or shares of other Islamic Collective Investment Scheme (CIS) which have similar objective. Nevertheless, the Fund may also invest in Islamic money market or short term Islamic fixed income funds for the purpose of liquidity, diversification of investments and investment risk mitigation. The Fund may take a temporary defensive position, which may be inconsistent with the Fund’s investment strategies and asset allocation, to respond to adverse economic, political or other market conditions by holding up to 100% of the Fund’s NAV in Islamic Liquid Assets or Islamic money market and short term Islamic fixed income funds.

**NAV per unit** as at 31 March 2024

RM0.5394

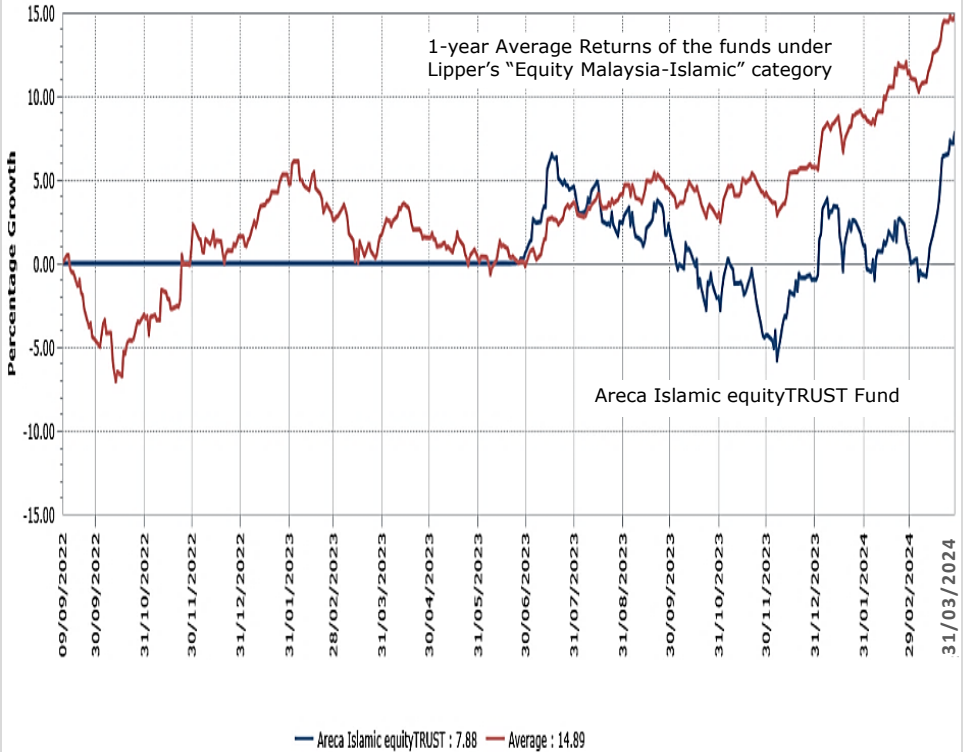
<b>Asset Allocation/Portfolio Composition</b>	<b>2024</b>	<b>2023</b>
Quoted Shariah-compliant securities	98.45%	-
Liquid assets and other net current assets	1.55%	100.00%



FUND REVIEW

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

Total Return of Areca Islamic equityTRUST Fund vs Benchmark



Source Lipper

**GLOBAL ECONOMIC REVIEW**

<b>U.S.</b>	<b>Current (T)</b>	<b>Previous (T-1)</b>	<b>Previous (T-2)</b>	<b>Previous (T-3)</b>
<b>GDP (QoQ)</b>	3.4% 4Q23	4.9% 3Q23	2.1% 2Q23	2.2% 1Q23
<b>Inflation Rate (Annual)</b>	3.5% Mar 24	3.2% Feb 24	3.2% Jul 23	4.9% Apr 23
<b>Unemployment Rate</b>	3.8% Mar 24	3.9% Feb 24	3.5% Jul 23	3.4% Apr 23

The United States ("U.S.") economy showcased a resilient stride, marking a 2.50% growth in 2023, a slight uptick from the previous year's 1.90%. Looking ahead, the International Monetary Fund ("IMF") foresees a modest bump to 2.70% growth in 2024. Notably, the U.S. Gross Domestic Product ("GDP") celebrated its sixth consecutive quarter of expansion in fourth quarter of year 2023 ("4Q23"), a remarkable turnaround from the hiccup witnessed in first half of year 2022 ("1H22"). However, this expansion in 4Q23 was tempered by a slowdown in consumer and government spending, despite a boost in exports and tempered import growth.

Amidst this economic tango, inflation in the U.S. cooled off, averaging at 4.10% in 2023, a significant dip from the 8.00% recorded in 2022, largely attributed to reduced energy costs. The labor market maintained its tight grip, with an unemployment rate steady at 3.60% throughout 2023, mirroring the figures from the previous year.

In response to the inflationary pulse, the Federal Reserve ("Fed") nudged up the Fed Funds Rate ("FFR") incrementally through early 2023. However, a softening stance emerged by year-end, hinting at potential rate cuts in 2024, though unlikely in the first half.

<b>E.U.</b>	<b>Current (T)</b>	<b>Previous (T-1)</b>	<b>Previous (T-2)</b>	<b>Previous (T-3)</b>
<b>GDP (QoQ)</b>	0.0% 4Q23	0.0% 3Q23	0.1% 2Q23	0.1% 1Q23
<b>Inflation Rate (Annual)</b>	2.6% Mar 24	2.8% Feb 24	6.1% Jul 23	8.1% Apr 23
<b>Unemployment Rate</b>	6.0% Feb 24	6.0% Jan 24	6.0% Jul 23	6.0% Apr 23

In contrast to the U.S. economic resilience, the European Union ("EU") experienced a tepid growth of 0.40% in 2023, a significant slowdown from the previous year's 3.40%; throughout the four quarters of 2023, the EU GDP saw marginal shifts. Looking ahead, the IMF forecasts a slight uptick, projecting a 0.80% growth for the EU economy in 2024.

Inflation, which peaked in 2022, gradually eased, with the average annual rate settling at 6.40% in 2023, down from 9.20% in 2022. The EU labor market saw a marginal improvement, with the unemployment rate averaging at 6.00% in 2023, slightly lower than the previous year's 6.10%.

To tackle inflationary pressures, the European Central Bank ("ECB") hiked interest rates throughout 2023, bringing it to 4.50% currently.

<b>China</b>	<b>Current (T)</b>	<b>Previous (T-1)</b>	<b>Previous (T-2)</b>	<b>Previous (T-3)</b>
<b>GDP (QoQ)</b>	1.6% 1Q24	1.0% 4Q23	1.5% 3Q23	0.5% 2Q23
<b>Inflation Rate (Annual)</b>	0.1% Mar 24	0.7% Feb 24	-0.3% Jul 23	0.1% Apr 23
<b>Unemployment Rate</b>	5.2% Mar 24	5.3% Feb 24	5.3% Jul 23	5.2% Apr 23

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Turning our gaze towards China, the economy regained momentum with a 5.20% growth in 2023, fueled by supportive measures from Beijing. Despite grappling with a property downturn and deflationary trends, China set its sights on a 5.00% GDP growth target for 2024, backed by a seventh consecutive quarter of expansion in first quarter of year 2024 ("1Q24").

Inflation remained subdued, with periodic contractions throughout 2023, but rebounded in early 2024, thanks to robust Lunar New Year spending. Unemployment figures showed improvement, averaging 5.20% in 2023, lower than the previous year.

China's policy response deviated from the global trend, with the People's Bank of China ("PBoC") opting for monetary easing to stimulate the economy, reducing loan prime rates in multiple instances. The one-year loan prime rate ("LPR") was reduced by 10 basis points ("bps") in June and August 2023 to 3.45% currently, while the five-year LPR was reduced by 10 bps in June 2023 and 25 bps in February 2024 to 3.95% now.

<b>Malaysia</b>	<b>Current (T)</b>	<b>Previous (T-1)</b>	<b>Previous (T-2)</b>	<b>Previous (T-3)</b>
<b>GDP (QoQ)</b>	-2.1% 4Q23	2.6% 3Q23	1.5% 2Q23	0.9% 1Q23
<b>Inflation Rate (Annual)</b>	1.8% Mar 24	1.8% Feb 24	2.0% Jul 23	3.3% Apr 23
<b>Unemployment Rate</b>	3.3% Feb 24	3.3% Jan 24	3.4% Jul 23	3.5% Apr 23

As for our local economic landscape, economic growth moderated to 3.70% in 2023, a notable slowdown from the previous year's 8.70%. Projections by the Bank Negara Malaysia ("BNM") point towards a 4.00% to 5.00% expansion in 2024. The Malaysian GDP experienced fluctuations throughout the year, buoyed by domestic demand but hampered by a slowdown in private consumption and falling exports in 4Q23.

Inflation in Malaysia eased to 2.50% in 2023, down from 3.40% in 2022, while the unemployment rate improved to 3.40% from the previous year's 3.80%.

The BNM responded to economic dynamics by raising the Overnight Policy Rate ("OPR") in May 2023 to 3.00%.

### **MALAYSIAN EQUITY MARKET REVIEW**

During the year under review, the FTSE Bursa Malaysia KLCI Index ("FBMKLCI"), which is the barometer of the Malaysian equity market closed 8.00% higher at 1,536 points. In the same vein, the broader market FTSE Bursa Malaysia EMAS Index ("FBMEMAS") gained 11.10% to 11,571 points while the FTSE Bursa Malaysia Small Cap Index ("FBMSCAP") surged 13.40% to 17,297 points in the same period.

Foreign investors were net sellers for five out of twelve months of the period, bringing their net sell for the period to -MYR1.36b (CY2022: +MYR4.3b). In contrast, domestic institutions were net buyers for the period at +MYR3.71b (CY2022: -MYR6.5b) while domestic retail investors were net sellers for the majority, having their net sellers at -MYR2.37b (CY2022: +MYR2.2b).

While indices were bullish in January 2023 on easing Fed expectations, February and March painted a different picture. Capital markets were volatile as the U.S. Federal Reserve's 13-month rate hike cycle had contributed to stress in the financial system, which led to the collapse of three small-to-mid-size regional banks along with a forced takeover of Credit Suisse. Subsequently, this resulted in a spillover effect onto local banks, market sentiment was at a low as investors have been focusing on the possible repercussions of the U.S. and Europe banking sector problems.

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

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

Overall, equities climbed towards year-end as markets digested more economic data on cooling inflation, supporting the view that the Fed will loosen monetary policy sooner than expected. Indices were also partially boosted by window dressing towards the end of the 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. The utilities sector's robust performance is linked to the government's energy transition plans, especially as Malaysia has positioned itself as a regional hub for data centers.

Sector-wise, utilities, properties, and construction were the outperformers while telecommunications, consumer, and Real Estate Investment Trusts ("REITs") were the laggards of the market. The top three gainers within the FBMKLCI constituents were YTL Corp (+328.00%), YTL Power (+318.00%), and CIMB (+25.00%). On the other hand, the worst-performing stocks were Maxis (-18.00%), Nestle Malaysia (-14.00%), and Axiata (-11.00%).

### **MALAYSIAN EQUITY MARKET OUTLOOK AND STRATEGY**

At some point in 2024, we expect advanced economies to start cutting interest rates on the back of slowing economic growth and moderating inflation. Excess savings by consumers during the Covid-19 pandemic have been depleting, while supply disruption conditions have broadly improved, barring the disruption caused by war and geopolitical tension. Even though the market's expectation on the timing of when the U.S. Fed would begin easing monetary policy has been shifting, the Fed is still guiding that rate cut could begin in the second half of 2024. Once such pivot in monetary policy takes place, it will likely 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 by 4.00%-5.00% in 2024, according to BNM. 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, we would prefer large cap on positive fund flows and remain selective in our stock picks. We are adding weights to construction and property sectors on domestic infrastructure revival.

### **CROSS TRADE**

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

### **SECURITIES FINANCING TRANSACTIONS**

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

### **STATE OF AFFAIRS**

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

## **TRUSTEE'S REPORT**

### **To the Unitholders of Areca Islamic equityTRUST Fund ("Fund")**

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

1. Limitations imposed on the investment powers of the management company under the deed, securities laws and the Guidelines on Unit Trust Funds;
2. Valuation and pricing is carried out in accordance with the deed; and
3. Any creation and cancellation of units are carried out in accordance with the deed 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 May 2024

## **STATEMENT BY MANAGER**

### **To the Unitholders of Areca Islamic equityTRUST Fund**

We, **WONG TECK MENG** and **EDWARD ISKANDAR TOH BIN ABDULLAH**, two of the Directors of the Manager, Areca Capital Sdn Bhd, do hereby state that in the opinion of the Manager, the accompanying 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 March 2024 and the financial performance and the cash flows of the Fund for the financial year ended on that date.

**For and on behalf of the Manager**  
**Areca Capital Sdn Bhd**

WONG TECK MENG  
CEO/EXECUTIVE DIRECTOR

EDWARD ISKANDAR TOH BIN ABDULLAH  
CIO/EXECUTIVE DIRECTOR

Kuala Lumpur  
21 May 2024

**SHARIAH ADVISER'S REPORT**

**To the Unitholders of Areca Islamic equityTRUST Fund ("Fund")**

We hereby confirm the following:

1. To the best of our knowledge, after having made all reasonable enquiries, Areca Capital Sdn Bhd has operated and managed the Fund during the year covered by these financial statements in accordance with the Shariah principles and requirements and complied with the applicable guidelines, rulings or decisions issued by the Securities Commission Malaysia pertaining to Shariah matters; and
2. The assets of the Fund comprise of instruments that have been classified as Shariah-compliant.

**For Amanie Advisors Sdn Bhd**

TAN SRI DR MOHD DAUD BAKAR  
EXECUTIVE CHAIRMAN

Kuala Lumpur  
21 May 2024

**INDEPENDENT AUDITORS' REPORT  
TO THE UNITHOLDERS OF ARECA Islamic equityTRUST FUND**

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the financial statements of **ARECA Islamic equityTRUST FUND** ("the Fund"), which comprise the statement of financial position as at 31 March 2024, and the statement of profit or loss and other comprehensive income, statement of changes in net asset value and statement of cash flows for the year then ended, and notes to the financial statements including material accounting policy information, as set out on pages 16 to 32.

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

**Basis for Opinion**

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

*Independence and Other Ethical Responsibilities*

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

**Information Other than the Financial Statements and Auditors' Report Thereon**

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

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

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

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

### **Responsibilities of the Manager and Trustee for the Financial Statements**

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

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

### **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

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



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

**Other Matters**

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

The financial statements of the Fund for the preceding financial year ended 31 March 2023 were audited by another firm of auditors whose report thereon dated 23 May 2023 expressed an unmodified opinion on those financial statements.

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

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

21 May 2024

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**STATEMENT OF FINANCIAL POSITION**

*As At 31 March 2024*

	<b>Note</b>	<b>2024 RM</b>	<b>2023 RM</b>
<b>Assets</b>			
Investments	5	1,112,974	-
Cash at bank		41,812	1,000
Dividend receivable		2,901	-
<b>Total Assets</b>		<u>1,157,687</u>	<u>1,000</u>
<b>Unitholders' Fund And Liabilities</b>			
<b>Liabilities</b>			
Other payables and accrued expenses	6	27,195	-
<b>Total Liabilities</b>		<u>27,195</u>	<u>-</u>
<b>Unitholders' Fund</b>			
Unitholders' capital		1,049,441	1,000
Retained earnings		81,051	-
<b>Net Asset Value Attributable To Unitholders</b>		<u>1,130,492</u>	<u>1,000</u>
<b>Total Unitholders' Fund And Liabilities</b>		<u>1,157,687</u>	<u>1,000</u>
<b>Number Of Units In Circulation</b>	7	<u>2,095,986</u>	<u>2,000</u>
<b>Net Asset Value Per Unit (RM)</b>		<u>0.5394</u>	<u>0.5000</u>

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

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**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*For The Financial Year Ended 31 March 2024*

		<b>2024</b>	<b>Financial period from 09.09.2022 (launch date) to 31.03.2023</b>
	<b>Note</b>	<b>RM</b>	<b>RM</b>
<b>Investments Income</b>			
Profit income		3,308	-
Dividend income		12,830	-
Net gain on investments at fair value through profit or loss ("FVTPL")	5	115,029	-
Total Investments Income		131,167	-
<b>Expenditure</b>			
Management fee	8	16,196	-
Trustee's fee	9	486	-
Audit fee		10,000	-
Tax agent's fee		3,300	-
Transaction costs		7,881	-
Other expenses		12,253	-
Total Expenditure		50,116	-
<b>Net Income Before Tax</b>		81,051	-
<b>Income Tax Expense</b>	10	-	-
<b>Net Income After Tax And Total Comprehensive Income For The Financial Year/Period</b>		81,051	-
<b>Net Income After Tax Is Made Up Of:</b>			
Realised loss		(33,100)	-
Unrealised gain		114,151	-
		81,051	-

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

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**STATEMENT OF CHANGES IN NET ASSET VALUE**

*For The Financial Year Ended 31 March 2024*

	<b>Unitholders' capital</b>	<b>Retained earnings</b>	<b>Total net asset value</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Balance as at 9 September 2022 (launch date)</b>	-	-	-
Amounts received from units created	1,000	-	1,000
Total comprehensive income for the financial period	-	-	-
<b>Balance as at 31 March 2023</b>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
<b>Balance as at 1 April 2023</b>	1,000	-	1,000
Amounts received from units created	1,057,901	-	1,057,901
Amounts paid for units cancelled	(9,460)	-	(9,460)
Total comprehensive income for the financial year	-	81,051	81,051
<b>Balance as at 31 March 2024</b>	<u>1,049,441</u>	<u>81,051</u>	<u>1,130,492</u>

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

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**STATEMENT OF CASH FLOWS**

*For The Financial Year Ended 31 March 2024*

	<b>2024</b>	<b>Financial period from 09.09.2022 (launch date) to 31.03.2023</b>
	<b>RM</b>	<b>RM</b>
<b>Cash Flows From Operating Activities</b>		
Proceeds from disposal of investments	514,539	-
Purchase of investments	(1,512,484)	-
Dividend income received	9,929	-
Profit income received	3,308	-
Management fee paid	(14,356)	-
Trustee's fee paid	(431)	-
Transaction costs paid	(7,881)	-
Payment for other fees and expenses	(253)	-
<b>Net Cash Used In From Operating Activities</b>	<u>(1,007,629)</u>	<u>-</u>
<b>Cash Flows From Financing Activities</b>		
Cash proceeds from units created	1,057,901	1,000
Payment for cancellation of units	(9,460)	-
<b>Net Cash Generated From Financing Activities</b>	<u>1,048,441</u>	<u>1,000</u>
<b>Net Increase In Cash And Cash Equivalents</b>	40,812	1,000
<b>Cash And Cash Equivalents At Beginning Of Year/Launch Date</b>	<u>1,000</u>	<u>-</u>
<b>Cash And Cash Equivalents At The End Of Year/Period</b>	<u><u>41,812</u></u>	<u><u>1,000</u></u>
<b>Cash And Cash Equivalents Comprise:</b>		
Cash at bank	<u>41,812</u>	<u>1,000</u>
	<u><u>41,812</u></u>	<u><u>1,000</u></u>

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

## NOTES TO THE FINANCIAL STATEMENTS

### 1 GENERAL INFORMATION

Areca Islamic equityTRUST Fund ("the Fund") was established pursuant to the Trust Deed dated 1 March 2022 ("the Deed") between Areca Capital Sdn Bhd as the Manager, Maybank Trustees Berhad as the Trustee and all the registered unitholders of the Fund.

The principal activity of the Fund is to invest in investments as defined under Schedule 7 of the Deed, which include Shariah-compliant equities and Shariah-compliant equity-related securities, Islamic deposits with financial institutions, units or shares in Islamic collective investment schemes and any other form of Shariah-compliant investment as may be agreed upon by the Manager and the Trustee from time to time. The Fund commenced operations on 9 September 2022 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 primarily in a portfolio of Shariah-compliant equities and Shariah-compliant equity-related securities. Any material changes to the Fund's objective would require unitholders' approval.

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

The financial statements were authorised for issue by the Board of Directors of the Manager on 21 May 2024.

### 2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Fund have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") as issued by the Malaysian Accounting 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 relevant Amendments for the first time for the financial year beginning on 1 April 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:

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

**Effective for annual periods beginning on or after**

1 January 2024

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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 this 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**

Profit income from Islamic 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 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 year.

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

### **Transaction Costs**

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

### **Income Tax**

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

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

### **Functional and Presentation Currency**

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

### **Unitholders' Capital**

The unitholders' contributions to the Fund meet the definition of puttable instruments classified as equity instruments.

The units in the Fund are puttable instruments which entitle the unitholders to a pro-rata share of the net asset value of the Fund. The units are subordinated and have identical features. There is no contractual obligation to deliver cash or another financial asset other than the obligation on the Fund to repurchase the units. The total expected cash flows from the units in the Fund over the life of the units are based on the change in the net asset value of the Fund.

### **Creation and Cancellation of Units**

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

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

### **Financial Instruments**

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



## **Financial Assets**

### (i) Classification

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

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

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

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

### (ii) Recognition and derecognition

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

### (iii) Measurement

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

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 year whether there is any objective evidence that a financial asset is impaired.

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

## **Derecognition of Financial Assets**

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

## **Equity Instruments**

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

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

## **Financial Liabilities**

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

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

### **Financial liabilities measured subsequently at amortised cost**

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

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

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

## **Investments**

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

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

### **Classification of Realised and Unrealised Gains and Losses**

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

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

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

*\* For the purposes of this Fund, the term 'interest' refers to 'profits' and/or earnings derived from Shariah-compliant investments and does not imply that the Fund is investing in Shariah Non-Compliant securities or activities.*

**4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

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

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

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

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

**5 INVESTMENTS**

	<b>2024</b>	<b>2023</b>
	<b>RM</b>	<b>RM</b>
<b>Financial assets at FVTPL:</b>		
Quoted Shariah-compliant securities	1,112,974	-
	1,112,974	-
	1,112,974	-
		<b>Financial period</b>
		<b>from 09.09.2022</b>
		<b>(launch date)</b>
		<b>to 31.03.2023</b>
	<b>2024</b>	<b>2023</b>
	<b>RM</b>	<b>RM</b>
<b>Net gain on investments at FVTPL comprise:</b>		
Realised gain on disposals	878	-
Unrealised gain on changes in fair value	114,151	-
	115,029	-
	115,029	-

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

	No. of Shares Units	Aggregate Cost RM	Fair Value RM	Fair Value as a % of Net Asset Value %
<b>QUOTED SHARIAH- COMPLIANT SECURITIES</b>				
<b>ACE Market</b>				
<b>Industrial Products &amp; Services</b>				
Nationgate Holdings Bhd	8,700	12,051	13,572	1.20
		<u>12,051</u>	<u>13,572</u>	<u>1.20</u>
<b>Technology</b>				
ECA Integrated Solution Bhd	48,800	41,953	18,544	1.64
Infomina Bhd	35,600	64,888	56,248	4.98
SFP Tech Holdings Bhd	21,400	20,528	15,194	1.34
SMRT Holdings Bhd	43,000	35,319	36,765	3.25
		<u>162,688</u>	<u>126,751</u>	<u>11.21</u>
<b>Main Market</b>				
<b>Construction</b>				
Gamuda Bhd	13,828	64,645	72,874	6.45
IJM Corporation Bhd	21,700	48,177	52,731	4.66
		<u>112,822</u>	<u>125,605</u>	<u>11.11</u>
<b>Energy</b>				
Dayang Enterprise Holdings Bhd	29,100	53,151	70,131	6.20
Hibiscus Petroleum Bhd	5,860	12,800	15,177	1.34
Veleso Energy Bhd	157,800	41,817	46,551	4.12
		<u>107,768</u>	<u>131,859</u>	<u>11.66</u>
<b>Health Care</b>				
Top Glove Corporation Bhd	47,300	42,438	37,840	3.35
		<u>42,438</u>	<u>37,840</u>	<u>3.35</u>
<b>Industrial Products &amp; Services</b>				
Ancom Nylex Bhd	11,615	10,835	11,615	1.03
L&P Global Bhd	43,100	19,408	16,378	1.45
P.I.E. Industrial Bhd	8,400	24,594	29,904	2.64
SAM Engineering & Equipment (M) Bhd	7,700	35,616	38,346	3.39
Sunway Bhd	17,900	36,380	62,650	5.54
Thong Guan Industries Bhd	11,400	23,580	21,432	1.90
V.S. Industry Bhd	23,900	21,428	21,032	1.86
		<u>171,841</u>	<u>201,357</u>	<u>17.81</u>
<b>Property</b>				
Eastern & Oriental Bhd	31,000	20,851	32,550	2.88
Iskandar Waterfront City Bhd	46,000	31,689	38,640	3.42
S P Setia Bhd	42,800	38,186	62,916	5.57
UEM Sunrise Bhd	79,900	58,536	96,679	8.55
		<u>149,262</u>	<u>230,785</u>	<u>20.42</u>

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	<b>No. of Shares Units</b>	<b>Aggregate Cost RM</b>	<b>Fair Value RM</b>	<b>Fair Value as a % of Net Asset Value %</b>
<b>QUOTED SHARIAH- COMPLIANT SECURITIES</b>				
<b>Main Market</b>				
<b>Technology</b>				
Cnenergiz Bhd	26,600	23,025	15,428	1.37
Frontken Corporation Bhd	4,400	13,779	17,072	1.51
Genetec Technology Bhd	22,700	50,899	46,535	4.12
Malaysian Pacific Industries	800	22,618	24,800	2.19
		<u>110,321</u>	<u>103,835</u>	<u>9.19</u>
<b>Telecommunications &amp; Media</b>				
Axiata Group Bhd	13,700	37,162	36,853	3.26
Time Dotcom Bhd	11,400	59,922	59,052	5.22
		<u>97,084</u>	<u>95,905</u>	<u>8.48</u>
<b>Utilities</b>				
Mega First Corporation Bhd	10,500	32,548	45,465	4.02
		<u>32,548</u>	<u>45,465</u>	<u>4.02</u>
Total investments		<u>998,823</u>	<u>1,112,974</u>	<u>98.45</u>
<b>Unrealised gain on investments</b>			<u>114,151</u>	

**6 OTHER PAYABLES AND ACCRUED EXPENSES**

	<b>2024 RM</b>	<b>2023 RM</b>
Accrued expenses:		
Management fee	1,840	-
Trustee's fee	55	-
Audit fee	10,000	-
Tax agent's fee	3,300	-
Shariah adviser's fee	12,000	-
	<u>27,195</u>	<u>-</u>

**7 NUMBER OF UNITS IN CIRCULATION**

	<b>2024 Units</b>	<b>2023 Units</b>
At beginning of the year/launch date	2,000	-
Created during the year/period	2,112,917	2,000
Cancelled during the year/period	(18,931)	-
At end of the year/period	<u>2,095,986</u>	<u>2,000</u>

## **8 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% for the financial period from 27 June 2023 to 31 March 2024. There was no management fee charged for the financial period from 1 April 2023 to 26 June 2023.

For previous financial period, there was no management fee charged for the period from 9 September 2022 (launch date) to 31 March 2023.

## **9 TRUSTEE'S FEE**

The Schedule 9 of the Deed provides that the Trustee is entitled to an annual Trustee's fee up to 0.06% per annum computed daily on the net asset value of the Fund, subject to a minimum fee of RM6,000 per annum before the deduction of the management fee and Trustee's fee for the relevant day.

The Trustee's fee provided in the financial statements is 0.06% for the financial period from 27 June 2023 to 31 March 2024. There was no Trustee's fee charged for the financial period from 1 April 2023 to 26 June 2023.

For previous financial period, there was no Trustee's fee charged for the period from 9 September 2022 (launch date) to 31 March 2023.

## **10 INCOME TAX EXPENSE**

There is no income tax expense for the year as profit income derived by the Fund is exempted income 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.

## **11 TOTAL EXPENSE RATIO AND PORTFOLIO TURNOVER RATIO**

### **Total Expense Ratio ("TER")**

Total expense ratio for the Fund is 5.12% (2023: Nil) for the financial year ended 31 March 2024. The total expense ratio which includes management fee, trustee's fee, audit fee, tax agent's fee and other expenses, is calculated as follows:

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

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

The average net asset value of the Fund for the financial year/period is RM824,195 (2023: RM1,000).

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**Portfolio Turnover Ratio ("PTR")**

The portfolio turnover ratio for the Fund is 1.23 times (2023: Nil) for the financial year ended 31 March 2024. The portfolio turnover ratio is derived from the following calculation:

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

where: total acquisition for the financial year/period = RM1,512,484 (2023: Nil)  
total disposal for the financial year/period = RM514,539 (2023: Nil)

**12 UNITS HELD BY THE MANAGER AND RELATED PARTIES**

As at end of the financial year, the total number and value of units held by the Manager is as follows:

	←----- 2024 -----→	←----- 2023 -----→		
	No. of units	RM	No. of units	RM
The Manager	2,000	1,079	2,000	1,000

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.

**13 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 %
<b>2024</b>				
Maybank Investment Bank Bhd	836,380	41.27	3,222	40.88
UOB Kay Hian Securities (M) Sdn Bhd	377,305	18.62	1,254	15.91
JP Morgan Securities (Malaysia) Sdn Bhd	356,478	17.59	1,507	19.12
RHB Investment Bank Bhd	271,985	13.42	1,217	15.44
CLSA Securities Malaysia Sdn Bhd	184,309	9.10	681	8.65
	2,026,457	100.00	7,881	100.00

**14 RISK MANAGEMENT POLICIES**

**FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

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

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

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**Categories of Financial Instruments**

	<b>2024</b>	<b>2023</b>
	<b>RM</b>	<b>RM</b>
<b>Financial assets</b>		
<b>Carried at FVTPL:</b>		
Investments	1,112,974	-
<b>Amortised costs:</b>		
Cash at bank	41,812	1,000
Dividend receivable	2,901	-
<b>Financial liabilities</b>		
<b>Amortised cost:</b>		
Other payables and accrued expenses	27,195	-

**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 profit, principal and proceeds from realisation of Shariah-compliant 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 March 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:

	<b>Quoted Shariah-compliant securities RM</b>
<b>2024</b>	
<b>Industry</b>	
Construction	125,605
Energy	131,859
Health Care	37,840
Industrial Products & Services	214,929
Property	230,785
Technology	230,586
Telecommunications & Media	95,905
Utilities	45,465
	1,112,974



### **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 Shariah-compliant 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 the market variables such as interest rates and market prices.

During the financial year, as the Fund invests only in Malaysian listed Shariah-compliant equities, the performance of the Fund might go up or down in accordance with the prevailing market risk in Malaysia.

### **Interest rate risk management**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate. The Fund's cash at bank earn profit 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 year-on-year.

### **Price risk management**

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

### **Price risk sensitivity**

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

	<b>Changes in price</b> %	<b>Effect on profit or loss</b> <b>Increase/(Decrease)</b> <b>RM</b>
<b>2024</b>		
Investments	+5/-5%	<u>55,649/( 55,649)</u>

### **Capital risk management**

The capital of the Fund is represented by equity consisting of unitholders' capital and retained earnings. The amount of equity can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unitholders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unitholders and benefits for other stakeholders and to maintain a strong capital base to support the development of the Shariah-compliant investment activities of the Fund.

**Reclassification of Shariah status risk**

This risk refers to the risk that the currently held Shariah-compliant investments in the portfolio of Shariah-compliant funds may be reclassified to be Shariah non-compliant in the periodic review of the securities by the Shariah Advisory Council of the Securities Commission Malaysia, the Shariah Advisory Council of Bank Negara Malaysia or the relevant Shariah Supervisory Board of an approved Islamic Index. If this occurs, the Manager will take the necessary steps to dispose of such Shariah-compliant securities.

There may be opportunity loss to the Fund due to the Fund not being allowed to retain the excess capital gains derived from the disposal of the Shariah non-compliant securities. The value of the Fund may also adversely affected in the event of a disposal of Shariah-non compliant securities at a price lower than the investment cost.

**15 FAIR VALUE OF FINANCIAL INSTRUMENTS**

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

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.

	<b>Level 1 RM</b>	<b>Level 2 RM</b>	<b>Level 3 RM</b>	<b>Total RM</b>
<b>2024</b>				
<b>Financial assets at FVTPL</b>				
Quoted Shariah-compliant securities	1,112,974	-	-	1,112,974

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





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