

Semi-Annual Report January 2024

For the Period Ended 31 January 2024

Areca USD Dynamic Assets Fund

Management Company



200601021087(740840-D)

SEMI-ANNUAL REPORT JANUARY 2024

✧ ARECA USD DYNAMIC ASSETS 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 Bellisa Row
Jalan Burma, Georgetown
10350 Pulau Pinang
Tel : 604-210 2011
Fax: 604-210 2013

IPOH BRANCH

11, Persiaran Greentown 5
Greentown Business Centre
30450 Ipoh, Perak
Tel : 605-249 6697
Fax: 605-249 6696

MALACCA BRANCH

95A, Jalan Melaka Raya 24
Taman Melaka Raya
75000 Melaka
Tel : 606-282 9111
Fax: 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

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ARECA USD DYNAMIC ASSETS FUND

FUND INFORMATION

Name of the Fund	Areca USD Dynamic Assets Fund
Fund Category/ Type	Mixed Assets/Growth
Objective of the Fund	The Fund aims to provide Medium to Long Term capital growth to investors through investments in a diversified portfolio of mixed assets.
Performance Benchmark	Absolute return of 6% per annum
Distribution Policy of the Fund	Incidental, subject to the 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	23 December 2021
Initial Offer Price	1 dollar in the respective Class Currency for the Class of Units 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 are at Net Asset Value per unit
Financial Year End	31 July

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ARECA USD DYNAMIC ASSETS FUND

FUND PERFORMANCE

	2024	2023
NET ASSET VALUE ("NAV")		
Net Asset Value (USD million)		
- MYR Class	0.183	0.080
- SGD Class	0.001	0.001
- USD Class	0.002	0.031
Units in circulation (million units)		
- MYR Class	0.641	0.349
- SGD Class	0.001	0.001
- USD Class	0.001	0.031
NAV per unit		
- MYR Class (RM)	1.3543	0.9691
- SGD Class (SGD)	1.0000	1.0000
- USD Class (USD)	1.0000	0.9871

HIGHEST & LOWEST NAV per unit

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

Highest NAV per unit		
- MYR Class (RM)	1.3802	1.0476
- SGD Class (SGD)	1.0000	1.0000
- USD Class (USD)	1.1506	1.0000
Lowest NAV per unit		
- MYR Class (RM)	1.1584	0.9219
- SGD Class (SGD)	1.0000	1.0000
- USD Class (USD)	1.0000	0.9013

ASSET ALLOCATION % of NAV

Quoted securities - foreign

Exchange Traded Fund	91.93	95.27
Cash and cash equivalents	8.07	4.73

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) (%)	2.26	1.19
<i>Please refer to Note 2 for further information</i>		
Portfolio turnover ratio (PTR) (times)	0.08	0.50
<i>Please refer to Note 3 for further information</i>		

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FUND PERFORMANCE

31.07.2023 **31.07.2022**
to 31.01.2024 **to 31.01.2023**

TOTAL RETURN

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

MYR Class

Total Return (%)	11.92	(3.09)
- Capital growth (%)	11.92	(3.09)
- Income distribution (%)	-	-

Annual Total Return (%)	25.02*	(6.04)*
Performance Benchmark: Absolute return of 6% per annum	6.00*	6.00*

**Annualised for comparison purpose only*

SGD Class

Total Return (%)	-	-
- Capital growth (%)	-	-
- Income distribution (%)	-	-

Annual Total Return (%)	-	-
Performance Benchmark: Absolute return of 6% per annum	6.00*	6.00*

**Annualised for comparison purpose only*

USD Class

Total Return (%)	(13.19)	1.29
- Capital growth (%)	(13.19)	1.29
- Income distribution (%)	-	-

Annual Total Return (%)	(24.46)*	(2.54)*
Performance Benchmark: Absolute return of 6% per annum	6.00*	6.00*

**Annualised for comparison purpose only*

Total Return since launch (%)

- MYR Class	35.43	(3.09)
- SGD Class	-	-
- USD Class	-	(1.29)

Average Total Return per annum (%)	1-yr	3-yrs	5-yrs
- MYR Class	39.75	N/A	N/A
- SGD Class	-	N/A	N/A
- USD Class	1.31	N/A	N/A

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NOTES:

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

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

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

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

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

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

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ARECA USD DYNAMIC ASSETS FUND

FUND REVIEW

During the period under review, the Fund's registered a total return of 11.92% (MYR Class)/-13.19% (USD Class), outperforming the absolute return benchmark of 2.98% (6.00% p.a.). The Fund has positioned in various Exchange Traded Funds ("ETFs") reflecting the theme of Innovation and Sustainability, and the ETFs reflecting the Innovation theme have been the key performance contributors during the period under review. As the United States ("U.S.") inflation rate is seen to be peaking, and thus the US Federal Reserve ("Fed") may pivot to easing monetary policy sometime later this year, the ETFs under the Innovation theme consisting of mega tech stocks that are particularly sensitive to prevailing market interest rate have performed very well. The Fund's strategy has played out well so far, benefitting investors of the Fund. In terms of strategy going forward, the Fund will stick the investing in the themes of Innovation and Sustainability as we believe these are the megatrends that will drive outsized returns in the mid- to longer-term.

The total return of the Fund since launch stands at 35.43% (MYR Class) against the benchmark return for the same period of 13.06%. In view of the significant outperformance, the Fund has achieved its objective of providing medium to long term capital growth to investors through investments in a diversified portfolio of mixed assets.

Investment Policy and Strategy

The Fund aims to provide investors with capital growth over the Medium to Long Term through a diversified portfolio of investments in Malaysian equities, global Collective Investment Schemes ("CIS") which includes exchange-traded-funds ("ETFs") which is traded on eligible market for both local and foreign and liquid assets.

The Fund will invest in securities issued by companies that exhibit good management track record, a history of Long-Term profitability and earning resilience, a strong balance sheet and/or have a good competitive position in their respective industries. The Manager will adopt an active trading strategy with frequency that will depend on the market conditions and the market outlook.

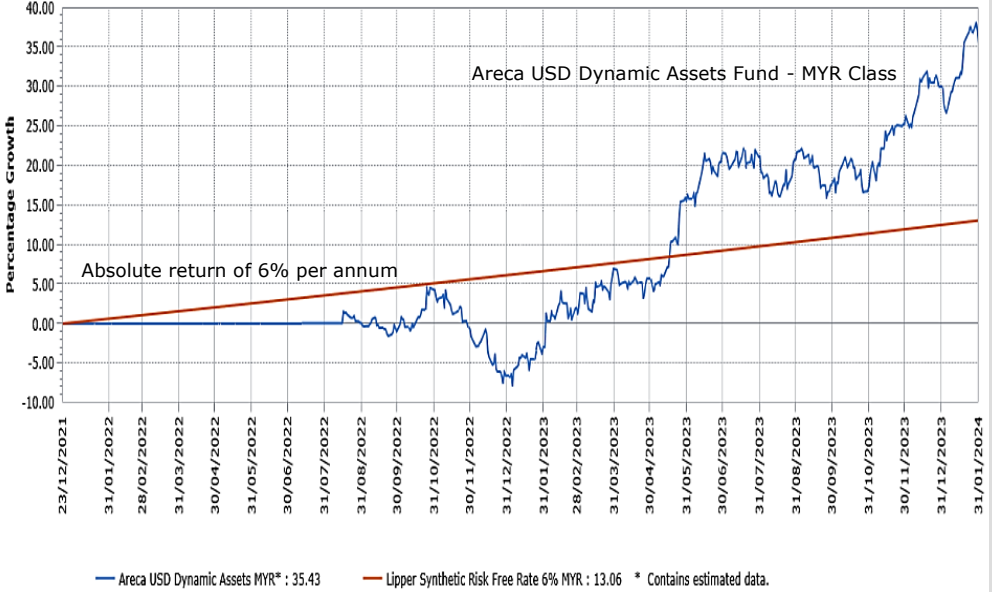
The Fund may hold up to 100% in liquid assets including cash when market condition is not favourable to the major asset classes e.g. during high inflation or aggressive rate hike where most asset classes will be affected negatively. The Fund may hold cash for more than 12 months if adverse market conditions prolong.

NAV per unit as at 31 January 2024	MYR Class MYR1.3543	SGD Class SGD1.0000	USD Class USD1.0000
Asset Allocation/Portfolio Composition		2024	2023
Quoted securities - foreign		91.93%	95.27%
Cash and cash equivalents		8.07%	4.73%

FUND REVIEW

Performance of Areca USD Dynamic Assets Fund - MYR Class
for the period since inception to 31 January 2024

Total Return of Areca USD Dynamic Assets Fund (MYR) vs Benchmark



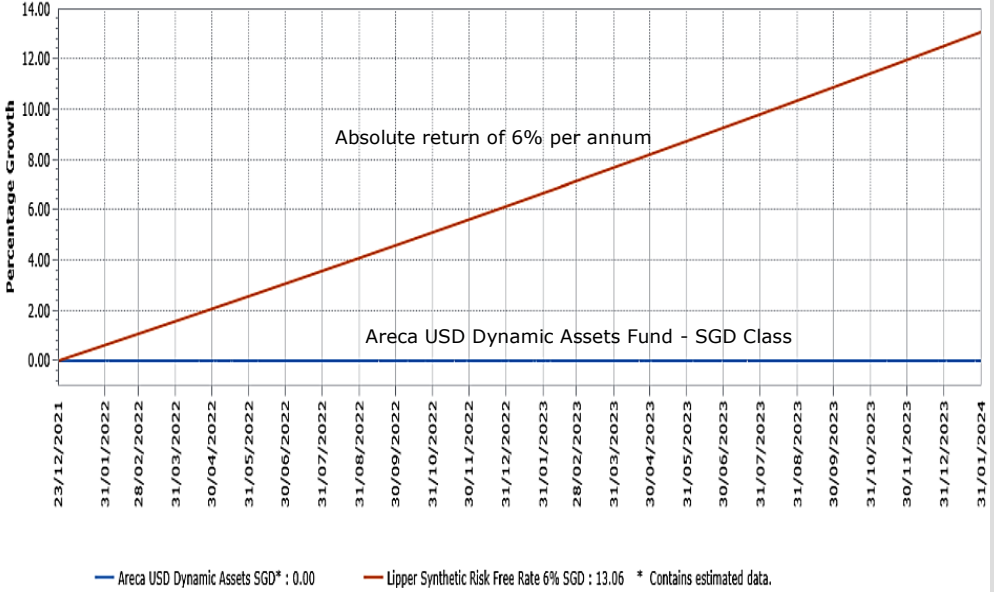
Source Lipper

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ARECA USD DYNAMIC ASSETS FUND

FUND REVIEW

**Performance of Areca USD Dynamic Assets Fund - SGD Class
for the period since inception to 31 January 2024**

Total Return of Areca USD Dynamic Assets Fund (SGD) vs Benchmark

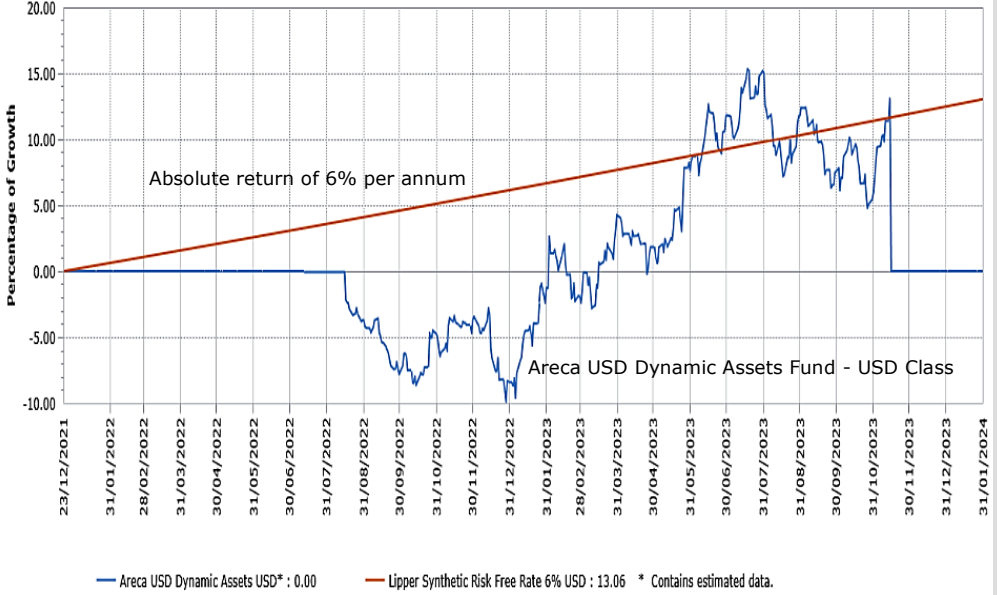


Source Lipper

FUND REVIEW

Performance of Areca USD Dynamic Assets Fund - USD Class
for the period since inception to 31 January 2024

Total Return of Areca USD Dynamic Assets Fund (USD) vs Benchmark



Source Lipper

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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 E.U. 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 (QoQ)	-2.1% 4Q23	2.6% 3Q23	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.
Inflation Rate (Annual)	1.5% Dec 23	2.0% Aug 23	A slowdown in food inflation.
Unemployment Rate	3.3% Dec 23	3.4% 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.

US EQUITY MARKET REVIEW

During the period under review, the Dow Jones Industrial Average, which is the barometer of the U.S. equity market rose by 7.30% at 38,150 points. Similarly, the Standard and Poor’s 500 (“S&P 500”) climbed 5.60% to 4,846 points while the Nasdaq Composite increased by 5.70% to 15,164 points in the same period.

Despite concerns over inflation and rising interest rates, an unexpected banking crisis as well as geopolitical tensions around the world, the U.S. economy remains resilient with corporate earnings on the rise. Much of the market strength in 2023 was essentially attributable to the ‘Magnificent 7’ mega tech stocks, led by Nvidia amid strong sales in computer chips as interest in the artificial intelligence theme continues to build.

U.S. equities fell for the third consecutive month, entering correction territory after declining around 10% from July highs. Initially, the drop in inflation prints had boosted market confidence that inflation could return to the target range without the need for additional hikes. However, the prospect of ‘higher for longer’ came in, with the Fed’s hawkish narrative of keeping rates higher.

Geopolitical risks also came to light following the ongoing conflict between Israeli military forces and Hamas-led Palestinian militant groups in early October. However, indices rebounded strongly thereafter, supported by encouraging inflation data which raised hopes that inflation is on course to fall back to the Fed’s 2.00% target.

Moving to early 2024, the overall market direction skewed higher, despite starting the year with a cautious tone after Fed Chair Jerome Powell made it clear that a rate cut was unlikely in March, stopping equities in their tracks. Nevertheless, markets switched their focus to corporate earnings, where corporates reported mixed results.

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ARECA USD DYNAMIC ASSETS FUND

Sector-wise, technology and financials were the outperformers while energy and utilities were the laggards of the market. The top three gainers within the Dow Jones Industrial Average were IBM (+28.00%), Verizon (+27.00%), and Travelers Companies (+23.00%). On the other hand, the worst-performing stocks were Pfizer (-24.00%), Walgreens Boots Alliance (-24.00%), and 3M (-15.00%).

EQUITY MARKET OUTLOOK

Inflation figures and interest rates will continue to drive market sentiment this year. As we have just entered the year of Dragon, some of the world's biggest economies are starting to feel the pinch from the previous aggressive monetary tightening policy. On 15th February 2024, Japan and the United Kingdom ("U.K.") were said to have slipped into recession as both countries declared that their economies have continued to weaken QoQ for two consecutive quarters since 3Q23, which fits the definition of a technical recession.

On the other hand, the U.S. economy continues to roar, beating many predictions that a recession seemed inevitable because of high interest rates. For this, the initial market expectation that the Fed will start cutting interest rates in March is further pushed out to the middle of the year. While it is difficult to predict the timing of rate cut, our base case remains – Fed pivot will come sooner or later, albeit at a slow pace as the aggressive monetary policy will gradually take effect on economic growth.

In terms of strategy, the Fund will stick the investing in the themes of Innovation and Sustainability and we believe these are the megatrends that will drive outsized returns in the mid- to longer-term.

CROSS TRADE

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

SECURITIES FINANCING TRANSACTIONS

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

STATE OF AFFAIRS

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

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ARECA USD DYNAMIC ASSETS FUND

TRUSTEE'S REPORT

To the Unitholders of Areca USD Dynamic Assets 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 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 USD Dynamic Assets 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 USD	31.01.2023 USD
Assets			
Investments	5	170,997	106,089
Cash at bank		15,250	5,412
Total Assets		<u>186,247</u>	<u>111,501</u>
Unitholders' Fund And Liabilities			
Liabilities			
Other payables and accrued expenses	6	243	142
Total Liabilities		<u>243</u>	<u>142</u>
Unitholders' Fund			
Unitholders' capital		155,523	112,622
Retained earnings/(Accumulated losses)		30,481	(1,263)
Net Asset Value Attributable To Unitholders		<u>186,004</u>	<u>111,359</u>
Total Unitholders' Fund And Liabilities		<u>186,247</u>	<u>111,501</u>
Net Asset Value Attributable To Unitholders			
- MYR Class		183,468	80,018
- SGD Class		748	767
- USD Class		1,788	30,574
		<u>186,004</u>	<u>111,359</u>
Number of Units in Circulation			
- MYR Class (Units)	7	641,433	349,276
- SGD Class (Units)	7	1,000	1,000
- USD Class (Units)	7	1,000	30,988
Net Asset Value Per Unit			
- MYR Class (USD)		0.2860	0.2291
- SGD Class (USD)		0.7481	0.7665
- USD Class (USD)		1.0000	0.9871
Net Asset Value Per Unit In Respective Currencies			
- MYR Class (RM)		1.3543	0.9691
- SGD Class (SGD)		1.0000	1.0000
- USD Class (USD)		1.0000	0.9871

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

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ARECA USD DYNAMIC ASSETS 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 USD	01.08.2022 to 31.01.2023 USD
Investments Income			
Interest income		134	162
Dividend Income		638	315
Net gain on investments at fair value through profit or loss ("FVTPL")	5	16,370	1,516
Net loss on foreign exchange		(794)	(1,949)
Total Investments Income		<u>16,348</u>	<u>44</u>
Expenditure			
Management fee	8	1,238	728
Trustee's fee	9	46	27
Tax agent's fee		-	393
Transaction cost		12	52
Other expenses		2,418	107
Total Expenditure		<u>3,714</u>	<u>1,307</u>
Net Income/(Loss) Before Tax		12,634	(1,263)
Income Tax Expense	10	-	-
Net Income/(Loss) After Tax And Total Comprehensive Income/(Loss) For The Financial Period		<u>12,634</u>	<u>(1,263)</u>
Net Income/(Loss) After Tax Is Made Up Of:			
Realised loss		(3,736)	(876)
Unrealised gain/(loss)		16,370	(387)
		<u>12,634</u>	<u>(1,263)</u>

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

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ARECA USD DYNAMIC ASSETS FUND

UNAUDITED STATEMENT OF CHANGES IN NET ASSET VALUE

For The Financial Period Ended 31 January 2024

	Unitholders' capital USD	(Accumulated losses)/ Retained earnings USD	Total net asset value USD
Balance as at 1 August 2022	108,423	-	108,423
Amounts received from units created			
- MYR Class	4,199	-	4,199
Total comprehensive loss for the financial period	-	(1,263)	(1,263)
Balance as at 31 January 2023	<u>112,622</u>	<u>(1,263)</u>	<u>111,359</u>
Balance as at 1 August 2023	112,398	17,847	130,245
Amounts received from units created			
- MYR Class	77,056	-	77,056
Amounts paid for units cancelled			
- USD Class	(33,931)	-	(33,931)
Total comprehensive income for the financial period	-	12,634	12,634
Balance as at 31 January 2024	<u>155,523</u>	<u>30,481</u>	<u>186,004</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
	USD	USD
Cash Flows From Operating Activities		
Purchase of investments	(26,299)	(104,573)
Dividend income received	650	315
Interest received	134	162
Management fee paid	(1,167)	(591)
Trustee's fee paid	(43)	(22)
Transaction cost paid	(12)	(52)
Payment for other fees and expenses	(2,717)	(500)
Net Cash Used In Operating Activities	(29,454)	(105,261)
Cash Flows From Financing Activities		
Cash proceeds from units created	77,056	4,199
Payment for cancellation of units	(33,931)	-
Net Cash Generated From Financing Activities	43,125	4,199
Net Increase/(Decrease) In Cash And Cash Equivalents	13,671	(101,062)
Forex exchange difference	(794)	196
Cash And Cash Equivalents At Beginning Of Period	2,373	106,278
Cash And Cash Equivalents At The End Of Period	15,250	5,412
Cash And Cash Equivalents Comprise:		
Cash at bank	15,250	5,412
	15,250	5,412

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

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NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Areca USD Dynamic Assets Fund ("the Fund") was established pursuant to the Trust Deed dated 10 March 2020 as modified by the First Supplemental Deed dated 25 July 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 listed and unlisted securities, deposits with Financial Institutions, derivatives such as futures contracts for hedging purposes only, collective investment schemes, preference shares and any other form of investment as may be agreed upon by the Manager and the Trustee from time to time. The Fund commenced operations on 23 December 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 medium to long term capital growth to investors through investments in a diversified portfolio of mixed assets. 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 Amendments 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.

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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.

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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 US Dollar ("USD"), which is the Fund's functional and presentation currency.

Foreign Currency Translation

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

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

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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 assets value. The outstanding units is carried at the redemption amount that is payable at the net assets value if the holder exercises the right to put the unit 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.

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(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 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 measure all equity investments at fair value. Where the Fund's management have 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.

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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 London Stock Exchange, New York Stock Exchange and NASDAQ at the end of the reporting period.

Gains or losses arising from the changes in the fair values 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 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 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.

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.

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(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 USD	2023 USD
Financial assets at FVTPL:		
Quoted securities - foreign	170,997	106,089
	170,997	106,089
Net gain on investments at FVTPL comprised:		
Realised gain on disposals	-	-
Net unrealised gain on changes in fair value	16,370	1,516
	16,370	1,516

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

	No. of shares Units	Aggregate cost USD	Fair value USD	Fair value as a % of Net Asset Value %
QUOTED SECURITIES - FOREIGN				
United Kingdom				
Exchange Traded Fund				
iShares Dow Jones Global				
Sustainability Screened UCITS ETF	242	13,131	16,197	8.71
		13,131	16,197	8.71
United States				
Exchange Traded Fund				
Global X Cybersecurity ETF	438	10,650	13,153	7.07
Invesco QQQ Trust Series 1	40	12,194	16,679	8.97
iShares ESG Aware US Aggregate				
Bond ETF	296	14,080	14,096	7.58
iShares ESG Aware 1-5 Year USD				
Corporate Bond ETF	592	14,147	14,542	7.82
iShares Expanded Tech-Software				
Sector ETF	39	11,116	16,395	8.81
iShares Global Tech ETF	273	13,713	19,080	10.26
iShares Semiconductor ETF	37	14,611	21,684	11.66
iShares U.S. Technology ETF	152	13,063	19,205	10.32
Technology Select Sector SPDR Fund	101	14,167	19,966	10.73
		117,741	154,800	83.22
Total quoted securities - foreign		130,872	170,997	91.93
Unrealised gain on quoted securities - foreign			40,125	

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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 USD	Fair value USD	Fair value as a % of Net Asset Value %
QUOTED SECURITIES - FOREIGN				
United Kingdom				
Exchange Traded Fund				
iShares Dow Jones Global Sustainability Screened UCITS ETF	198	10,494	11,059	9.93
		<u>10,494</u>	<u>11,059</u>	<u>9.93</u>
United States				
Exchange Traded Fund				
Global X Cybersecurity ETF	358	8,688	7,923	7.11
Invesco QQQ Trust Series 1	33	9,669	9,722	8.73
iShares ESG Aware US Aggregate Bond ETF	242	11,615	11,691	10.50
iShares ESG Aware 1-5 Year USD Corporate Bond ETF	484	11,580	11,684	10.49
iShares Expanded Tech-Software Sector ETF	33	9,050	9,305	8.36
iShares Global Tech ETF	223	10,806	11,056	9.93
iShares Semiconductor ETF	30	11,357	12,110	10.88
iShares U.S. Technology ETF	124	10,115	10,254	9.21
Technology Select Sector SPDR Fund	83	11,199	11,285	10.13
		<u>94,079</u>	<u>95,030</u>	<u>85.34</u>
Total quoted securities - foreign		104,573	106,089	95.27
Unrealised gain on quoted securities - foreign			<u>1,516</u>	

6 OTHER PAYABLES AND ACCRUED EXPENSES

	2024 USD	2023 USD
Accrued expenses:		
Management fee	234	137
Trustee's fee	9	5
	<u>243</u>	<u>142</u>

7 NUMBER OF UNITS IN CIRCULATION

	2024 Units	2023 Units
MYR Class		
At beginning of the period	348,066	330,183
Created during the period	293,367	19,093
At end of the period	<u>641,433</u>	<u>349,276</u>
SGD Class		
At beginning of the period	1,000	1,000
At end of the period	<u>1,000</u>	<u>1,000</u>

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	2024	2023
USD Class	Units	Units
At beginning of the period	30,988	30,988
Cancelled during the period	(29,988)	-
At end of the period	1,000	30,988

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 1.50% per annum for the financial period. For previous financial period, the management fee provided is 1.50% per annum for the period from 16 August 2022 to 31 January 2023. There was no management fee charged for the period from 1 August 2022 to 15 August 2022.

9 TRUSTEE’S FEE

The Schedule 9 of the Deed provides that the Trustee is entitled to an annual Trustee’s fee up to 0.055% 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 0.055% per annum for financial period. For previous financial period, the Trustee’s fee provided is 0.055% per annum for the period from 16 August 2022 to 31 January 2023. There was no Trustee’s fee charged for the period from 1 August 2022 to 15 August 2022.

10 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.

11 TOTAL EXPENSE RATIO AND PORTFOLIO TURNOVER RATIO

Total Expense Ratio (TER)

Total expense ratio for the Fund is 2.26% (2023: 1.19%) for the financial period ended 31 January 2024. The total expense ratio which includes management fee, trustee’s fee, tax agent’s fee and other expenses, is calculated as follows:

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

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

The average net asset value of the Fund for the financial period is USD163,731 (2023: USD105,134).

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Portfolio Turnover Ratio (PTR)

The portfolio turnover ratio for the Fund is 0.08 times (2023: 0.50 times) for the financial period ended 31 January 2024. The portfolio turnover ratio 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 = USD26,299 (2023: USD104,573)
total disposal for the financial period = Nil (2023: Nil)

12 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 Manager is as follows:

	←-----2024-----→	←-----2023-----→		
	No. of units	USD	No. of units	USD
The Manager	2,090	2,579	1,974	1,949

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 USD	% of Total Trades %	Fees USD	% of Total Brokerage Fee %
2024				
CLSA Securities Malaysia Sdn Bhd	26,299	100.00	12	100.00
2023				
CLSA Securities Malaysia Sdn Bhd	104,573	100.00	52	100.00

14 RISK MANAGEMENT POLICIES

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund seeks to provide investors who have medium to long term investment horizon and seek opportunity to invest in a diversified portfolio of global assets. 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, price risk and currency risk) primarily on its investments and capital risk.

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Categories of Financial Instruments

	2024 USD	2023 USD
Financial assets		
Carried at FVTPL:		
Quoted securities – foreign	<u>170,997</u>	<u>106,089</u>
Amortised costs:		
Cash at bank	<u>15,250</u>	<u>5,412</u>
Financial liabilities		
Amortised costs:		
Other payables and accrued expenses	<u>243</u>	<u>142</u>

Credit risk management

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

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

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

	Quoted securities - foreign USD
2024	
Industry	
Exchange Traded Fund	<u>170,997</u>
2023	
Industry	
Exchange Traded Fund	<u>106,089</u>

Liquidity risk management

Liquidity risk is defined as the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Exposure to liquidity risk arises because of the possibility that the Fund could be required to pay its liabilities or redeem its units earlier than expected. The Fund manages its liquidity risk by investing predominantly in securities that it expects to be able of being converted into cash with 7 days.

All financial liabilities 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.

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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 invest in foreign quoted securities, the performance of the Fund might go up or down in accordance with the prevailing market risk of foreign countries.

Currency risk

For investments denominated in foreign currencies, the currency risk may have a significant impact on the returns of the Fund. The Manager will evaluate the likely direction of a foreign currency versus Ringgit Malaysia based on consideration of economic fundamentals such as interest rate differentials, balance of payment position, debt level and technical consideration.

The following table sets out the foreign currency risk concentrations and counterparties of the Fund:

	Cash at bank USD	Quoted securities - foreign USD	Total USD
2024			
RM	14,912	-	14,912
GBP	-	16,197	16,197
2023			
RM	21	-	21
SGD	762	-	762
GBP	-	11,059	11,059

The table below summarises the sensitivity of the Fund's loss after tax and net asset value to changes in foreign exchange movements at the end of each reporting year. The analysis is based on the assumption that the foreign exchange rate fluctuates by 5%, with all other variables remaining constant. This represents management's best estimate of a reasonable possible shift in the foreign exchange rate, having regard to historical volatility of this rate. Disclosures below are shown in absolute terms, changes and impacts could be positive or negative.

	Impact on loss after taxation/net asset value	
	2024 USD	2023 USD
RM		
+5%	746	1
- 5%	(746)	(1)
SGD		
+5%	-	38
- 5%	-	(38)
GBP		
+5%	810	553
- 5%	(810)	(553)

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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) USD
2024		
Investments	+5/-5%	8,550/(8,550)
2023		
Investments	+5/-5%	5,304/(5,304)

Capital risk management

The capital of the Fund is represented by equity consisting of unitholders' capital and retained earnings or 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.

15 FAIR VALUE OF FINANCIAL INSTRUMENTS

For quoted securities in general, fair values have been estimated by reference to last done market price quoted on London Stock Exchange, New York Stock Exchange and NASDAQ at end of the reporting period.

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 USD	Level 2 USD	Level 3 USD	Total USD
2024				
Financial assets at FVTPL				
Quoted securities – foreign	170,997	-	-	170,997

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	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
2023				
Financial assets at FVTPL				
Quoted securities – foreign	106,089	-	-	106,089

There were no transfers between Levels 1, 2 and 3 during the financial period.



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