PROSPECTUS

Areca Islamic incomeTRUST Fund

THIS PROSPECTUS IS DATED 15 MARCH 2023.

THE FUND IS CONSTITUTED ON 5 SEPTEMBER 2022.

Manager
Areca Capital Sdn Bhd [200601021087 (740840-D)]

Trustee
Maybank Trustees Berhad [196301000109 (5004-P)]

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THE PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" COMMENCING ON PAGE 12.

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RESPONSIBILITY STATEMENTS

This Prospectus has been reviewed and approved by the directors of Areca Capital Sdn Bhd and they collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable enquiries, they confirm to the best of their knowledge and belief, that there are no false or misleading statements, or omission of other facts which would make any statement in this Prospectus false or misleading.

STATEMENTS OF DISCLAIMER

The Securities Commission Malaysia has authorised the Areca Islamic incomeTrust Fund ("Fund") and a copy of this Prospectus has been registered with the Securities Commission Malaysia.

The authorisation of the Fund, and registration of this Prospectus, should not be taken to indicate that the Securities Commission Malaysia recommends the Fund or assumes responsibility for the correctness of any statement made, opinion expressed or report contained in this Prospectus.

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

INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IF INVESTORS ARE UNABLE TO MAKE THEIR OWN EVALUATION, THEY ARE ADVISED TO CONSULT PROFESSIONAL ADVISERS.

ADDITIONAL STATEMENT

Investors should note that they may seek recourse under the Capital Markets and Services Act 2007 for breaches of securities laws including any statement in the Prospectus that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act in relation to the Prospectus or the conduct of any other person in relation to the Fund.

The distribution of this Prospectus and offering, purchase, sale or transfer of units of the Fund in certain jurisdictions may be restricted by law. In these jurisdictions, other than Malaysia, the Manager has not applied to allow distribution of this Prospectus or unit of the Fund. Therefore, this Prospectus does not constitute an offer or invitation to purchase units of the Fund in any jurisdiction in which such offer or invitation would be unlawful.

Investors should be aware that for investments of the Fund made via any of our authorised third party distributors, where applicable, any investment transactions are subject to the terms and conditions of the respective distributors.

The Areca Islamic incomeTrust Fund has been certified as Shariah-compliant by the Shariah Adviser appointed for the Fund.

NO CASH / THIRD-PARTY PAYMENT POLICY

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

In view of this, we have embarked on a no-cash / third-party payment policy; where **ANY FORM OF CASH PAYMENT, CASH DEPOSITS AND 3RD PARTY PAYMENT ARE STRICTLY NOT ALLOWED**.

GLOSSARY

Areca/ Manager/ Management Company/ We/ Us/ Our	Refers to Areca Capital Sdn Bhd;
BNM	Refers to Bank Negara Malaysia;
Bursa Malaysia	Means the stock exchange managed and operated by Bursa Malaysia Securities Berhad;
Business Day	A day on which Bursa Malaysia is open for trading;
CMSA	The Capital Markets and Services Act, 2007 including all amendments thereto;
Deed(s)	The Deed in relation to the Fund and any other supplemental deeds that may be entered into between the Manager and the Trustee;
FIMM	Refers to the Federation of Investment Managers Malaysia;
Financial Institution	Means, (a) if the institution is in Malaysia: i. licensed bank; ii. licensed investment bank; or iii. licensed Islamic bank;or (b) if the institution is outside Malaysia, any institution that is licensed, registered, approved or authorised to provide financial services by the relevant banking regulator; "licensed bank" has the meaning assigned to it in the Financial Services Act 2013; "licensed investment bank" has the meaning assigned to it in the Financial Services Act 2013; "licensed Islamic bank" has the meaning assigned to it in the Islamic Financial Services Act 2013";
Fixed Income Securities	Includes but not limited to Islamic Commercial Papers, Sukuks, and other Shariah-compliant Fixed Income Securities such as convertible sukuk, floating rate sukuk, Shariah-compliant redeemable preference shares;
Fund	Refers to Areca Islamic incomeTRUST Fund;
Guidelines	Guidelines on Unit Trust Funds issued by the SC as may be amended from time to time;
Islamic CIS	Islamic collective investment schemes which include Islamic exchange traded funds;

Islamic Deposits	Means a sum of money accepted or paid in accordance with Shariah - (a) on terms under which it will be repaid in full, with or without any gains, return or any other consideration in money or money's worth, either on demand or at a time or in circumstances agreed by or on behalf of the person making the payment and person accepting it; or (b) under an agreement, on terms whereby the proceeds under the arrangement to be paid to the person paying the sum of money shall not be less than such sum of money; but excludes money paid bona fide – (i) by way of an advance or a part payment under a contract for the sale, hire or other provision of property or services, and is repayable only in the event that the property or services are not in fact sold, hired or otherwise provided; (ii) by way of security for the performance of a contract or by way of security in respect of any loss which may result from the non-performance of a contract; (iii) without limiting paragraph (ii), by way of security for the delivery up or return of any property, whether in a particular state of repair or otherwise; and (iv) in such other circumstances, or to or by such other person, as set out in schedule 2 of the Islamic Financial Services Act 2013;
Islamic Liquid Assets	Means any Shariah-compliant permitted investment capable of being converted into cash within seven (7) days;
Islamic Money Market Instruments	Include but not limited to banker's acceptance, Repo, certificates of deposit and negotiable instruments of deposit that comply with Shariah requirements;
IUTA	Institutional unit trust scheme adviser, which is a corporation registered with the FIMM and authorised to market and distribute unit trust schemes of another party;
Jointholder	A person who holds Units together with another person or persons and "Jointholders" means the persons who are holding the same Units;
Medium-Term	A period of 3 to 5 years;
Net Asset Value or NAV	The value of all assets of the Fund less the value of all liabilities of the Fund at a valuation point;
NAV per Unit	The net asset value of the Fund at a particular valuation point divided by the total number of Units in circulation at the same valuation point;
RAM	Refers to RAM Rating Services Berhad;
Redemption	The repurchase by the Manager of the Units owned by the Unit Holders upon a proper redemption request;
RM	Ringgit Malaysia;
SAC of SC	Refers to Shariah Advisory Council of the Securities Commission Malaysia;
SC	Refers to the Securities Commission Malaysia which was established under the Securities Commission Malaysia Act 1993;

Shariah	Means Islamic law comprising the whole body of rulings pertaining to human conducts derived from the sources of the Shariah namely the Qur`an (the holy book of Islam), and its practices and explanations rendered by the Prophet Muhammad (pbuh) and Ijtihad of ulamak (personal efforts by qualified Shariah scholars to determine the true ruling of the divine law on matters whose revelations are not explicit);
Shariah Adviser	Refers to Amanie Advisors Sdn Bhd;
Shariah Requirements	The requirements which make sure that any human conduct must not involve any elements which are prohibited by the Shariah and that in performing that conduct all the essential elements that make up the conduct must be present and each essential element must meet all the necessary conditions as required by the Shariah for that element;
Short-Term	A period of less than 3 years;
Short to Medium-Term	A period of less than 5 years;
Special Resolution	Means a resolution passed at a meeting of Unit Holders duly convened in accordance with the Deed by a majority of not less than three-fourths (3/4) of the Unit Holders present and voting at the meeting in person or by proxy; for the avoidance of doubt, "three-fourths (3/4) of the Unit Holders present and voting at the meeting in person or by proxy" means three-fourths (3/4) of the votes cast by the Unit Holders present and voting; for the purposes of terminating the Fund, "Special Resolution" means a resolution passed at a meeting of Unit Holders duly convened in accordance with the Deed by a majority in number representing at least three-fourths (3/4) of the value of the Units held by Unit Holders present and voting at the meeting in person or by proxy;
Sukuk	Refers to certificates of equal value which evidence undivided ownership or investment in the assets using Shariah principles and concepts endorsed by the SAC of SC and/or any relevant Shariah Advisory Boards.
Trustee	Refers to Maybank Trustees Berhad, includes its permitted assigns and successors in title;
Units	Means units of the Fund, it is a measurement of the right and/or interest of a Unit Holder in the Fund;
Unit Holder/You	A person for the time being who is registered pursuant to the Deed as a holder of Units, including a Jointholder.

Definition or meaning of words not otherwise expressed above shall follow the meaning or interpretation as ascribed in the Guidelines and the CMSA.

CORPORATE DIRECTORY

MANAGER

Areca Capital Sdn Bhd (200601021087 (740840-D))

Registered Address:

Suite 30C, 3rd Floor, Wisma TCL,
470 Jalan Ipoh, 3rd Mile,
51200 Kuala Lumpur
Tel: 603-4044 9811

Business Address:

107, Blok B, Pusat Dagangan Phileo Damansara 1,
No.9, Jalan 16/11, Off Jalan Damansara,
46350 Petaling Jaya
Tel: 603-7956 3111
Fax: 603-7955 4111
Website: www.arecacapital.com
E-mail: invest@arecacapital.com

TRUSTEE

Maybank Trustees Berhad (196301000109 (5004-P))

Business Address and Registered Address

8th Floor Menara Maybank, 100 Jalan Tun Perak, 50050 Kuala Lumpur.
Tel: 603-2070 8833
Fax: 603-2070 9387
Email: mtb.ut@maybank.com.my
Website: www.maybank2u.com.my

Trustee's Delegate

Malayan Banking Berhad (196001000142 (3813-K))

(Maybank Custody Services)

Business Address

8th Floor, Menara Maybank,100 Jalan Tun Perak, 50050 Kuala Lumpur.

Registered Address

14th Floor, Menara Maybank,100 Jalan Tun Perak, 50050 Kuala Lumpur.

SHARIAH ADVISER

Amanie Advisors Sdn Bhd (200501007003 (684050-H))

Registered Address

Unit 11-3A,
3rd Mile Square, No. 151,
Jalan Klang Lama Batu 3 ½,
58100 Kuala Lumpur

Business Address

Level 13A-2
Menara Tokio Marine Life
189 Jalan Tun Razak
50400 Kuala Lumpur
Tel. No.: 03-2161 0260
Fax No.: 03-2161 0262
E-mail: info@amanieadvisors.com
Website: www.amanieadvisors.com

INFORMATION OF THE FUND

<table>
<tr><th colspan="2">Areca Islamic incomeTRUST Fund</th></tr>
<tr><td>CATEGORY OF THE FUND</td><td>Fixed Income (Islamic)</td></tr>
<tr><td>TYPE OF FUND</td><td>Income</td></tr>
<tr><td>TRUSTEE</td><td>Maybank Trustees Berhad</td></tr>
<tr><td>INVESTMENT OBJECTIVE</td><td>To provide investors with Short to Medium-Term capital preservation[#] and a regular income (income could be in the form of Units or cash).
Any material changes to the Fund's objective would require Unit Holder's approval.</td></tr>
<tr><td>ASSET ALLOCATION</td><td><table><tr><th>Asset Type</th><th>% of the NAV</th></tr><tr><td>Fixed Income Securities and Islamic Money Market Instruments (other than those classified as Islamic Liquid Assets)</td><td>70%-98% of the NAV of the Fund</td></tr><tr><td>Islamic Liquid Assets</td><td>Minimum 2% of the NAV of the Fund</td></tr></table></td></tr>
<tr><td>BASE CURRENCY</td><td>RM</td></tr>
<tr><td>INITIAL OFFER PERIOD (IOP)</td><td>21 days from the date of the Prospectus.</td></tr>
<tr><td>INITIAL OFFER PRICE</td><td>RM0.5000</td></tr>
<tr><td>FINANCIAL YEAR END</td><td>30 November</td></tr>
<tr><td>INVESTORS' PROFILE</td><td>The Fund is suitable for investors who:
seek capital preservation[#] and regular income;
have a low risk tolerance;
have a Short-Term to Medium-Term investment horizon; and
seek exposure in fixed income investments that comply with Shariah requirements.</td></tr>
<tr><td>INVESTMENT STRATEGY</td><td>The Fund may invest up to 98% of its NAV in Fixed Income Securities and Islamic Money Market Instruments with a minimum of 2% of its NAV in Islamic Liquid Assets. The minimum credit rating for Islamic Money Market Instruments and other Fixed Income Securities (other than government and government related securities) that the Fund shall invest in is the credit rating of 'A3' by RAM or such equivalent rating by other rating agencies. Notwithstanding the above and subject to the person(s) or members undertaking the oversight function unanimous approval, the Fund may invest up to 25% of its NAV in Fixed Income Securities and Islamic Money Market Instruments with a credit rating below the minimum 'A3' rating including unrated issues. The Fund may continue to hold its investment in Fixed Income Securities with a credit rating below 'A3' even if the holdings exceeds 25% of its NAV due to appreciation or depreciation of the NAV of the Fund, whether as a result of an appreciation or depreciation in value of the investments, or as a result of repurchase of Units or other payment made by the Fund.

The weighted average portfolio duration is targeted to be two (2) to five (5) years.

We will adopt an active trading strategy with frequency that will depend on the market conditions and the market outlook.</td></tr>
</table>

Areca Islamic incomeTRUST Fund	
INVESTMENT STRATEGY	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. In general, the temporary defensive positions shall be taken for a period of not more than six (6) months. However, the position could be held for a longer period with the approval from the person(s) or members undertaking the oversight function of the Fund during prolonged adverse market conditions. We will re-align the Fund to its principal investment strategies when market conditions turn for the better.
RISK MANAGEMENT	All investments carry an element of risk which may affect the Fund's performance including capital losses arising from volatility of the Fixed Income Securities and Islamic Money Market Instruments prices. The value of the Fund may fluctuate in response to the underlying factors such as economic conditions, interest rates movements, global and domestic liquidity flows and general markets conditions. We adopt various risks management strategies such as asset allocation, diversification, liquidity management and temporary defensive strategy to mitigate and diversify the inherent risks associated to the Fund. Generally, the broad asset allocations and the respective investment restrictions of the Fund are monitored regularly by the compliance department who reports monthly to the person(s) or members undertaking the oversight function of the Fund. For credit risks management, the Fund has set a minimum credit rating of 'A3' by RAM or such equivalent rating by other rating agencies for its general investments. Although the Fund may invest in Fixed Income Securities and Islamic Money Market Instruments with a credit rating below 'A3', it has a stringent policy to obtain a prior unanimous approval from the person(s) or members undertaking the oversight function members and that limit of the holdings is set to a maximum of 25% of its NAV at the time of purchase. As part of our liquidity risk management, the Fund will hold a minimum of 2% of its NAV in Islamic Liquid Assets including cash at bank to manage Redemption requests from Unit Holders. The Fund will also maintain sufficient amount of portfolio in liquid sukuk to accommodate redemption. It is also the Fund's strategy to mitigate its liquidity risk by investing in Islamic CIS with similar investment objectives of the Fund subject to a total maximum exposure of 50% of the Fund's NAV. Investments in Islamic CIS can usually be redeemed on any Business Day at prices quoted daily and proceeds are generally paid within seven (7) Business Days in accordance with the Guidelines. Basically the Fund may suspend the Redemption requests from the Unit Holders under exceptional circumstances where the market value or fair value of a material portion of the Fund's assets cannot be determined. During the suspension period, the Redemption requests from the Unit Holders will not be accepted and such Redemption requests will only be accepted and processed on the next Business Day once the suspension is lifted. The action to suspend Redemption requests from the Unit Holders shall be exercised only as a last resort by the Manager after exhausting all possible avenues as mentioned above, particularly the liquidity risk management.

Areca Islamic incomeTRUST Fund	
PERMITTED INVESTMENTS	Unless otherwise prohibited by the relevant authorities or any relevant laws and provided always that there are no inconsistencies with the objective of the Fund. The Fund will invest in the followings: • Fixed Income Securities; • Sukuk; • Islamic Deposits with Financial Institutions; • Units or shares in Islamic CIS; and • Any other form of Shariah-compliant investment as may be agreed upon by the Manager and the Trustee from time to time.
INVESTMENT RESTRICTION	**The investment restrictions are as follows:** (i) The aggregate value of the Fund's investment in Shariah-compliant transferable securities that are not traded or dealt in or under the rules of an Eligible Market must not exceed 15% of the Fund's NAV, subject to a maximum limit of 10% of the Fund's NAV in a single issuer; (ii) The value of the Fund's investment in Shariah-compliant transferable securities and Islamic Money Market Instruments issued by any single issuer must not exceed 20% of the Fund's NAV ("single issuer limit"). However, the single issuer limit may be increased to 30% if the Sukuk is rated by any Malaysian or global rating agency to have the highest long-term credit rating. In determining the single issuer limit, the value of the Fund's investments in instruments in paragraph (i) issued by the same issuer must be included in the calculation; (iii) The value of the Fund's investment in Shariah-compliant transferable securities and Islamic Money Market Instruments issued by any group of companies must not exceed 30% of the Fund's NAV ("group limit"). In determining the group limit, the value of the Fund's investments in instruments in paragraph (i) issued by the issuer within same group of companies must be included in the calculation; (iv) The value of the Fund's placement in Islamic Deposits with any single Financial Institution must not exceed 20% of the Fund's NAV. The single financial institution limit does not apply to placements in Islamic Deposits arising from: (a) subscription monies received prior to the commencement of investment of the Fund; (b) liquidation of investments prior to the termination or maturity of the Fund, where the placement of Islamic Deposits with various Financial Institutions would not be in the best interests of Unit Holders; or (c) monies held for the settlement of Redemption or other payment obligations, where the placement of Islamic Deposits with various Financial Institutions would not be in the best interests of Unit Holders; (v) The aggregate value of the Fund's investment in or exposure to, a single issuer through, Shariah-compliant transferable securities, Islamic Money Market Instruments and Islamic Deposits must not exceed 25% of the Fund's NAV ("single issuer aggregate limit"). However, where the single issuer limit is increased to 30% pursuant to paragraph (ii) above, the single issuer aggregate limit may be raised to 30% of the Fund's NAV. In determining the single issuer aggregate limit, the value of the fund's investments in instruments in paragraph (i) issued by the same issuer must be included in the calculation; (vi) The value of the Fund's investment in units or shares of any Islamic CIS must not exceed 20% of the Fund's NAV provided that the Islamic CIS complies with the Guidelines;

Areca Islamic incomeTRUST Fund	
INVESTMENT RESTRICTION	(vii) The Fund's investment in Sukuk must not exceed 20% of Sukuk issued by any single issuer. However, the limit will be disregarded at the time of acquisition if at that time of acquisition, the gross amount of Sukuk in issue cannot be determined; (viii) The Fund's investment in Islamic Money Market Instruments must not exceed 10% of the instruments issued by any single issuer. However, the limit does not apply to Islamic Money Market Instruments that do not have a pre-determined issue size; (ix) The Fund's investment in Islamic CIS must not exceed 25% of the units or shares in the Islamic CIS; and (x) At least 2% of the Fund's NAV must be in Islamic Liquid Assets. The above limits and restrictions shall be complied with at all times based on the most up-to-date value of the Fund's investments. The Manager shall notify the SC, within seven (7) Business Days, of any breach of investment limits and restrictions with the steps taken to rectify and prevent such breach from recurring. However, any breach as a result of any appreciation or depreciation in value of the Fund's investments; repurchase of units or payment made out of the Fund; change in capital of a corporation in which the Fund has invested in; or downgrade in or cessation of a credit rating, need not be reported to the SC but must be rectified by the Manager as soon as practicable within three (3) months from the date of breach, unless otherwise specified in the Guidelines.
PERFORMANCE BENCHMARK	The Fund is benchmarked against Maybank's Islamic 6-month fixed deposit rate. The information on the benchmark is available at www.arecacapital.com and www.maybank2u.com.my
ENTRY FEE (SALES CHARGE)	Unit trust consultants, third-party distributors: Up to 3% of the net investment amount of the Fund
EXIT FEE	NIL
FEES AND EXPENSES - This table describes the fees that you may indirectly incur when you buy or redeem Units in the Fund.	
MANAGEMENT FEE	Up to 2.00% per annum of the NAV of the Fund.
TRUSTEE FEE	Up to 0.05% per annum of the NAV of the Fund, subject to a minimum fee of RM6,000 per annum. Minimum trustee fee of RM6,000 is waived for the first year and will only take effect in the second year from the launch of the Fund.
ANY OTHER FEES PAYABLE INDIRECTLY BY AN INVESTOR	These include but are not limited to: ▪ Commissions or fees paid to brokers or dealers; ▪ Auditor's fee; ▪ Tax adviser's fee; ▪ Valuation fee; ▪ Fund accounting fee; ▪ Remuneration and out of pocket expenses of the person(s) or members of a committee undertaking the oversight function of the Fund; ▪ Taxes and other duties charged on the Fund by the government and/or other authorities; ▪ Tax vouchers; ▪ Annual/semi-annual reports/statements; ▪ Shariah Adviser's fee; ▪ Cost incurred for the modification of the Deed other than those for the benefit of the Manager and/or Trustee; and ▪ Cost, fees and expenses incurred for any meeting of the Unit Holders save where such meeting is convened for the benefit of the Manager and/or the Trustee.

Areca Islamic incomeTRUST Fund	
TRANSACTIONS	
MINIMUM INITIAL INVESTMENT	RM10,000 or such other limit at the Manager's discretion.
MINIMUM ADDITIONAL INVESTMENT	RM1,000 or such other limit at the Manager's discretion.
MINIMUM REDEMPTION	10,000 Units or such other lower limit at the Manager's discretion.
MINIMUM BALANCE	You are required to redeem all your investment if you have less than 1,000 Units or such other lower amount as decided by the Manager.
REDEMPTION PAYMENT	We will pay you within seven (7) Business Days upon receipt of the duly completed original Redemption form. However, for this Fund, it is our general Redemption policy to make payment within three (3) Business Days (T+3 day). Please note that for third party distributors such as IUTA, the Redemption payment could be longer, however it is still within seven (7) Business Day as aforementioned. Redemption proceeds will be only paid to the principal holder, unless requested by the principal holder to pay to the Jointholder. We do not pay to any third-party.
DISTRIBUTION OF INCOME	Yearly, subject to the availability of realised income.
SWITCHING FACILITY	Available. However, switching from an Islamic fund to a conventional fund is discouraged especially for Muslim Unit Holders. Please check with the Manager or the distributors on the terms, risks and fees involved.
CUT-OFF TIME	All completed transaction forms and investment notice must be submitted to the Manager before the cut-off time, on any Business Day. We will process your transaction on the next Business Day if we receive your application after the cut-off time. Distributors may impose an earlier cut-off time if you purchase the Units through our distributors. Redemption proceeds will only be credited into your account after we receive your original Redemption form. Please refer to our company website, www.arecacapital.com for the cut-off time.
INCOME DISTRIBUTION RE-INVESTMENT POLICY	Unit Holders will have an option to receive income distribution via bank transfer or to re-invest. In the absence of written instructions from a Unit Holder, we shall be entitled to re-invest the income distributed from the Fund in additional Units of the Fund at the NAV per Unit at the end of the distribution day with no entry fee.
TRANSFER OF UNITS	Unit Holders are permitted to transfer part or all of their Units in the Fund to their immediate family members by completing a transfer form. However, for the transfer of Units to other investors, it is subject to the discretion of the Manager and the Manager reserve the rights to reject the transfer without assigning any reason. Transfers from corporate accounts to individual accounts are not permitted. You must submit the completed transfer form before the cut-off time on any Business Day. We will process your transaction on the next Business Day if we receive your application after the cut-off time. A transfer will be effected subject to the terms and conditions applicable for the Fund.

Areca Islamic incomeTRUST Fund	
SOFT COMMISSION	The Manager will retain soft commissions received from brokers or dealer, provided that: (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. 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.
COOLING-OFF RIGHTS	A cooling-off right will be given to you if you are investing in any unit trust funds managed by us for the first time. The cooling-off period given to you is six (6) Business Days commencing from the date of receipt of the investment application by us. The refund for every Unit held by you pursuant to the exercise of your cooling-off right should be:- • the NAV per Unit at the point of exercise of the cooling-off right ("market price"), if the NAV per Unit on the day the Units were purchased ("original price") is higher than the market price; or • the original price, if the market price is higher than the original price; together with the charges imposed on the day the Units were purchased. Where the market price is higher than the original price paid by an investor, we may agree to pay the investor the excess amount, provided that such amount is not paid out of the Fund or the assets of the Fund. A cooling-off right is given to an individual investor except for where such investor is an existing Unit Holder, a staff of the Manager or persons registered with a body approved by the SC to deal in unit trusts. The moneys to be refunded to you pursuant to the exercise of a cooling-off right will only be paid after we have received cleared funds for the original investment. You must submit the completed Cooling-off form before the cut-off time on any Business Day. We will process your transaction on the next Business Day if we receive your application after the cut-off time.

#The Fund is not a capital guaranteed fund.

There are fees and charges involved and you are advised to consider the fees and charges before investing in the Fund. All fees and charges are subject to any other taxes which the government may impose from time to time.

Unit prices and distributions payable, if any, may go down as well as up.

You should read and understand the contents of this Prospectus and, if necessary, consult your adviser. For information concerning certain risk factors which should be considered by you, see "Risk Factors" commencing on page 12.

RISKS FACTORS

All types of investments carry some degree of risks which may have an adverse effect on the price of the investments. Therefore, before making an investment decision, investors are advised to consider the different types of risks that may affect the unit trust fund. Below are some of the general risks of investing in the unit trust fund and specific risks associated with the investment portfolio of the Fund.

GENERAL RISKS OF INVESTING IN A UNIT TRUST FUND

- **Market Risk**
  Market risk refers to the possibility that an investment will lose value because of a general decline in financial markets, due to economic, political, social and/or other factors, which will result in a decline in the fund's net asset value. Market risk stems from the fact that there are economy-wide perils which impact all businesses. Investors will be exposed to market uncertainties no matter how a fund's investments are diversified. The fluctuations in the economy, political and social environment will affect the market price of the fund's investments either in a positive or negative way.
- **Manager's Risk**
  This risk refers to the day-to-day management of a fund by the manager which will impact the performance of the fund. For example, investment decisions undertaken by the manager, as a result of an incorrect view of the market or any non-compliance with internal policies, investment mandate, the deed, relevant law or guidelines due to factors such as human error or weaknesses in operational process and systems, may adversely affect the performance of the fund.
- **Liquidity Risk**
  Liquidity risks refer to the ease of liquidating an asset at or near its fair value depending on the asset's volume traded in the market. If the fund holds assets that are illiquid, or are difficult to dispose of, the value of the fund will be negatively affected when it has to sell such assets at unfavourable prices. In situation where the fund has insufficient cash and is unable to liquidate its assets due to market condition as aforesaid, redemption requests made by the unit holders are likely to be affected as the Manager may not be able to fulfil its payment obligation on time.
- **Financing Risk**
  The risk occurs when investors take a financing to finance their investment and thereafter unable to service the financing payments. If units are used as collateral, an investor may be required to top-up the investor's existing instalment if the prices of units fall below a certain level due to market conditions. Failing which, the units may be sold at a lower net asset value per unit as compared to the net asset value per unit at the point of purchase towards settling the financing.
- **Performance Risk**
  As a result of the risk elements, the returns from a fund are not guaranteed. The value of the fund's investment will vary when disposed and an investment may be worth more or less than when purchased.
- **Inflation Risk**
  This is the risk that investors' investment in the unit trust fund may not grow or generate income at a rate that keeps pace with inflation. This would reduce investors' purchasing power even though the value of the investment in monetary terms has increased.
- **Non-Compliance Risk**
  This risk refers to the possibility that the manager may not follow the provisions set out in the prospectus or the deed or the laws, rules, guidelines or internal operating policies which governs the fund. Non-compliance may occur directly due to factors such as human error or system failure and can also occur indirectly due to amendment on the relevant regulatory frameworks, laws, rules, and other legal practices affecting the fund. This risk may result in operational disruptions and potential losses to the fund. The Manager aims to reduce this risk by placing stringent internal policies and procedures and compliance monitoring processes to ensure that the fund is in compliance with the relevant regulations or guidelines.
- **Suspension of Redemption Request Risk**
  Having considered the best interests of Unit Holders, the Redemption requests by the Unit Holders may be subject to suspension due to exceptional circumstances, where the market value or fair value of a material portion of the fund's assets cannot be determined. In such case, Unit Holders will not be able to redeem their Units and will be compelled to remain invested in the Fund for a longer period of time than original timeline. Hence, their investments will continue to be subject to the risks inherent to the Fund.

SPECIFIC RISKS ASSOCIATED TO THE FUND

- **Credit/default risk**

  Credit/default risk relates to the creditworthiness of the issuer of the Fixed Income Securities, Islamic Money Market Instruments and Islamic Deposits and its expected ability to make timely payment of interest and/or principal. Any adverse situations faced by the issuer may impact the value as well as liquidity of the Fixed Income Securities, Islamic Money Market Instruments and Islamic Deposits. In the case of rated Fixed Income Securities and Islamic Money Market Instruments, this may lead to a credit downgrade. Default risk relates to the risk that an issuer of a Fixed Income Securities, Islamic Money Market Instruments and Islamic Deposits either defaulting on payments or failing to make payments in a timely manner which will in turn adversely affect the value of the Fixed Income Securities, Islamic Money Market Instruments and Islamic Deposits. This could adversely affect the value of the Fund.

- **Islamic CIS Risk**

  The Fund may invest into Islamic CIS which the Islamic CIS's management company has absolute discretion over the management and operations control as well as investment strategy of such Islamic CIS. In the event of mis-management of the Islamic CIS due to factors such as incorrect market view adopted by the Islamic CIS's management company or non-compliance with the Shariah investment requirements by the Islamic CIS, the performance of the Islamic CIS will be adversely affected. This will further impact the performance of the Fund.

- **Profit Rate Risk**

  Profit rate risk refers to the impact of profit rate changes on the Fixed Income Securities, Islamic Money Market Instruments and Islamic Deposits. Profit rate fluctuations affect the Fixed Income Securities', Islamic Money Market Instruments' and Islamic Deposits' returns of the Fund. Profit rates offered by the Financial Institutions will fluctuate according to the overnight rate policy determined by BNM and this has direct correlation with the Fund's investment in Fixed Income Securities, Islamic Money Market Instruments and Islamic Deposits. When profit rate rise, Fixed Income Securities and Islamic Money Market Instruments prices generally decline and this may lower the market value of the Fund's investment in Fixed Income Securities and Islamic Money Market Instruments. The reverse may apply when profit rate fall. The Fund's future reinvestment in Islamic Deposits will benefit from the higher profit rate and in the event of falling profit rates, the Fund's future investment in Islamic Deposits will be reinvested at lower profit rates which in turn will reduce the Fund's potential returns.

- **Shariah Non Compliance Risk**

  This is the risk of the Fund not conforming to Shariah Investment Guidelines. The appointed Shariah Adviser for the Fund would be responsible for ensuring that the Fund is managed and administered in accordance with Shariah Investment Guidelines. Note that as the Fund can only invest in Shariah-compliant instruments, non-compliance may adversely affect the NAV of Fund when the rectification of non-compliance results in losses.

  If the non-compliance is due to active breach by the Manager (i.e. buying a Shariah non-compliant investment), then any gain received arising from the disposal of the Shariah non-compliant investment shall be channelled to *Baitulmal* and/or charitable bodies; however, if there is a loss arising from the disposal, the Manager shall bear the loss, subject to the consultation with the Shariah Adviser. For further information, you may refer to "Shariah Investment Guidelines" issued by the Shariah Adviser on page 14 of this Prospectus on how the Shariah methodologies treat the investment gains and losses as a result of Shariah non-compliant investment.

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

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

SHARIAH INVESTMENT GUIDELINES

The following are the Shariah Investment Guidelines for the Fund, which the Manager, is to strictly adhere to on a continuous basis. At all times, the Fund shall invest in investment instruments that are allowed under the Shariah principles and shall not invest in investment instruments that are prohibited by the Shariah principles based on the Shariah Advisory Council of SC or the Shariah Adviser's established parameters, where applicable.

The following matters are adopted by the Shariah Adviser in determining the Shariah status of the Fund's investments.

A. INVESTMENT

1. Fixed Income Securities

For investment in Fixed Income Securities, the Fund may acquire any Fixed Income Securities based on the data available at:

- Bond Info Hub (www.bondinfo.bnm.gov.my)
- Fully Automated System for issuing/ tendering (https://fast.bnm.gov.my)

2. Sukuk

Sukuk are certificates that provide evidence of an investment into an underlying asset or a project which is typically an income generating asset or project. The Fund will only invest in sukuk which is approved by the SAC of the SC and/or other Shariah boards/standards acceptable to the Shariah Adviser.

3. Investment in Islamic Deposits

The Fund is prohibited from investing in interest-bearing deposits and recognizing any interest income.

4. Islamic CIS

The Fund may invest in domestic and foreign Islamic CIS. The domestic Islamic CIS must be authorised or approved by, or lodged with, the SC. For the foreign Islamic CIS, it must be approved by the Shariah Adviser upon review of the necessary and relevant documentation.

5. Any Other Shariah-compliant Investments

For avoidance of doubt, the documents relating to the Shariah liquidity management instrument should be submitted for prior approval by the Shariah Adviser. Where the Shariah Adviser request a change to the Shariah Investment Guidelines, it shall give the Manager a reasonable period of time to effect such change in the Prospectus in accordance with the requirements of any applicable law and regulation.

B. PURIFICATION PROCESS FOR THE FUND

1. Shariah Non-compliant Investments

The Manager will immediately dispose of any Shariah non-compliant investment inadvertently made in the Fund. If the disposal of the Shariah non-compliant investment results in losses to the Fund, the losses are to be borne by the Manager by ensuring the loss portion is restored and returned to the Fund. The said investment will be disposed/withdrawn with immediate effect or within a period of not more than one month after becoming aware of the status of the investment. In the event that there are any capital gains or dividend received before or after the disposal of the investment, such gains will be channeled to *Baitulmal and/*or any other charitable bodies as advised by the Shariah Adviser. The Fund have the right to retain only the investment cost.

C. PAYMENT OF ZAKAT

This refers to the purification by way of payment of zakat by Muslims. The Fund does not pay zakat on behalf of Muslim Unit Holders. Thus, Muslim Unit Holders are advised to pay zakat on their own.

The Shariah Adviser confirms that the investment portfolio of the Fund comprises instruments which have been classified as Shariah-compliant by the SAC of SC and, where applicable the SAC of BNM and/or the Shariah Supervisory Board of relevant Islamic Indices. As for instruments which have not been classified as Shariah-compliant by the SAC of SC and, where applicable the SAC of BNM and/or the Shariah Supervisory Board of relevant Islamic Indices, the status of the instruments has been determined by the Shariah Adviser.

TRANSACTION INFORMATION

BASES OF VALUATION OF THE ASSETS OF THE FUND

Investment Instruments	Valuation Basis
Shariah-compliant investment instruments that are listed and quoted on an exchange	The official closing price or last known transacted price on the Eligible Market on which the investment is quoted. However, if the price is not representative for example during abnormal market conditions or not available to the market including in the event of a suspension in the quotation of the investment instrument for a period exceeding 14 days, or such shorter period as agreed by the Trustee, the investment will be valued at fair value.
Shariah-compliant investment instruments not listed or quoted on an exchange	At fair value as determined in good faith by the Manager.

CALCULATION OF UNIT PRICES

Valuation Point

Every Business Day is a dealing day of the Fund where the Fund is open for sale and repurchase of Units by the Manager. The Fund will be valued at least once every Business Day. Under normal market condition, the Fund will be valued at the end of every Business Day and the Manager will publish the NAV per Unit on the Manager's website at www.arecacapital.com following the valuation of the Fund.

Single Pricing Policy

We adopt the single pricing policy to price the Units in relation to investment and Redemption of Units. This means that the selling of Units by the Manager (i.e. when you purchase Units and invest in the Fund) and repurchase of Units by the Manager (i.e. when you redeem your Units and liquidate your investments) will be carried out at NAV per Unit (the actual value of the Unit). The entry fee/exit fee (if any) would be computed separately based on your net investment/Redemption amount. The single price for investment and Redemption of Units shall be the daily NAV per Unit as at the next valuation point after the Manager receives the investment or Redemption application (i.e. forward pricing).

How Is The NAV (actual value) Per Unit Calculated?

The Manager will calculate the NAV of the Fund at the end of the valuation point. The NAV is defined as the total value of the Fund's investment, assets and properties less any liabilities or provisions. Where applicable, investment income, fees and other liabilities will be accrued daily in arriving at the NAV of the Fund. The NAV per Unit is then determined by dividing the NAV of the Fund by the number of Units in circulation at the valuation point rounded nearest to four (4) decimal places or as agreed between Manager and Trustee.

Illustration 1: Computation of NAV

		RM
	Securities Investment	224,607,604.00
Add:	Assets	2,320,028.00
		226,927,632.00
Less:	Liabilities	210,751.00
	NAV before deducting annual management fee and annual trustee fee for the day	226,716,881.00
Less:	Annual management fee for the day (2.00% per annum)	12,422.84
Less:	Annual trustee fee for the day (0.05% per annum)	310.57
	NAV	**226,704,147.59**

NAV per Unit

The NAV per Unit is then determined by dividing the NAV of the Fund by the number of Units in circulation at the valuation point. If the Units in circulation are 436,555,891 Units at the point of valuation, therefore:

Illustration 2: Computation of NAV per Unit

NAV per Unit of the Fund	**=** NAV ÷ Units in Circulation
	= RM226,704,147.59 ÷ 436,555,891
	= RM0.5193

Computation of Net Investment Amount and Units Entitlement

- For investors who make a lump sum payment inclusive of fees and any relevant taxes which may be imposed by government from time to time.

The net investment amount (excluding fees and taxes) is determined by dividing the lump sum payment (excluding bank charges) with a Charge Factor.

Charge Factor = 100% + Entry Fee in %

The number of Units invested is determined by dividing the net investment amount (excluding fee and taxes), with the NAV per Unit at the next valuation point after the Manager receives the investment application and rounded up to two (2) decimal places.

Illustration 3A: Allocation of Units to Investor	
Assuming you invest a lump sum of RM100,000 of gross investment amount with an entry fee of 2% and the NAV per Unit of the Fund is RM0.5193, therefore;	
	RM
Gross Investment amount	100,000.00
Divided by Charge Factor: 100% + (2%)	1.0200
Net Investment Amount	98,039.22
Divided by NAV per Unit	0.5193
Units credited to investor's account	188,791.10
Net Investment Amount	98,039.22
2% Entry Fee	1,960.78
Gross Investment Amount	100,000.00

- For investors who prefer an even (rounded) net investment amount

The number of Units invested is determined by dividing the net investment amount (excluding fee and taxes), with the NAV per Unit at the next valuation point after the Manager receives the investment application and rounded up to two (2) decimal places.

Illustration 3B: Allocation of Units to Investor	
Assuming you invest RM100,000 into the Fund, and the NAV per Unit of the Fund is RM0.5193, therefore;	
	RM
Net Investment amount	100,000.00
Add: Entry Fee of 2% (RM100,000 x 2%)	2,000.00
Total amount payable by investor	102,000.00
Net Investment Amount	100,000.00
Divided by NAV per Unit	0.5193
Units credited to investor's account	192,566.92

Calculation of Redemption Value

The Redemption value is the number of Units to be liquidated multiplied by the NAV per Unit as at the next valuation point, after the Manager receives the Redemption request.

Illustration 4: Calculation of Redemption proceeds paid to investor	
Assuming you request to redeem 20,000.00 Units of the Fund on 31 August 2022, and the NAV per Unit for the Business Day is RM0.5193, therefore;	
Number of Units redeemed	20,000.00
Multiply by NAV per Unit	0.5193
Net amount payable to investor	RM 10,386.00

Incorrect Valuation and Pricing

The Manager will take immediate remedial action to rectify in the event of incorrect valuation or pricing. Where the incorrect valuation or pricing is at or above the threshold of 0.5% of the NAV per unit, rectification will be extended to the reimbursement of money–

(a) by the Manager to the Fund;
(b) from the Fund to the Manager; or
(c) by the Manager to Unit Holders and former Unit Holders.

Notwithstanding the abovementioned, if the amount to be reimbursed to an individual account is less than RM10.00 in absolute amount, the requirement to reimburse does not apply.

DISTRIBUTION CHANNELS

The Fund is distributed through the Manager's head office, branches and authorised distributors. Please refer to the directory on page 38 or call us at 03-7956 3111 for list of contacts.

MAKING AN INVESTMENT

If you are investing for the first time, you are required to complete the account opening documents. Individual or joint application must be accompanied by either a copy of the applicant's identity card, passport or other identification.

Application by a corporation must be accompanied by a certified true copy of its memorandum and articles of association*, certificate of incorporation* (if applicable), form 24*, form 44*, form 49*, board resolution relating to the investment and other related documents required by the Manager.

** or any other equivalent documentation issued by the authorities*

Existing investors who wish to purchase additional Units can complete the Additional Investments form.

PAYMENT METHODS

- Via telegraphic or online transfer.
- By a crossed cheque or banker's cheque made payable to **"Areca Capital Sdn Bhd".**

WE DO NOT ACCEPT ANY FORM OF CASH PAYMENT (INCLUDING CASH DEPOSIT VIA CASH DEPOSIT MACHINE) AND PAYMENT MADE BY A THIRD PARTY.

INVESTOR MUST NOT MAKE PAYMENT IN CASH TO ANY INDIVIDUAL AGENT WHEN PURCHASING UNITS OF THE FUND.

ARECA CAPITAL SDN BHD AS IUTA

The Manager is an IUTA to distribute third party unit trust funds. The Fund may invest into collective investment schemes ("CIS") distributed by the Manager. In such circumstances, the Manager will NOT receive any fees or benefit from the distribution of third party funds that the Fund invested. Any fees received resulting from the Fund's holding in third party CIS will be channelled to the Fund.

CROSS TRADE POLICY

The Manager may undertake cross trades, i.e. sale and purchase transactions between funds or portfolios under the management of the Manager where the:-

i. sale and purchase decisions are in the best interest of the investor;
ii. reason for such transactions is documented prior to execution of the trades;
iii. transactions are executed through a dealer or a financial institution on an arm's length and fair value basis;
iv. the policies and procedures governing cross-trades have been approved by the person(s) or members undertaking the oversight function of the Fund; and
v. transactions will be reported to the Trustee and the person(s) or members undertaking the oversight function of the Fund.

SUSPENSION OF FUND

We may, after consultation with the Trustee and having considered the interests of the Unit Holders, suspend the dealing in Units due to exceptional circumstances stated in Risk Management under liquidity risk management, where there is good and sufficient reason to do so having regard to the interests of the Unit Holders.

Where a suspension of dealing of Units is triggered, the Manager will ensure that all Unit Holders are informed in a timely and appropriate manner of the decision to suspend dealing of Units of the Fund.

UNCLAIMED MONEYS POLICY

The Manager will re-invest any moneys payable to Unit Holder in the Fund, if such money remains un-credited to the Unit Holder banking account after three (3) months from the date of payment. In the event moneys payable are for the payment of redemption proceeds and those moneys remain unclaimed for such time as may be prescribed by the Unclaimed Moneys Act 1965, the Manager may deal with the redemption proceeds in accordance with the Unclaimed Moneys Act 1965.

ANTI-MONEY LAUNDERING POLICIES & PROCEDURES

Money laundering is a process intended to conceal the benefits derived from unlawful activities which are related, directly or indirectly, to any serious offence so that they appear to have originated from a legitimate source.

Under the Anti-Money Laundering and Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 (AMLA), any person who –

a) engages, directly or indirectly, in a transaction that involves proceeds of an unlawful activity or instrumentalities of an offence;

b) acquires, receives, possesses, disguises, transfers, converts, exchanges, carries, disposes of or uses proceeds of an unlawful activity or instrumentalities of an offence;

c) removes from or brings into Malaysia, proceeds of an unlawful activity or instrumentalities of an offence; or

d) conceals, disguises or impedes the establishment of the true nature, origin, location, movement, disposition, title of, rights with respect to, or ownership of, proceeds of an unlawful activity or instrumentalities of an offence,

commits a money laundering offence and shall on conviction be liable to imprisonment for a term not exceeding fifteen (15) years and shall also be liable to a fine of not less than five (5) times the sum or value of the proceeds of an unlawful activity or instrumentalities of an offence at the time the offence was committed or five (5) million ringgit, whichever is the higher.

We have anti-money laundering policies in place where investors need to complete Customer Information form and the Manager will perform check on all investors without exception. New investors must provide their identification documents for our verification. No individual/ corporation shall be allowed to do business with the Manager if they fail to provide their identity and/or attempt to give a false name or records. If a potential customer refuses to produce any requested information or sales personnel does not feel comfortable or is suspicious with the information provided, the transaction will be terminated.

All cases of suspicious transactions must be reported by the relevant staff to the Compliance Manager. The Compliance Manager is to obtain relevant information from the relevant staff where applicable and evaluate the evidence and report matters relating to AMLA to the Board of Director. A suspicious transaction report will then be submitted to the Financial Intelligence and Enforcement Department of BNM as well as the SC.

THE MANAGER: ARECA CAPITAL SDN BHD

Areca Capital Sdn Bhd was incorporated on 13 July 2006 under the Companies Act, 1965.

Areca is a licensed fund manager approved by the SC in February 2007. We are engaged in the business of managing, administering, marketing and distributing unit trust funds and managing and administering funds under private mandates and regulated activity of Financial Planning. We launched our 3 maiden funds in April 2007.

DUTIES AND RESPONSIBILITIES OF THE MANAGER

The Manager's principal duty is to manage and administer the Fund in a proper and efficient manner in accordance with the Deed, the Guidelines and relevant laws, acceptable and efficacious business practice within the unit trust industry and the internal controls and policies of the Manager. The Manager has covenanted in the Deed that it will exercise all due diligence and vigilance in carrying out its functions and duties, and in safeguarding the rights and interests of the Fund and Unit Holders.

ROLES AND FUNCTIONS OF THE BOARD OF DIRECTORS

Board of Directors of Areca Capital Sdn Bhd ("the Board")

The Board plays an active part in the affairs of the Manager. The Board meets at least once every quarter to receive recommendations and reports on investment activities from the person(s) or members undertaking the oversight function of the Fund and the senior representatives of the Manager. Information on the Board of Directors can be found at http://www.arecacapital.com/Board+of+Directors_5_1.htm.

DESIGNATED FUND MANAGER

Mr. Edward Toh is the designated fund manager responsible for the management of the Fund. Information on Mr. Edward Toh can be found at https://arecacapital.com/our-people/

LITIGATION AND ARBITRATION

As at 31 August 2022, Areca Capital Sdn Bhd is not engaged in any material litigation and arbitration, including those pending or threatened, and is not aware of any fact likely to give rise to any proceedings which might materially affect the business or financial position of Areca Capital Sdn Bhd.

You may visit our website at www.arecacapital.com for further information on Areca Capital Sdn Bhd, the designated fund manager and the Shariah Adviser.

THE TRUSTEE: MAYBANK TRUSTEES BERHAD

Maybank Trustees Berhad (196301000109 (5004-P)) is the Trustee of the Fund with its registered office at 8th Floor, Menara Maybank, 100 Jalan Tun Perak, 50050 Kuala Lumpur.

Maybank Trustees Berhad ("MTB") was incorporated on 12 April 1963 and registered as a Trust Company under the Trust Companies Act 1949 on 11 November 1963. It was one of the first local trust companies to provide trustee services with the objective of meeting the financial needs of both individual and corporate clients.

EXPERIENCE IN TRUSTEE BUSINESS

Maybank Trustees Berhad has acquired experience in the administration of unit trust funds/ schemes since 1991.

DUTIES AND RESPONSIBILITIES OF THE TRUSTEE

The Trustee's role is mainly to act as custodian of the Fund and to exercise all due diligence and vigilance in carrying out its functions and duties to safeguard the rights and interests of the Unit Holders. The Trustee is the legal owner of the assets in the Fund. The Trustee will exercise oversight functions over the operation and management of the Fund by the management company to safeguard the interests of the Unit Holders.

LITIGATION AND ARBITRATION

As at 31 August 2022, the Trustee is not engaged in any material litigation as plaintiff or defendant and the Trustee is not aware of any proceedings, pending or threatened or of any facts likely to give rise to any proceedings which might materially and adversely affect its financial position or business.

THE SHARIAH ADVISER: AMANIE ADVISORS SDN BHD

Amanie Advisors Sdn Bhd (''Amanie'') is a Shariah advisory, consultancy, training and research and development boutique for institutional and corporate clientele focusing on Islamic financial services. Amanie is a registered Shariah adviser with the SC. It has been established with the aim of addressing the global needs for experts' and Shariah scholars' pro-active input. This will ultimately allow the players in the industry to manage and achieve their business and financial goals in accordance with the Shariah Principles. Amanie also focuses on organizational aspect of the development of human capital in Islamic finance worldwide through providing updated quality learning embracing both local and global issues on Islamic financial products and services.

The company is led by Tan Sri Dr. Mohd Daud Bakar and teamed by an active and established panel of consultants covering every aspect related to the Islamic banking and finance industry both in Malaysia and the global market. Currently, the team comprises of eight (8) full-time consultants who represent dynamic and experienced professionals with a mixture of corporate finance, accounting, product development, Shariah law and education.

Amanie meets every quarter to address Shariah advisory matters pertaining to our Shariah funds. Since 2005, Amanie has acquired seventeen (17) years of experience in the advisory role of unit trusts and as at LPD, there are more than 120 funds which Amanie acts as Shariah adviser.

The Shariah Adviser is independent from the Manager and none of its Shariah team is holding office as a member of the person(s) or members undertaking the oversight function of the Fund or any other funds managed and administered by the Manager.

DUTIES AND RESPONSIBILITIES OF THE SHARIAH ADVISER

As the appointed Shariah Adviser for the Fund, the duties and responsibilities of Amanie include:

- Ensuring that the Fund is managed and administered in accordance with the Shariah principles;
- Perform Shariah assessment/evaluation on constituents of the benchmark index as and when requested by the Manager;
- Providing expertise and guidance for the Fund in all matters relating to Shariah principles, including on the Fund's Deed and Prospectus, its structure and investment process, and other operational and administrative matters;
- Consulting the SC who may consult the SAC of SC should there be any ambiguity or uncertainty as to an investment, instrument, system, procedure and/or process;
- Scrutinising the Fund's compliance report as provided by the compliance officer, transaction report provided by or duly approved by the Trustee and any other report deemed necessary for the purpose of ensuring the Fund's investments are in line with the Shariah principles;
- Preparing a report to be included in the Fund's annual reports certifying whether the Fund has been managed and administered in accordance with the Shariah principles;
- Ensuring that the Fund complies with any guideline, ruling or decision issued by the SC, including resolutions issued by the SAC of SC with regard to Shariah matters; and
- Vetting and advising on the promotional materials of the Fund.

Amanie will meet with the Manager once every quarter to review the Fund's investments to ensure compliance with Shariah principles and address Shariah advisory matters pertaining to the Fund, if any.

DESIGNATED SHARIAH ADVISER

TAN SRI DR MOHD DAUD BAKAR

Shariah Adviser/ Executive Chairman

Tan Sri Dr. Mohd Daud Bakar is the Founder and Executive Chairman of Amanie Group. One of its flagship companies namely Amanie Advisors, is operating in few cities globally. He currently serves as the Chairman of the Shariah Advisory Council at the Central Bank of Malaysia, the Securities Commission of Malaysia, Yayasan Pembangunan Ekonomi Islam Malaysia (YaPEIM), the Labuan Financial Services Authority and the First Abu Dhabi Bank.

He is also a Shariah board member of various global financial institutions, including the National Bank of Oman (Oman), Amundi Asset Management (France), Bank of London and Middle East (London), BNP Paribas Najma (Bahrain), Guidance Financial (USA), Salama Insurance (Dubai), Natixis Bank (Dubai), Oasis Asset Management (South Africa), Noor Islamic Bank (Dubai), Bank al-Khayr (Bahrain), Morgan Stanley (Dubai), Franklin Templeton (Kuala Lumpur and Luxembourg), Sedco Capital (Saudi and Luxembourg), Cagamas Berhad (Malaysia), S & P Islamic Index and Dow Jones Islamic Market Index (New York) amongst many others.

In the corporate world, he sits as a Board Director at Sime Darby Berhad and a member of the PNB Investment Committee. He is also the third Chair Professor in Islamic Banking and Finance of Yayasan Tun Ismail Mohamed Ali Berdaftar (YTI) PNB at Faculty of Economics and Muamalat, Universiti Sains Islam Malaysia (USIM).

In 2016, he received the "Award of Excellence for Outstanding Contribution for Shariah Leadership & Advisory" at London Sukuk Summit Awards and "Shariah Adviser Award" at The Asset Triple A Islamic Finance Award. In 2014, he received the "Most Outstanding Individual" award by His Majesty, the King of Malaysia, in conjunction with the national-level Prophet Muhammad's birthday.

Under his leadership, Amanie Advisors received the "Islamic Economy Knowledge Infrastructure Award" at the Global Islamic Economy Summit, Dubai 2015, by His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE and Ruler of Dubai, Oct 2015.

Prior to this, he was the Deputy Vice-Chancellor at the International Islamic University Malaysia. He received his first degree in Shariah from University of Kuwait in 1988 and obtained his PhD from University of St. Andrews, United Kingdom in 1993. In 2002, he completed his external Bachelor of Jurisprudence at University of Malaya.

His first book entitled "Shariah Minds in Islamic Finance: An Inside Story of A Shariah Scholar" has won the "Islamic Finance Book of the Year 2016" by the Global Islamic Finance Award (GIFA) 2016. His new released book on sukuk entitled "An Insightful Journey to Emirates Airline Sukuk: Pushing The Boundaries of Islamic Finance" has also won the "Best Islamic Finance Case 2017" by the GIFA 2017 in Kazakhstan.

SALIENT TERM OF THE DEED

UNIT HOLDERS' RIGHTS & LIABILITIES

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

Rights

As a Unit Holder of the Fund, and subject to the provisions of the Deed, you have the right to:

- receive distributions of income, if any;
- participate in any increase in the value of the Units;
- call for Unit Holders' meetings and to vote for the removal of the Trustee or the Manager through a Special Resolution;
- receive monthly statements, semi-annual and annual reports on the Fund;
- exercise such other rights and privileges as provided for in the Deed.

No Unit Holder shall be entitled to require the transfer to him of any of the assets of the Fund or be entitled to interfere with or question the exercise by the Trustee, or the Manager on its behalf, of the rights of the Trustee as the registered owner of such assets.

Liabilities

- No Unit Holder is liable for any amount in excess of the purchase price paid for the Units as determined pursuant to the Deed at the time the Units were purchased.
- A Unit Holder shall not be under any obligation to indemnify the Manager and/or the Trustee in the event that the liabilities incurred by the Manager and/or the Trustee in the name of or on behalf of the Fund pursuant to and/or in the performance of the provisions of the Deed exceed the value of the assets of the Fund, and any right of indemnity of the Manager and/or the Trustee shall be limited to recourse to the Fund.

UNIT HOLDERS' MEETING

- **Unit Holders' meeting requested by Unit Holders**

  Unless otherwise required or allowed by the relevant laws, the Manager shall, within twenty-one (21) days of receiving a direction from not less than fifty (50) or one-tenth (1/10) of all the Unit Holders whichever is less, summon a meeting of the Unit Holders by:

  (a) sending by post to each Unit Holder at his last known address or, in the case of Jointholders, to the Jointholder whose name stands first in the records of the Manager to the Jointholder's last known address at least seven (7) days before the date of the proposed meeting a notice of the proposed meeting to all the Unit Holders;

  (b) publishing at least fourteen (14) days before the date of the proposed meeting an advertisement giving notice of the proposed meeting in a national language newspaper published daily and another newspaper approved by the relevant authorities; and

  (c) specifying in the notice the place and time of the meeting and the terms of the resolutions to be proposed at the meeting.

The Unit Holders may direct the Manager to summon a meeting for any purpose including, without limitation, for the purpose of:

(a) requiring the retirement or removal of the Manager;

(b) requiring the retirement or removal of the Trustee;

(c) considering the most recent financial statements of the Fund;

(d) giving to the Trustee such directions as the meeting thinks proper; or

(e) considering any matter in relation to the Deed,

provided always that the Manager shall not be obliged to summon such a meeting unless a direction has been received from not less than fifty (50) or one-tenth (1/10) of all the Unit Holders, whichever is the lesser number.

- **Unit Holders meeting summoned by the Manager**

The Manager may for any purpose whatsoever summon a meeting of the Unit Holders by giving at least fourteen (14) days written notice of the meeting to Unit Holders; and specifying in the notice the place and time of the meeting and the terms of the resolutions to be proposed at the meeting.

- **Unit Holders meeting summoned by the Trustee**

Unless otherwise required or allowed by the relevant laws, a meeting of the Unit Holders summoned by the Trustee where:

a) the Manager is in liquidation,

b) in the opinion of the Trustee, the Manager has ceased to carry on business, or

c) in the opinion of the Trustee, the Manager has, to the prejudice of Unit Holders, failed to comply with the Deed or contravened any of the provisions of the CMSA,

shall be summoned by:

a) sending by post at least twenty-one (21) days before the date of the proposed meeting a notice of the proposed meeting to each of the Unit Holders at the Unit Holder's last known address or, in the case of Jointholders, to the Jointholder whose name stands first in the records of the Manager at the Jointholder's last known address; and

b) publishing at least twenty-one (21) days before the date of the proposed meeting an advertisement giving notice of the meeting in a national language newspaper published daily and another newspaper approved by the relevant authorities.

Unless otherwise required or allowed by the relevant laws, the Trustee may also summon a Unit Holders' meeting by giving at least fourteen (14) days written notice of the meeting to Unit Holder specifying in the notice the place and time of the meeting and the terms of the resolutions to be proposed at the meeting, for any purpose including, without limitation, for the purpose of:

a) requiring the retirement or removal of the Manager;

b) giving instructions to the Trustee or the Manager if the Trustee considers that the investment management policies of the Manager are not in the interests of Unit Holders;

c) securing the agreement of the Unit Holders to release the Trustee from any liability;

d) deciding on the next course of action after the Trustee has suspended the sale and Redemption of Units; and

e) deciding on the reasonableness of the annual management fee charged to the Fund.

THE MAXIMUM FEES AND CHARGES PERMITTED BY THE DEED

The maximum rates of entry fee and exit fee for the Fund as stipulated in the Deed are:

- **Sales Charge (Entry Fee)**
  The maximum rate of entry fees is 4% of the net investment amount.

- **Repurchase Charge (Exit Fee)**
  Nil.

The maximum rates of management fee and trustee fee for the Fund as stipulated in the Deed are:

- **Management fee**
  The maximum rate of the annual management fee is 2.00% per annum of the NAV of the Fund.

- **Trustee fee**
  The maximum rate of the annual trustee fee for the Fund is 0.05% per annum of the NAV of the Fund, subject to a minimum fee of RM6,000 per annum.

PROCEDURE ON INCREASE IN FEES AND CHARGES FROM THE LEVEL DISCLOSED IN THE PROSPECTUS

- **Entry Fee**
  A higher entry fee than that disclosed in the Prospectus may only be imposed if:

  a) the Manager has notified the Trustee in writing of the higher fee and the effective date for the higher fee;

  b) a supplemental prospectus or replacement prospectus in respect of the Fund setting out the higher fee is registered, lodged and issued; and

  c) such time as may be prescribed by any relevant law has elapsed since the effective date of the supplemental prospectus or replacement prospectus.

- **Exit Fee**
  A higher exit fee than that disclosed in the Prospectus may only be imposed if:

  a) the Manager has notified the Trustee in writing of the higher fee and the effective date for the higher fee;

  b) a supplemental prospectus or replacement prospectus in respect of the Fund setting out the higher fee is registered, lodged and issued; and

  c) such time as may be prescribed by any relevant law has elapsed since the effective date of the supplemental prospectus or replacement prospectus.

- **Annual Management Fee**
  The Manager may not charge an annual management fee at a rate higher than that disclosed in the Prospectus unless:

  a) the Manager has come to an agreement with the Trustee on the higher rate;

  b) the Manager has notified the Unit Holders of the higher rate and the date on which such higher rate is to become effective, such time as may be prescribed by any relevant law shall have elapsed since the notice is sent;

  c) a supplemental prospectus or replacement prospectus stating the higher rate is registered, lodged and issued thereafter; and

  d) such time as may be prescribed by any relevant law shall have elapsed since the date of the supplemental prospectus or replacement prospectus.

- **Annual Trustee Fee**

  The Trustee may not charge an annual trustee fee at a rate higher than that disclosed in the Prospectus unless:

  a) the Manager has come to an agreement with the Trustee on the higher rate;

  b) the Manager has notified the Unit Holders of the higher rate and the date on which such higher rate is to become effective, such time as may be prescribed by any relevant law shall have elapsed since the notice is sent;

  c) a supplemental prospectus or replacement prospectus stating the higher rate is registered, lodged and issued thereafter; and

  d) such time as may be prescribed by any relevant law shall have elapsed since the date of the supplemental prospectus or replacement prospectus.

PROCEDURE TO INCREASE THE MAXIMUM RATE OF FEES AND CHARGES PROVIDED IN THE DEED

The maximum sales charge or entry fee, exit fee, annual management fee or annual trustee fee set out in the Deed can only be increased if a Unit Holders' meeting has been held in accordance with the Deed. Thereafter, a supplemental deed proposing a modification to the Deed to increase the aforesaid maximum fees and charges is required to be submitted for registration with the SC accompanied by a resolution of not less than two-thirds (2/3) of all Unit Holders present and voting at the Unit Holders' meeting sanctioning the proposed modification to the Deed.

PERMITTED EXPENSES PAYABLE OUT OF THE FUND'S PROPERTY

Only the expenses (or part thereof) which are directly related and necessary in operating and administering the Fund may be charged to the Fund. These would include (but are not limited to) the following:

a) commissions or fees paid to brokers or dealers in effecting dealings in the Shariah-compliant investments of the Fund, shown on the contract notes or confirmation notes;

b) taxes and other duties charged on the Fund by the government and/or other authorities;

c) costs, fees and expenses properly incurred by the auditor;

d) fees for the valuation of any Shariah-compliant investment of the Fund;

e) costs, fees and expenses incurred for any modification of the Deed save where such modification is for the benefit of the Manager and/or the Trustee;

f) costs, fees and expenses incurred for any meeting of the Unit Holders save where such meeting is convened for the benefit of the Manager and/or the Trustee;

g) costs, commissions, fees and expenses of the sale, purchase, takaful and any other dealing of any Shariah-compliant asset of the Fund;

h) costs, fees and expenses incurred in engaging any specialist approved by the Trustee for investigating or evaluating any proposed Shariah-compliant investment of the Fund;

i) costs, fees and expenses incurred in engaging any adviser for the benefit of the Fund;

j) costs, fees and expenses incurred in the preparation and audit of the taxation, returns and accounts of the Fund;

k) costs, fees and expenses incurred in the termination of the Fund or the removal or retirement of the Trustee or the Manager and the appointment of a new Trustee or management company;

l) costs, fees and expenses incurred in relation to any arbitration or other proceedings concerning the Fund or any Shariah-compliant asset of the Fund, including proceedings against the Trustee or the Manager by the other for the

benefit of the Fund (save to the extent that legal costs incurred for the defence of either of them are not ordered by the court to be reimbursed by the Fund);

m) costs, fees and expenses deemed by the Manager to have been incurred in connection with any change or the need to comply with any change or introduction of any law, regulation or requirement (whether or not having the force of law) of any governmental or regulatory authority;

n) remuneration and out of pocket expenses of the person(s) or members of a committee undertaking the oversight function of the Fund, unless the Manager decides otherwise;

o) costs, fees and expenses incurred in connection with the printing and postage for the annual and semi-annual reports, tax certificates, reinvestment statements and other services associated with the administration of the Fund;

p) (where the custodial function is delegated by the Trustee) charges and fees paid to sub-custodians taking into custody any foreign assets of the Fund;

q) costs and expenses incurred in relation to the distribution of income (if any);

r) fees in relation to fund accounting; and

s) any tax now or hereafter imposed by law or required to be paid in connection with any costs, fees and expenses incurred under sub-paragraphs (a) to (r) above.

RETIREMENT, REMOVAL OR REPLACEMENT OF THE MANAGER

The Manager may retire upon giving 3 months' notice in writing to the Trustee of its desire to do so, or such other period as the Manager and the Trustee may agree upon, and may by Deed appoint in its stead and assign and transfer to the new manager all its rights and duties as management company of the Fund.

Subject to the provisions of any relevant law, the Trustee shall take all reasonable steps to remove the Manager:

a) if the Manager has failed or neglected to carry out its duties to the satisfaction of the Trustee and the Trustee considers that it would be in the interests of Unit Holders for it to do so after the Trustee has given notice to it of that opinion and the reasons for that opinion, and has considered any representations made by the Manager in respect of that opinion, and after consultation with the relevant authorities and with the approval of the Unit Holders by way of a Special Resolution;

b) unless expressly directed otherwise by the relevant authorities, if the Manager is in breach of any of its obligations or duties under the Deed or the relevant laws, or has ceased to be eligible to be a management company under the relevant laws; or

c) if the Manager has gone into liquidation, except for the purpose of amalgamation or reconstruction or some similar purpose, or has had a receiver appointed or has ceased to carry on business;

The Manager shall upon receipt of a written notice from the Trustee cease to be the management company of the Fund by the mere fact of the Manager's receipt of the notice. The Trustee shall, at the same time, by writing appoint some other corporation already approved by the relevant authorities to be the management company of the Fund; such corporation shall have entered into such deed or deeds as the Trustee may consider to be necessary or desirable to secure the due performance of its duties as management company for the Fund.

RETIREMENT, REMOVAL OR REPLACEMENT OF THE TRUSTEE

The Trustee may retire upon giving 3 months' notice in writing to the Manager of its desire to do so, or such other period as the Manager and the Trustee shall agree; and may by deed appoint in its stead a new trustee acceptable to the Manager and approved by the relevant authorities to be the new trustee of the Fund.

The Trustee may be removed and such corporation may be appointed as the replacement trustee by Special Resolution of the Unit Holders at a duly convened meeting of which notice has been given to the Unit Holders in accordance with the Deed.

The Manager shall take all reasonable steps to replace the Trustee as soon as practicable after becoming aware that:

- The Trustee has ceased to exist;
- The Trustee has not been validly appointed;
- The Trustee was not eligible to be appointed or to act as trustee under any relevant law;
- The Trustee has failed or refused to act as trustee in accordance with the provisions or covenants of the Deed or any relevant law;
- A receiver has been appointed over the whole or a substantial part of the assets or undertaking of the Trustee and has not ceased to act under that appointment;
- a petition has been presented for the winding up of the existing Trustee (other than for the purpose of and followed by a reconstruction, unless during or following such reconstruction, the Trustee becomes or is declared to be insolvent); or
- The Trustee is under investigation for conduct that contravenes the Trust Companies Act 1949, the Trustee Act 1949, the Companies Act 2016 or any relevant law.

TERMINATION OF THE FUND

The Fund may be terminated or wound up upon the occurrence of any of the following events:

- The SC has withdrawn the authorisation of the Fund pursuant to Section 256E of the CMSA;
- A Special Resolution is passed at a Unit Holders' meeting to terminate or wind up the Fund, following occurrence of events stipulated under section 301(1) of the CMSA and the court confirmed the resolution, as required under section 301(2) of the CMSA;
- A Special Resolution is passed at a Unit Holders' meeting to terminate or wind up the Fund.

Notwithstanding the aforesaid, if the Fund is left with no Unit Holders, the Manager shall be entitled to terminate the Fund. The Manager may also, in its absolute discretion and without having to obtain the prior approval of the Unit Holders, terminate and wind up the Fund if the Manager and the Trustee agree that it is no longer economical and to the best interests of the Unit Holders for the Manager to continue managing the Fund.

Upon the termination of the trust hereby created, the Trustee shall:

a) sell all the assets of the Fund then remaining in its hands and pay out of the Fund any liabilities of the Fund; such sale and payment shall be carried out and completed in such manner and within such period as the Trustee considers to be in the best interests of the Unit Holders; and

b) from time to time distribute to the Unit Holders, in proportion to the number of Units held by them respectively:

   i. the net cash proceeds available for the purpose of such distribution and derived from the sale of the investments and assets of the Fund less any payments for liabilities of the Fund; and

   ii. any available cash produce;

provided always that the Trustee shall not be bound, except in the case of final distribution, to distribute any of the moneys for the time being in his hands the amount of which is insufficient for payment to the Unit Holders of Ringgit

Malaysia Fifty sen (RM0.50) in respect of the total Units held by the Unit Holders and provided also that the Trustee shall be entitled to retain out of any such moneys in his hands full provision for all costs, charges, taxes, expenses, claims and demands incurred, made or anticipated by the Trustee in connection with or arising out of the winding-up of the Fund and, out of the moneys so retained, to be indemnified against any such costs, charges, taxes, expenses, claims and demands; each of such distribution shall be made only against the production of such evidence as the Trustee may require of the title of the Unit Holder relating to the Units in respect of which the distribution is made.

In the event of the trust hereby created being terminated:

(a) the Trustee shall be at liberty to call upon the Manager to grant the Trustee, and the Manager shall so grant, a full and complete release from the Deed;

(b) the Manager shall indemnify the Trustee against any claims arising out of the Trustee's execution of this Deed provided always that such claims have not been caused by any failure on the part of the Trustee to exercise the degree of care and diligence required of a trustee as contemplated by this Deed and all relevant laws;

(c) the Manager and the Trustee shall notify the relevant authorities in such manner as may be prescribed by any relevant law; and

(d) the Manager or the Trustee shall notify the Unit Holders in such manner as may be prescribed by any relevant law.

TERMINATION OF TRUST BY THE TRUSTEE

In any of the following events:

- if the Manager has gone into liquidation, except for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Trustee and the relevant authorities;
- if, in the opinion of the Trustee, the Manager has ceased to carry on business; or
- if, in the opinion of the Trustee, the Manager has to the prejudice of Unit Holders failed to comply with the provisions of the Deed or contravened any of the provisions of any relevant law.

The Trustee shall summon a meeting of Unit Holders for the purpose of seeking directions from the Unit Holders.

If at any such meeting a Special Resolution to terminate the trust in respect to the Fund and to wind-up the Fund is passed by the Unit Holders, the Trustee shall apply to the court for an order confirming such Special Resolution.

RELATED-PARTY TRANSACTION AND CONFLICT OF INTEREST

Areca Capital Sdn Bhd

We have in place policies and procedure to deal with any conflict of interest situations. All transactions with related parties are executed on terms that are best available to the Fund and which are no less favourable than arm's length transaction between independent parties.

Our directors or any employees may invest in the Fund managed or distributed by us. Trading in securities by our employees is allowed, provided that policies and procedures in respect of the personal account dealing are observed. An annual declaration of securities trading is required from all directors and employees to ensure there is no potential conflict of interest.

Maybank Trustees Berhad

As trustee for the Fund, there may be related party transaction involving or in connection with the Fund in the following events: -

1. Where the Fund is being distributed by the related party of the Trustee as IUTA;
2. Where the assets of the Fund are being custodised by the related party of the Trustee both as sub-custodian and/or global custodian of the Fund (Trustee's delegate); and
3. Where the Fund obtains financing as permitted under the Guidelines, from the related party of the Trustee.

The Trustee has in place policies and procedures to deal with any conflict of interest situation. The Trustee will not make improper use of its position as the owner of the Fund's assets to gain, directly or indirectly, any advantage or cause detriment to the interests of Unit Holders. Any related party transaction is to be made on terms which are best available to the Fund and which are no less favorable to the Fund than an arm's length transaction between independent parties.

Subject to any local regulations, the Trustee and/or its related group of companies may deal with each other, the Fund or any Unit Holder or enter into any contract or transaction with each other, the Fund or any Unit Holder or retain for its own benefit any profits or benefits derived from any such contract or transaction or act in the same or similar capacity in relation to any other scheme.

TAXATION ADVISER'S LETTER
ON TAXATION OF THE FUND AND UNIT HOLDERS
(Prepared for inclusion in this First Prospectus)

PricewaterhouseCoopers Taxation Services Sdn Bhd
Level 10, 1 Sentral, Jalan Rakyat
Kuala Lumpur Sentral
P.O.Box 10192
50706 Kuala Lumpur

The Board of Directors
Areca Capital Sdn Bhd
107, Block B, Pusat Dagangan Phileo Damansara 1
No. 9, Jalan 16/11, Off Jalan Damansara
46350 Petaling Jaya
Selangor

7 September 2022

TAXATION OF THE FUND AND UNIT HOLDERS

Dear Sirs,

This letter has been prepared for inclusion in the First Prospectus in connection with the Areca Islamic incomeTRUST Fund ("the Fund").

The taxation of income for both the Fund and the Unit Holders are subject to the provisions of the Malaysian Income Tax Act 1967 ("the Act"). The applicable provisions are contained in Section 61 of the Act, which deals specifically with the taxation of trust bodies in Malaysia.

TAXATION OF THE FUND

The Fund will be regarded as resident for Malaysian tax purposes since the Trustee of the Fund is resident in Malaysia.

(1) Domestic Investments

(i) General Taxation

Subject to certain exemptions, the income of the Fund consisting of dividends or interest or profit[1] (other than interest or profit[1] which is exempt from tax) and other investment income derived from or accruing in Malaysia, after deducting tax allowable expenses, is liable to Malaysian income tax at the rate of 24 per cent.

Gains on disposal of investments in Malaysia by the Fund will not be subject to Malaysian income tax.

(ii) Dividends and Other Exempt Income

Effective 1 January 2014, all companies would adopt the single-tier system. Hence, dividends received would be exempted from tax and the deductibility of expenses incurred against such dividend income would be disregarded. There will no longer be any tax refund available for single-tier dividends received. Dividends received from companies under the single-tier system would be exempted.

The Fund may receive Malaysian dividends which are tax exempt. The exempt dividends may be received from investments in companies which had previously enjoyed or are currently enjoying the various tax incentives provided under the law. The Fund will not be taxable on such exempt income.

Interest or profit[1] or discount income derived from the following investments is exempt from tax:

(a) Securities or bonds issued or guaranteed by the government of Malaysia;
(b) Debenture[2] other than convertible loan stocks, approved or authorized by, or lodged with, the Securities Commission Malaysia; and
(c) Bon Simpanan Malaysia issued by Bank Negara Malaysia.

Interest or profit[1] derived from the following investments is exempt from tax:

(a) Interest or profit[1] paid or credited by any bank or financial institution licensed under the Financial Services Act 2013 and Islamic Financial Services Act 2013;
(b) Interest or profit1 paid or credited by any development financial institution regulated under the Development Financial Institutions Act 2002;
(c) Bonds, other than convertible loan stocks, paid or credited by any company listed in Bursa Malaysia Securities Berhad ACE Market; and
(d) Interest or profit1 paid or credited by Malaysia Building Society Berhad[3].

The interest or profit[1] or discount income exempted from tax at the Fund's level will also be exempted from tax upon distribution to the Unit holders.

Exception: -

i. Wholesale money market fund

With effect from 1 January 2019, the exemption shall not apply to interest income or profit[1] credited to a unit trust that is a wholesale money market fund.

ii. Retail money market fund ("RMMF")

Based on the Finance Act 2021, the interest or profit[1] income of a RMMF will remain tax exempted under Paragraph 35A, Schedule 6 of the Act. However, resident and non-resident Unit Holders (other than individual Unit Holders), who receive income distributed from interest or profit[1] income of the RMMF which are exempted under Paragraph 35A of Schedule 6, will be subject to withholding tax ("WHT") at the rate of 24 per cent. This new WHT will be effective from 1 January 2022 onwards.

The WHT is to be withheld and remitted by the RMMF to the tax authorities within 30 days upon distribution of the income to the Unit Holders.

(2) Foreign Investments

With effect from 1 January 2022, the exemption of foreign-sourced income received in Malaysia is only applicable to a person who is a non-resident.

However, subject to qualifying conditions (also subject to compliance with conditions imposed by the Ministry of Finance as specified in the IRB's guidelines), the following foreign-sourced income received from 1 January 2022 to 31 December 2026 (5 years) will continue to be exempted from Malaysian income tax:

- Dividend income received by resident companies, limited liability partnerships and resident individual (in respect of dividend income received through a partnership business in Malaysia).

- All classes of income (excluding a source of income from a partnership business in Malaysia, which is received in Malaysia from outside Malaysia) received by resident individuals.

Based on clarifications from the IRB, foreign-sourced income (e.g. dividends, interest, etc.) of a resident Fund which is received in Malaysia will be subject to tax. There will be a transitional period from 1 January 2022 to 30 June 2022 where foreign-sourced income remitted to Malaysia will be taxed at the rate of 3 per cent on gross income. From 1 July 2022 onwards, any foreign-sourced income remitted to Malaysia will be subject to Malaysian income tax at the rate of 24 per cent for a resident Fund.

Such income from foreign investments may be subject to taxes or withholding taxes in the specific foreign country. Subject to meeting the relevant prescribed requirements, the Fund in Malaysia is entitled for double taxation relief on any foreign tax suffered on the income in respect of overseas investment.

Gains on disposal of foreign investments by the Fund will not be subject to Malaysian income tax.

The foreign income subjected to Malaysian tax at the Fund level will also be taxable upon distribution to the Unit Holders. However, the income distribution from the Fund will carry a tax credit in respect of the Malaysian tax paid by the Fund. Unit Holders will be entitled to utilise the tax credit against the tax payable on the income distribution received by them.

(3) Hedging Instruments

The tax treatment of hedging instruments would depend on the particular hedging instruments entered into.

Generally, any gain / loss relating to the principal portion will be treated as capital gain / loss. Gains / losses relating to the income portion would normally be treated as revenue gains / losses. The gain / loss on revaluation will only be taxed or claimed upon realisation. Any gain / loss on foreign exchange is treated as capital gain / loss if it arises from the revaluation of the principal portion of the investment.

(4) Tax Deductible Expenses

Expenses wholly and exclusively incurred in the production of gross income are allowable as deductions under Section 33(1) of the Act. In addition, Section 63B of the Act provides for tax deduction in respect of managers' remuneration, expenses on maintenance of the register of Unit Holders, share registration expenses, secretarial, audit and accounting fees, telephone charges, printing and stationery costs and postages based on a formula subject to a minimum of 10 per cent and a maximum of 25 per cent of the expenses.

(5) Real Property Gains Tax ("RPGT")

With effect from 1 January 2019, any gains on disposal of real properties or shares in real property companies[4] "chargeable asset" would be subject to RPGT as follows:-

Disposal time frame	RPGT rates (Companies incorporated in Malaysia and Trustee of a trust)
Within 3 years	30%
In the 4th year	20%
In the 5th year	15%
In the 6th year and subsequent years	10%

(6) Sales and Service Tax ("SST")

Effective from 1 September 2018, SST has been reintroduced to replace the Goods and Services Tax ("GST"). Both the Sales Tax Act 2018 and Services Tax Act 2018 have been gazetted on 28 August 2018. The rates for sales tax are nil, 5 per cent, 10 per cent or a specific rate whereas the rate for service tax is at 6 per cent.

Sales tax will be chargeable on taxable goods manufactured in or imported into Malaysia, unless specifically exempted by the Minister. Whereas, only specific taxable services provided by specific taxable persons will be subject to service tax. Sales tax and service tax are single stage taxes. As such, SST incurred would generally form an irrecoverable cost to the business.

In general, the Fund, being collective investment vehicle, will not be caught under the service tax regime.

Certain brokerage, professional, consultancy or management services obtained by the Fund may be subject to service tax at 6 percent. However, fund management services and trust services are excluded from service tax. With effect from 1 January 2019, service tax will apply to any taxable service that is acquired by any business in Malaysia from a non-Malaysian service provider. In this connection, the Fund, being non-taxable person who acquire imported taxable services (if any) will need to declare its imported taxable services through the submission of prescribed declaration, i.e. Form SST-02A to the Royal Malaysian Customs Department ("RMCD").

With effect from 1 January 2020, service tax on digital services was implemented at the rate of 6 per cent. Under the service tax on digital services, foreign service providers selling digital services to Malaysian consumers are required to register for and charge service tax. Digital services are defined as services which are delivered or subscribed over the internet or other electronic network, cannot be delivered without the use of IT and the delivery of the service is substantially automated.

Furthermore, the provision of digital services has also been prescribed as a taxable service when provided by a local service provider with effect from 1 January 2020. Hence, where the Fund obtains any of the prescribed digital services, those services may be subject to service tax at 6 percent.

TAXATION OF UNIT HOLDERS

Unit Holders will be taxed on an amount equivalent to their share of the total taxable income of the Fund to the extent of the distributions received from the Fund. The income distribution from the Fund will carry a tax credit in respect of the tax paid by the Fund. Unit Holders will be entitled to utilise the tax credit against the tax payable on the income distribution received by them. Generally, no additional withholding tax will be imposed on the income distribution from the Fund; unless the Fund is an RMMF, in which case there is a WHT on distribution from interest income of a RMMF which are exempted under Paragraph 35A of Schedule 6 and distributed to non-individual unitholders.

Non-resident Unit Holders may also be subject to tax in their respective jurisdictions. Depending on the provisions of the relevant country's tax legislation and any double tax treaty with Malaysia, the Malaysian tax suffered may be creditable against the relevant foreign tax.

Corporate Unit Holders, resident[5] and non-resident, will generally be liable to income tax at 24 per cent[6] on distribution of income received from the Fund. The tax credits attributable to the distribution of income can be utilised against the tax liabilities of these Unit Holders.

Individuals and other non-corporate Unit Holders who are tax resident in Malaysia will be subject to income tax at graduated rates ranging from 1 per cent to 30 per cent. Individuals and other non-corporate Unit Holders who are not resident in Malaysia will be subject to income tax at 30 per cent. The tax credits attributable to the distribution of income will be utilised against the tax liabilities of these Unit Holders.

The distribution of exempt income and gains arising from the disposal of investments by the Fund will be exempted from tax in the hands of the Unit Holders.

Based on the Finance Act 2021, in respect of distribution from a RMMF, resident and non-resident corporate Unit Holders (other than individual Unit Holders), who receive income distributed from interest or profit[1] income of the RMMF which are exempted under Paragraph 35A of Schedule 6, will be subject to WHT at the rate of 24 per cent, effective from 1 January 2022.

For resident corporate Unit Holders, the WHT is not a final tax. The resident corporate Unit Holders will need to subject the income distributed from interest or profit[1] income of a RMMF which are exempted under Paragraph 35A of Schedule 6 to tax in its income tax returns and the attached tax credit i.e. the 24 per cent WHT suffered will be available for set-off against the tax chargeable on the resident corporate Unit Holders.

For non-resident Corporate Unit Holders, the 24 per cent WHT on income distributed from interest or profit[1] income of a RMMF which are exempted under Paragraph 35A of Schedule 6, is a final tax.

Any gains realised by Unit Holders (other than those in the business of dealing in securities, insurance companies or financial institutions) on the sale or redemption of the units are treated as capital gains and will not be subject to income tax. This tax treatment will include in the form of cash or residual distribution in the event of the winding up of the Fund.

Unit Holders electing to receive their income distribution by way of investment in the form of new units will be regarded as having purchased the new units out of their income distribution after tax.

Unit splits issued by the Fund are not taxable in the hands of Unit Holders.

We hereby confirm that the statements made in this report correctly reflect our understanding of the tax position under current Malaysian tax legislation. Our comments above are general in nature and cover taxation in the context of Malaysian tax legislation only and do not cover foreign tax legislation. The comments do not represent specific tax advice to any investors and we recommend that investors obtain independent advice on the tax issues associated with their investments in the Fund.

Yours faithfully,
for and on behalf of
PRICEWATERHOUSECOOPERS TAXATION SERVICES SDN BHD

Lim Phaik Hoon
Partner

PricewaterhouseCoopers Taxation Services Sdn Bhd have given their written consent to the inclusion of their report as taxation adviser in the form and context in which they appear in this First Prospectus and have not, before the date of issue of the First Prospectus, withdrawn such consent.

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1 Under section 2(7) of the Income Tax Act 1967, any reference to interest shall apply, mutatis mutandis, to gains or profits received and expenses incurred, in lieu of interest, in transactions conducted in accordance with the principles of Syariah.

The effect of this is that any gains or profits received and expenses incurred, in lieu of interest, in transactions conducted in accordance with the principles of Shariah, will be accorded the same tax treatment as if they were interest.

2 Structured products approved by the Securities Commission Malaysia are deemed to be "debenture" under the Capital Markets and Services Act, 2007 and fall within the scope of exemption.

3 Exemption granted through letters from Ministry of Finance Malaysia dated 11 June 2015 and 16 June 2015 and it is with effect YA 2015.

4 A real property company is a controlled company which owns or acquires real property or shares in real property companies with a market value of not less than 75 per cent of its total tangible assets. A controlled company is a company which does not have more than 50 members and is controlled by not more than 5 person.

5 Resident companies with paid up capital in respect of ordinary shares of RM2.5 million and below and having an annual sales of not more than RM50 million will pay tax at 17 per cent for the first RM600,000 of chargeable income with the balance taxed at 24 per cent with effect from YA 2020.

With effect from YA 2009, the above shall not apply if more than –

(a) 50 per cent of the paid up capital in respect of ordinary shares of the company is directly or indirectly owned by a related company;
(b) 50 per cent of the paid up capital in respect of ordinary shares of the related company is directly or indirectly owned by the first mentioned company;
(c) 50 per cent of the paid up capital in respect of ordinary shares of the first mentioned company and the related company is directly or indirectly owned by another company.

"Related company" means a company which has a paid up capital in respect of ordinary shares of more than RM2.5 million at the beginning of the basis period for a YA.

6 Pursuant to Finance Act 2021, the income tax rate for a company (other than Micro, Small and Medium Enterprises) will be increased to 33 per cent if a company has chargeable income exceeding RM100,000,000 in YA 2022.

ADDITIONAL INFORMATION

You may always contact our team who would be happy to assist you in your:

- enquiry on balance account and market value;
- investment, Redemption, and transfer request;
- request to update personal details; and
- the Fund's NAV or any other queries regarding the Fund's performance.

You may choose to communicate with us via:-

- Telephone : 603 7956 3111
- Facsimile : 603 7955 4111
- E-mail : invest@arecacapital.com

In addition, you may also review the NAV per Unit of the Fund in any major local newspaper or visit our website at www.arecacapital.com to obtain more information on us, our products and services.

Investors can constantly keep abreast of their investment portfolio's via:-

- semi-annual report containing information of the Fund, a report on the Fund's performance and financial statements for the accounting period. The semi-annual report will be distributed (online or otherwise) to all Unit Holders within 2 months from the end of the financial period;
- an annual report containing information of the Fund, a report on the Fund's performance, audited financial statements for the accounting period and auditor's report. The annual report will be distributed (online or otherwise) to all Unit Holders within 2 months from the close of each financial year;
- www.arecacapital.com

Investors are advise to keep their statement for record purposes.

In the event of joint accounts, the principal holder shall receive the confirmation advices, all notices and correspondence with respect to the account, as well as any Redemption proceeds or income distributions.

The Fund is established pursuant to a Deed entered into between the Manager and the Trustee dated 5 September 2022.

THE FUND'S ANNUAL REPORT IS AVAILABLE UPON REQUEST.

DOCUMENTS AVAILABLE FOR INSPECTION

The following documents or copies thereof will be available for inspection (without charge) from the date of the Prospectus during normal business hours at the registered office of the Manager or such other place as the SC may determine:

- the Deed;
- this Prospectus and supplementary prospectus or replacement prospectus, if any;
- the latest Fund reports;
- each material contract disclosed in this Prospectus and, in the case of contracts not reduced in writing, a memorandum which gives full particular of the contracts;
- the audited financial statements of the Fund for the current financial year (where applicable) and for the last 3 financial years or if less than three years, from the date of incorporation or commencement;
- all reports, letters or other documents, valuations and statements by any expert, any part of which is extracted or referred to in this Prospectus. Where a summary expert's report is included in this Prospectus, the corresponding full expert's report should be made available for inspection;
- writ and relevant cause papers for all material litigation and arbitration disclosed in this Prospectus; and
- all consents given by experts disclosed in this Prospectus.

CONSENT

- The Trustee and Shariah Adviser have given their consent for the inclusion of their names and statements in the form and context in which they appear in this Prospectus and have not withdrawn such consent.
- The tax adviser has given its consent for the inclusion of its name and tax adviser's letter in the form and context in which they appear in this Prospectus and have not withdrawn such consent.

DIRECTORY

Units can be bought and sold on any Business Day from Monday to Friday at the following locations:

Our offices:

Head Office
107, Blok B, Pusat Dagangan Phileo Damansara I,
No.9 Jalan 16/11, Off Jalan Damansara,
46350 Petaling Jaya, Selangor.
Tel: 603-7956 3111
Email: invest@arecacapital.com

Branches:

Ipoh branch
11A, (First Floor)
Persiaran Greentown 5,
Greentown Business Centre,
30450 Ipoh, Perak.
Tel: 605-249 6697

Penang branch
368-2-02, Belissa Row,
Jalan Burma, Georgetown,
10350 Pulau Pinang.
Tel : 604-210 2011

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

Kuching branch
1st Floor, Sublot 3, Lot 7998,
Block 16, KCLD, Cha Yi Goldland,
Jalan Tun Jugah, Slutong,
93350 Kuching, Sarawak.
Tel : 082-572472

Johor Bahru
No. 105, Jalan Meranti Merah
Taman Melodies
80250 Johor Bahru
Tel : 607-336 3689

Kota Kinabalu
Unit 5-1-8, 1st Floor
Lorong Api-Api Centre
88000 Kota Kinabalu, Sabah
Tel: 088-276 757

We may appoint additional third party distributors to distribute the Fund. Please contact us at 03-7956 3111 for the updated list of appointed distributors.



ARECA CAPITAL SDN BHD (200601021087 (740840-D))
107, Block B, Pusat Dagangan Phileo
Damansara 1, No. 9, Jalan 16/11
Off Jalan Damansara, 46350 Petaling Jaya
Selangor, Malaysia

T 603 7956 3111 **F** 603 7955 4111
E invest@arecacapital.com
www.arecacapital.com

Pulau Pinang Branch
368-2-02 Belisa Row, Jalan Burma
Georgetown, 10350 Pulau Pinang
T 604 210 2011 **F** 604 210 2013

Ipoh Branch
11A, (First Floor), Persiaran Greentown 5
Greentown Business Centre, 30450 Ipoh, Perak
T 605 249 6697 **F** 605 249 6696

Melaka Branch
95-A, Jalan Melaka Raya 24
Taman Melaka Raya, 75000 Melaka
T 606 282 9111 **F** 606 283 9112

Kuching Branch
1st Floor, Sublot 3, Lot 7998, Block16
KCLD, Cha Yi Goldland, Jalan Tun Jugah / Stutong
93350 Kuching, Sarawak
T 082 572 472

Johor Branch
No. 105 Jalan Meranti Merah
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