

# PROSPECTUS

## ARECA SMALL-CAP & IPO FUND

**THIS PROSPECTUS IS DATED 18 MARCH 2026.**

**THE FUND IS CONSTITUTED ON 17 OCTOBER 2025.**

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 11.**

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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 Small-Cap & IPO 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.

## **SPECIFIC RISK DISCLOSURE STATEMENT**

The Manager will employ active and aggressive investment strategy by investing in companies that demonstrate high growth potential, with relatively greater risk. The investment may be more volatile as the value may rise or fall significantly.

## **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

<b>Areca/ Manager/ Management Company/ We/ Us/ Our</b>	Refers to Areca Capital Sdn Bhd;
<b>Auditor</b>	Deloitte Malaysia PLT (formerly known as Deloitte PLT 201706000019 (LLP0010145-LCA). The appointed auditor for the Fund.
<b>BNM</b>	Refers to Bank Negara Malaysia;
<b>Bursa Malaysia</b>	Means the stock exchange managed and operated by Bursa Malaysia Securities Berhad;
<b>Business Day</b>	A day on which Bursa Malaysia is open for trading;
<b>CIS</b>	Collective investment schemes which include exchange traded funds;
<b>CMSA</b>	The Capital Markets and Services Act, 2007 including all amendments thereto;
<b>Deed(s)</b>	The Deed in relation to the Fund and any other supplemental deeds that may be entered into from time to time between the Manager and the Trustee;
<b>Deposits</b>	Deposits with Financial Institutions;
<b>Eligible Market</b>	An exchange, government securities market or an over-the-counter market which is regulated by a regulatory authority of that jurisdiction, that is open to the public or to a substantial number of market participants and on which financial instruments are regularly traded;
<b>FIMM</b>	Refers to the Federation of Investment Managers Malaysia;
<b>Financial Institution</b>	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";
<b>Fund</b>	Refers to Areca Small-Cap & IPO Fund;
<b>Guidelines</b>	Guidelines on Unit Trust Funds issued by the SC as may be amended from time to time;
<b>High Water Mark / HWM</b>	The NAV per Unit on the last valuation point of the preceding Performance Period or the HWM for the preceding Performance Period, whichever is higher;
<b>HWM Value</b>	The value of the Unit-in-issue of the Fund measured at HWM of a valuation point, which is equal to total Unit-in-issue multiply by the HWM
<b>IUTA</b>	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;

<b>Jointholder</b>	A person who holds Units together with another person or persons and "Jointholders" means the persons who are holding the same Units;
<b>Liquid Assets</b>	Means any permitted investment capable of being converted into cash within seven (7) days;
<b>Medium to Long Term</b>	Refers to a period of three (3) years or more;
<b>Net Asset Value or NAV</b>	The value of all assets of the Fund less the value of all liabilities of the Fund at a valuation point;
<b>NAV per Unit</b>	The NAV after performance fee of the Fund at a particular valuation point divided by the total number of Units in circulation at the same valuation point;
<b>Performance Period</b>	A period of 12 months from 1 January to 31 December each year (except for first year, the Performance Period is a period of less than 12 months from the end of initial offer period to 31 December);
<b>RAM</b>	Refers to RAM Rating Services Berhad;
<b>Redemption</b>	The repurchase by the Manager of the Units owned by the Unit Holders upon a proper redemption request;
<b>RM</b>	Ringgit Malaysia, the lawful currency of Malaysia;
<b>SC</b>	Refers to the Securities Commission Malaysia established under the Securities Commission Malaysia Act 1993;
<b>Short Term Fixed Income Fund</b>	Refers to a fixed income fund with an average duration of the fixed income portfolio below 3 years;
<b>Small Market Capitalisation Companies</b>	Refers to companies with a market capitalisation of up to Ringgit Malaysia Five Billion (RM5 billion) each at the time of acquisition;
<b>Special Resolution</b>	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;
<b>Transferable Securities</b>	Shares or securities equivalent to shares;
<b>Trustee</b>	Refers to Maybank Trustees Berhad, includes its permitted assigns and successors in title and any new or replacement trustee of the Fund;
<b>Underlying Index</b>	An index tracked by a Leverage / Inverse Exchange Traded Fund;
<b>Units</b>	Means units of the Fund, it is a measurement of the right and/or interest of a Unit Holder in the Fund;
<b>Unit Holder/You</b>	A person for the time being who is registered pursuant to the Deed as a holder of Units, including a Jointholder;

## CORPORATE DIRECTORY

### **MANAGER**

**Areca Capital Sdn Bhd (Registration No. 200601021087 (740840-D))**

**Registered Address:**

Suite 30C, 3<sup>rd</sup> Floor, Wisma TCL,  
470 Jalan Ipoh, 3<sup>rd</sup> 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](http://www.arecacapital.com)  
E-mail: [invest@arecacapital.com](mailto:invest@arecacapital.com)

### **TRUSTEE**

**Maybank Trustees Berhad (Registration No. 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  
E-mail: [mtb.ut@maybank.com](mailto:mtb.ut@maybank.com)  
Website: [www.maybank2u.com.my](http://www.maybank2u.com.my)

**Trustee's Delegate**

**Malayan Banking Berhad (Registration No. 196001000142 (3813-K))**

(Maybank Securities Solution)

**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.

## INFORMATION OF THE FUND

<b>Areca Small-Cap &amp; IPO Fund</b>							
<b>CATEGORY OF THE FUND</b>	Equity						
<b>TYPE OF FUND</b>	Growth						
<b>TRUSTEE</b>	Maybank Trustees Berhad						
<b>INVESTMENT OBJECTIVE</b>	To provide investors with *high capital growth over Medium to Long Term. <i>Any material changes to the Fund's objective would require Unit Holder's approval.</i> <i>*"high capital growth" refers to total returns more than 10% per annum.</i>						
<b>ASSET ALLOCATION</b>	<table border="1"> <thead> <tr> <th style="text-align: center;">Asset Type</th> <th style="text-align: center;">% of the NAV</th> </tr> </thead> <tbody> <tr> <td>Malaysia equity and equity-related securities</td> <td>70%-98% of the NAV of the Fund</td> </tr> <tr> <td>Liquid Assets, money market instruments and Short Term Fixed Income Funds</td> <td>Minimum 2% of the NAV of the Fund</td> </tr> </tbody> </table>	Asset Type	% of the NAV	Malaysia equity and equity-related securities	70%-98% of the NAV of the Fund	Liquid Assets, money market instruments and Short Term Fixed Income Funds	Minimum 2% of the NAV of the Fund
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Liquid Assets, money market instruments and Short Term Fixed Income Funds	Minimum 2% of the NAV of the Fund						
<b>BASE CURRENCY</b>	RM						
<b>INITIAL OFFER PERIOD (IOP)</b>	21 days from the date of this Prospectus.						
<b>INITIAL OFFER PRICE</b>	RM 1.00						
<b>FINANCIAL YEAR END</b>	30 November						
<b>INVESTORS' PROFILE</b>	<p>The Fund is suitable for investors who:</p> <ul style="list-style-type: none"> <li>• seek high capital growth;</li> <li>• have a high risk tolerance;</li> <li>• have a Medium to Long Term investment horizon; and</li> <li>• seek exposure in investments in Small Market Capitalisation Companies.</li> </ul>						
<b>INVESTMENT STRATEGY</b>	<p>The Fund will invest in companies with strong growth potential and smaller market capitalisations of Ringgit Malaysia Five Billion (RM5 billion) or below at the time of acquisition. The Fund will also invest in equity-related securities which include call warrants, preference shares and convertible instruments. The Fund will participate selectively in initial public offerings ("IPOs") across all market capitalisations. For clarity, IPOs with a market capitalisation above RM5 billion at the time of subscription will be disposed of within twelve (12) months from listing. The Fund may invest in units or shares of other CIS which have similar objective. In addition, the Fund may also invest in money market instruments or Short Term Fixed Income Funds for the purpose of liquidity management or temporary defensive strategy.</p> <p>We will will employ an active and aggressive investment strategy by investing in companies that demonstrate high growth potential, with relatively greater risk. The investment may be more volatile as the value may rise or fall significantly. The Fund will be actively managed and targets an annual income distribution.</p> <p>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 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.</p>						

**Areca Small-Cap & IPO Fund**

<p><b>RISK MANAGEMENT</b></p>	<p>All investments carry an element of risk which may affect the Fund’s performance including capital losses arising from volatility of the stock 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.</p> <p>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.</p> <p>As part of our liquidity risk management, the Fund will hold a minimum of 2% of its NAV in Liquid Assets including cash at bank to manage Redemption requests from Unit Holders. The Fund will invest a minimum of 20% of its NAV in permitted investments which can be liquidated within 3 Business Days and not more than 20% of its NAV in illiquid permitted investments which not readily to be liquidated within 10 Business Days. It is also the Fund’s strategy to mitigate its liquidity risk by investing in CIS with similar investment objectives of the Fund. Investments in 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.</p>
<p><b>PERMITTED INVESTMENTS</b></p>	<p>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:</p> <ul style="list-style-type: none"> <li>• Equities and equity-related securities</li> <li>• Deposit with financial institutions;</li> <li>• Money market instruments; and</li> <li>• CIS.</li> </ul>
<p><b>INVESTMENT RESTRICTION</b></p>	<p><b>The investment restrictions are as follows:</b></p> <p>(i) The aggregate value of the Fund’s investment in Transferable Securities that are not traded or dealt in or under the rules of an Eligible Market and CIS that do not comply with the Guidelines 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 or single CIS, as the case may be;</p> <p>(ii) The value of the Fund’s investment in ordinary shares issued by any single issuer must not exceed 10% of the Fund’s NAV;</p> <p>(iii) The value of the Fund’s investment in Transferable Securities and money market instruments issued by any single issuer must not exceed 15% of the Fund’s NAV (“single issuer limit”). 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. The single issuer limit may be raised to 35% of the Fund’s NAV if the issuing entity is, or the issue is guaranteed by, either a foreign</p>

### Areca Small-Cap & IPO Fund

- government, foreign government agency, foreign central bank or supranational, that has a minimum long-term credit rating of investment grade (including gradation and subcategories) by an international rating agency. Where the single issuer limit is increased to 35% of the Fund's NAV, the single issuer aggregate limit may be raised, subject to the group limit not exceeding 35% of the Fund's NAV;
- (iv) The value of the Fund's placement in Deposits with any single institution must not exceed 20% of the Fund's NAV. The single financial institution limit does not apply to placements in Deposits arising from:
    - (a) subscription monies received prior to the commencement of investment of the Fund;
    - (b) liquidation of investments prior to the termination of the Fund, where the placement of 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 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 Transferable Securities, money market instruments, Deposits and underlying assets of derivatives must not exceed 25% of the Fund's NAV ("single issuer aggregate limit"). 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 CIS must not exceed 20% of the Fund's NAV provided that the CIS complies with the Guidelines;
  - (vii) The value of the Fund's investments in units or shares of a CIS that invests in real estate must be listed for quotation and traded on a stock exchange that is an Eligible Market. It must not exceed 15% of the Fund's NAV;
  - (viii) The value of the Fund's investment in Transferable Securities and money market instruments issued by any group of companies must not exceed 20% 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 issuers within the same group of companies must be included in the calculation;
  - (ix) The Fund's investment in shares or securities equivalent to shares must not exceed 10% of the shares or securities equivalent to shares, as the case may be, issued by any single issuer;
  - (x) The Fund's investments in debt securities must not exceed 20% of the debt securities issued by a single issuer. This limit may be disregarded at the time of acquisition if at that time of acquisition the gross amount of debt securities in issue cannot be determined;
  - (xi) The Fund's investments in money market instruments must not exceed 10% of the instruments issued by any single issuer. This limit does not apply to money market instruments that do not have a predetermined issue size;
  - (xii) The Fund's investment in CIS must not exceed 25% of the units or shares in the CIS;
  - (xiii) The Fund's exposure from its derivatives position should not exceed the Fund's NAV at all times; and
  - (xiv) At least 2% of the Fund's NAV must be in 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.

<b>Areca Small-Cap &amp; IPO Fund</b>					
	<p><u>Commitment Approach</u></p> <p>The global exposure of the Fund to derivatives is calculated as the sum of the:</p> <p>(a) absolute value of the exposure of each individual derivative not involved in netting or hedging arrangements; and</p> <p>(b) absolute value of the net exposure of each individual derivative after netting or hedging arrangements.</p>				
<b>PERFORMANCE BENCHMARK</b>	<p>The Fund is benchmarked against 1-year Average Returns (which can be obtained from the weekly Edge/ Lipper Fund Table) of the Funds under "Equity Malaysia Small &amp; Mid-Cap" Non Islamic category. The information on the benchmark is available at <a href="http://www.arecacapital.com">www.arecacapital.com</a>.</p>				
<b>ENTRY FEE (SALES CHARGE)</b>	<p>Unit trust consultants, third-party distributors: Up to 3% of the net investment amount of the Fund</p>				
<b>EXIT FEE</b>	<p>NIL</p>				
<b>FEES AND EXPENSES</b> - This table describes the fees that you may indirectly incur when you buy or redeem Units in the Fund.					
<b>MANAGEMENT FEE</b>	<p>Up to to 6.00% per annum of the NAV of the Fund, i.e. Base Management Fee + Performance Fee</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">Base Management Fee</td> <td>1.00% per annum of the NAV of the Fund</td> </tr> <tr> <td>Performance Fee</td> <td>10% performance fee on the appreciation in the NAV during a Performance Period, subject to a maximum of 5% per annum of the NAV of the Fund. (Please refer to page 16 for the illustration)</td> </tr> </table>	Base Management Fee	1.00% per annum of the NAV of the Fund	Performance Fee	10% performance fee on the appreciation in the NAV during a Performance Period, subject to a maximum of 5% per annum of the NAV of the Fund. (Please refer to page 16 for the illustration)
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Performance Fee	10% performance fee on the appreciation in the NAV during a Performance Period, subject to a maximum of 5% per annum of the NAV of the Fund. (Please refer to page 16 for the illustration)				
<b>TRUSTEE FEE</b>	<p>Up to 0.06% per annum of the NAV of the Fund, subject to a minimum fee of RM12,000 per annum. The information on the trustee's fee being charged is available at <a href="http://www.arecacapital.com">www.arecacapital.com</a>. and fund factsheet.</p>				
<b>ANY OTHER FEES PAYABLE INDIRECTLY BY AN INVESTOR</b>	<p>These include but are not limited to:</p> <ul style="list-style-type: none"> <li>▪ Commissions or fees paid to brokers or dealers;</li> <li>▪ Auditor's fee;</li> <li>▪ Tax adviser's fee;</li> <li>▪ Valuation fee;</li> <li>▪ Fund accounting fee;</li> <li>▪ Remuneration and out of pocket expenses of the person(s) or members of a committee undertaking the oversight function of the Fund;</li> <li>▪ Taxes and other duties charged on the Fund by the government and/or other authorities;</li> <li>▪ Tax vouchers;</li> <li>▪ Annual/semi-annual reports/statements;</li> <li>▪ Cost incurred for the modification of the Deed other than those for the benefit of the Manager and/or Trustee; and</li> <li>▪ 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.</li> </ul>				
<b>TRANSACTIONS</b>					
<b>MINIMUM INITIAL INVESTMENT</b>	<p>RM10,000 or such other limit at the Manager's discretion.</p>				
<b>MINIMUM ADDITIONAL INVESTMENT</b>	<p>RM1,000 or such other limit at the Manager's discretion.</p>				

<b>Areca Small-Cap &amp; IPO Fund</b>	
<b>MINIMUM REDEMPTION</b>	10,000 Units or such other lower limit at the Manager's discretion.
<b>MINIMUM BALANCE</b>	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.
<b>REDEMPTION PAYMENT</b>	<p>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.</p> <p>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.</p>
<b>DISTRIBUTION POLICY</b>	Annual distribution (if any) and subject to the availability of realised income.
<b>SWITCHING FACILITY</b>	Available.
<b>CUT-OFF TIME</b>	All completed transaction forms and investment notice must be submitted to the Manager before the cut-off time, on any Business Day. We will process your transaction on the next Business Day if we receive your application after the cut-off time. Distributors may impose an earlier cut-off time if you purchase the Units through our distributors. Redemption proceeds will only be credited into your account after we receive your original Redemption form. Please refer to our company website, <a href="http://www.arecacapital.com">www.arecacapital.com</a> for the cut-off time.
<b>INCOME DISTRIBUTION RE-INVESTMENT POLICY</b>	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.
<b>TRANSFER OF UNITS</b>	<p>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.</p> <p>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.</p>

<b>Areca Small-Cap &amp; IPO Fund</b>	
<b>SOFT COMMISSION</b>	<p>The Manager will retain soft commissions received from brokers or dealer, provided that:</p> <ul style="list-style-type: none"> <li>(a) the soft commissions bring direct benefit or advantage to the management of the Fund and may include research and advisory related services;</li> <li>(b) any dealing with the broker or dealer is executed on terms which are the most favourable for the Fund; and</li> <li>(c) the availability of soft commissions is not the sole or primary purpose to perform or arrange transactions with such broker or dealer, and the Manager shall not enter into unnecessary trades in order to achieve a sufficient volume of transactions to qualify for soft commissions.</li> </ul> <p>The soft commissions may be in the form of goods and services such as data and quotation services, computer software incidental to the management of the Fund and investment related publications. Cash rebates, if any, will be directed to the account of the Fund.</p>
<b>COOLING-OFF RIGHTS</b>	<p>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:-</p> <ul style="list-style-type: none"> <li>• 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</li> <li>• the original price, if the market price is higher than the original price;</li> </ul> <p>together with the charges imposed on the day the Units were purchased.</p> <p>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.</p> <p>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.</p> <p>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.</p>

**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 11.**

## **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**

- **Stock Specific Risk**

Prices of a particular stock may fluctuate in response to the circumstances affecting individual companies such as adverse financial performance, news of a possible merger or loss of key personnel of a company. Any adverse price movements of such stocks will adversely affect the Fund's NAV.

- **Equity-related Securities Risk**

A Fund that invest in equity-related securities such as rights and warrants, where price movement is dependent on the price movement of the underlying equities the risk is generally higher than their underlying equities as these equity related securities are leveraged form of investment. The price of equity-related securities generally fluctuates more than the underlying equities and consequently may affect the volatility of the Fund's NAV. For example, warrants have a limited life and will depreciate in value as they approach their maturity date. If a warrant's exercise price is above the share price at any time during its remaining subscription period, the warrant will theoretically carry little value and warrants that are not exercised at the maturity date become worthless.

- **Business Risk Of Emerging Companies**

This risk is associated with investments in small cap companies. Emerging companies may be more volatile and risky compared with mature and well-established companies. Any irregular fluctuation of the stocks of these companies may affect the Unit price as the price of Units may also fluctuate.

- **Leveraged Exchange Traded Fund (LETF) and Inverse Exchange Traded Fund (IETF) Risk**

Investment in LETF and IETF can provide disproportionate gains as well as disproportionate losses to the Fund. The LETF utilizes leverage to obtain the required exposure of multiple times of its Net Asset Value (e.g. 200%) to the Underlying Index while the IETF will obtain the required exposure of substantial (e.g. up to -100%) of its Net Asset Value to the Underlying Index. As such, gains and losses will be magnified and thus will affect the Fund's NAV.

- **IPO Risk**

The Fund may invest in companies at their IPO stage, where securities can experience high volatility, low liquidity, and speculative trading. Such price fluctuations may adversely affect the Fund's NAV.

**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.**

**BASES OF VALUATION OF THE ASSETS OF THE FUND**

<b>Investment Instruments</b>	<b>Valuation Basis</b>
Investment instruments that are listed and quoted on an exchange	<p>The official closing price or last known transacted price on the Eligible Market on which the investment is quoted.</p> <p>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.</p>
Investment instruments not listed or quoted on an exchange	At fair value as determined in good faith by the Manager.

**TRANSACTION INFORMATION**

**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. 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](http://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.

Please note that the example below is for illustration only:

<b>Illustration 1: Computation of NAV</b>		<b>RM</b>
	Securities Investment	10,050,000.00
<b>Add:</b>	Assets	310,000.00
		10,360,000.00
<b>Less:</b>	Liabilities	1,023.83
	NAV before deducting annual management fee, annual trustee fee and performance fee for the day	10,358,976.17
<b>Less:</b>	Annual management fee for the day (1.00% per annum)	283.81
<b>Less:</b>	Annual trustee fee for the day (0.06% per annum)	17.03
	<b>Total NAV before performance fee (after deducting management fee and trustee fee)</b>	<b>10,358,675.33</b>
<b>Less:</b>	Performance fee for the day $((1.0349-1.0000)*10\%* 10,009,780.91 \text{ units})$	34,934.14
	<b>Total NAV after performance fee (after deducting management fee, trustee fee and performance fee)</b>	<b>10,323,741.20</b>
<i>Assuming the HWM is RM1.0000 and the total Units in circulation is 10,009,780.91 (based on Day 4 illustration on performance fee)</i>		

#### 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 10,009.780.91 Units at the point of valuation, therefore:

<b>Illustration 2: Computation of NAV per Unit</b>	
NAV per Unit of the Fund	= NAV ÷ Units in Circulation
NAV per Unit of the Fund before performance fee	= RM10,358,675.33 ÷ 10,009,780.91 = RM1.0349
NAV per Unit of the Fund after performance fee	= RM10,323,741.20 ÷ 10,009,780.91 = RM1.0314

#### 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 RM1.0314, 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	1.0314
Units credited to investor's account	95,054.51
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 RM1.0314, 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	1.0314
Units credited to investor's account	96,955.59

## Performance Fee

The Manager will earn a 10% performance fee on the appreciation in the NAV per Unit (before performance fee) over and above the High Water Mark (HWM) during a Performance Period (a period of 12 months from 1 January to 31 December each year except for the first year, the Performance Period is a period of less than 12 months from the end of Initial Offer Period to 31 December), subject to a maximum of 5% per annum of the NAV of the Fund. The performance fee is calculated and readjusted on a daily basis. Although the calculation is on a daily basis, the performance fee is only payable to the Manager at the end of each Performance Period:

- (a) if there is an appreciation in the NAV per Unit (before performance fee) over and above the High Water Mark at the end of the particular Performance Period; and
- (b) if the Manager receives a redemption request at a time when the NAV per Unit (before performance fee) is higher than the HWM, during the Performance Period; the performance fee is chargeable to the redeeming Unit Holder regardless of the Fund's performance at the end of the particular Performance Period.

If the Fund's performance (NAV per Unit before performance fee) exceeds the HWM on any particular day, the applicable performance fee for the day will be accrued and accounted as a liability of the Fund in computing the NAV per Unit on that day, and this will reduce the NAV per Unit for that day. Correspondingly, if the Fund's performance (NAV per Unit before performance fee) does not exceed the HWM on any particular day, there is no performance fee charged. Performance fee which has been accrued and accounted as liability of the Fund on the previous day will be reversed (i.e. reverted to zero) except for the performance fee charged on redeemed units. This is to ensure that no performance fee will be charged to a unit holder realising his/her units on a day when the Fund's performance does not exceed the HWM. The performance fee (if any) accrued as at the end of each Performance Period shall be paid to the Manager as soon as practicable following the end of a Performance Period out of the Fund.

Performance fee equalisation is not adopted. As such, the performance fee payable in respect of units held may not correspond to the actual performance of those units. The performance fee is not determined on the Fund's performance from the point of subscription for units by investors. It is possible for a unit holder to incur performance fee on his or her units even though the return on his or her units is negative. For example, if the unit holder redeems his or her units at a lower NAV per Unit than when he or she subscribed for such units and the NAV per Unit exceeds the High Water Mark on the date of redemption, performance fee is chargeable to such units.

## High Water Mark, HWM

The Manager will determine the HWM at the beginning of every Performance Period.

The HWM for the 1st Performance Period will be the initial offer price of RM1.00. For subsequent Performance Periods, the HWM will be the higher of:

- i. the NAV per Unit on the last valuation point of the previous Performance Period; and
- ii. the HWM for the previous Performance Period.

Please find below the illustration on the entitlement of performance fee:

Table 1:

Performance Period	HWM (RM)	NAV per Unit as at the valuation point of a Performance Period	Performance Fee	Remarks for HWM resetting
	A	B	If B>A	If B > A, to <b>reset</b> the HWM for the next Performance Period If B < A, to <b>remain</b> the HWM for the next Performance Period
Year 1	1.0000	1.0545	Yes	Reset (to RM1.0545)
Year 2	1.0545	1.0237	No	Remain (at RM1.0545)
Year 3	1.0545	1.0189	No	Remain (at RM1.0545)
Year 4	1.0545	1.1600	Yes	Reset (to RM1.1600 for Year 5)

**Illustration on calculation of performance fee with HWM**

Performance fee	: 10% of profit (subject to 5% p.a.)
Management fee	: 1% p.a.
Trustee's fee	: 0.06% p.a.
Audit fee	: RM10,000 p.a.
Tax agent fee	: RM3,000 p.a.

**Year 1: HWM is RM1.0000****Day 1- There is no subscription or redemption**

	<b>RM</b>
<b>Assets</b>	
Investment	-
Bank	10,000,000.00
<b>Other Assets</b>	
Amount due from Manager	-
<b>Total Assets</b>	<b>10,000,000.00</b>
<b>Liabilities</b>	
Management fee payable	-
Trustee's fee payable	-
Audit fee payable	27.40
Tax agent fee payable	8.22
Amount due to Manager	-
<b>Total Liabilities</b>	<b>35.62</b>
<b>Gross Asset Value (GAV)</b>	<b>9,999,964.38</b>
Management fee for the day	273.97
Trustee's fee for the day	16.44
<b>NAV before performance fee</b>	<b>9,999,673.97</b>
Performance fee	-
<b>NAV after performance fee</b>	<b>9,999,673.97</b>
<b>Total Units in Circulation</b>	<b>10,000,000.00</b>
NAV per unit before performance fee	RM 1.0000
<b>NAV per unit after performance fee</b>	<b>RM 1.0000</b>

There is no performance fee charges as the NAV per unit (before performance fee) is same as HWM.

**Day 2- There is no subscription or redemption**

	<b>RM</b>
<b>Assets</b>	
Investment	9,800,000.00
Bank	300,000.00
<b>Other Assets</b>	
Amount due from Manager	-
<b>Total Assets</b>	<b>10,100,000.00</b>
<b>Liabilities</b>	
Management fee payable	273.97
Trustee's fee payable	16.44
Audit fee payable	54.79
Tax agent fee payable	16.44
Amount due to Manager	-
<b>Total Liabilities</b>	<b>361.64</b>
<b>Gross Asset Value (GAV)</b>	<b>10,099,638.36</b>
Management fee for the day	276.70
Trustee's fee for the day	16.60
<b>NAV before performance fee</b>	<b>10,099,345.05</b>
Performance fee	9,900.00
<b>NAV after performance fee</b>	<b>10,089,445.05</b>
<b>Total Units in Circulation</b>	<b>10,000,000.00</b>
NAV per unit before performance fee	RM 1.0099
<b>NAV per unit after performance fee</b>	<b>RM 1.0089</b>
<b>Performance fee</b>	<b>RM</b>
NAV before performance fee	1.0099
HWM	1.0000
	0.0099
Performance fee charged for the day (RM0.0099 x 10% x 10,000,000 units)	9,900.00

There is performance fee charged as the NAV per unit (before performance fee) is above HWM.

**Day 3- There are subscriptions of RM10,000 but no redemptions**

	<b>RM</b>
<b>Assets</b>	
Investment	9,950,000.00
Bank	300,000.00
<b>Other Assets</b>	
Amount due from Manager	-
<b>Total Assets</b>	<b>10,250,000.00</b>
<b>Liabilities</b>	
Management fee payable	550.67
Trustee's fee payable	33.04
Audit fee payable	82.19
Tax agent fee payable	24.66
Amount due to Manager	-
<b>Total Liabilities</b>	<b>690.56</b>
<b>Gross Asset Value (GAV)</b>	<b>10,249,309.44</b>
Management fee for the day	280.80
Trustee's fee for the day	16.85
<b>NAV before performance fee</b>	<b>10,249,011.79</b>
Performance fee	24,900.00
<b>NAV after performance fee</b>	<b>10,224,111.79</b>
<b>Total Units in Circulation</b>	<b>10,000,000.00</b>
NAV per unit before performance fee	RM 1.0249
<b>NAV per unit after performance fee</b>	<b>RM 1.0224</b>
NAV after performance fee	RM 10,224,111.79
Subscription request	RM 10,000.00
<b>NAV after incorporating subscription</b>	<b>RM 10,234,111.79</b>
No. of additional units subscribed (RM10,000/RM1.0224)	9,780.91
<b>Total Units in Circulation after subscription</b>	<b>10,009,780.91</b>
<b>NAV per unit after incorporating subscription</b>	<b>1.0224</b>

<b>Performance fee</b>	<b>RM</b>
NAV before performance fee	1.0249
HWM	1.0000
	0.0249
Performance fee charged for the day (RM0.0249 x 10% x 10,000,000.00 units)	24,900.00

There is performance fee charged as the NAV per unit (before performance fee) is above HWM.

**Day 4 - There are redemptions of 15,000 units but no subscriptions**

	<b>RM</b>
<b>Assets</b>	
Investment	10,050,000.00
Bank	300,000.00
<b>Other Assets</b>	
Amount due from Manager*	10,000.00
<b>Total Assets</b>	<b>10,360,000.00</b>
<b>Liabilities</b>	
Management fee payable	831.48
Trustee's fee payable	49.89
Audit fee payable	109.59
Tax agent fee payable	32.88
Amount due to Manager	-
<b>Total Liabilities</b>	<b>1,023.83</b>
<b>Gross Asset Value (GAV)</b>	<b>10,358,976.17</b>
Management fee for the day	283.81
Trustee's fee for the day	17.03
<b>NAV before performance fee</b>	<b>10,358,675.33</b>
Performance fee	34,934.14
<b>NAV after performance fee</b>	<b>10,323,741.20</b>
<b>Total Units in Circulation</b>	<b>10,009,780.91</b>
NAV per unit before performance fee	RM 1.0349
<b>NAV per unit after performance fee</b>	<b>RM 1.0314</b>
NAV after performance fee	RM 10,323,741.20
Redemption request (15,000 units x RM1.0314)	RM 15,471.00
<b>NAV after incorporating redemption</b>	<b>RM 10,308,270.20</b>
No. of units redeemed	15,000.00
<b>Total Units in Circulation after redemption</b>	<b>9,994,780.91</b>
<b>NAV per unit after incorporating redemption</b>	<b>1.0314</b>
Performance fee due to the Manager in relation to redeemed units (RM0.0349 x 10% x 15,000 units) (To be accrued and will only be crystallised at the end of performance period)	52.35

<b>Performance fee</b>	<b>RM</b>
NAV before performance fee	1.0349
HWM	1.0000
	0.0349
Performance fee charged for the day (RM0.0349 x 10% x 10,009,780.91 units)	34,934.14

There is performance fee charged as the NAV per unit (before performance fee) is above HWM.

\* Arising from subscription of units on Day 3 that has yet to be paid into the Fund.

**Day 5 - There are subscriptions of RM30,000 and redemptions of 20,000 units**

	<b>RM</b>
<b>Assets</b>	
Investment	9,700,000.00
Bank	300,000.00
<b>Other Assets</b>	
Amount due from Manager*	10,000.00
<b>Total Assets</b>	<b>10,010,000.00</b>
<b>Liabilities</b>	
Management fee payable	1,115.28
Trustee's fee payable	66.92
Audit fee payable	136.99
Tax agent fee payable	41.10
Amount due to Manager - Redemption	15,471.00
Amount due to Manager – Performance Fee	52.35
<b>Total Liabilities</b>	<b>16,883.63</b>
<b>Gross Asset Value (GAV)</b>	<b>9,993,116.37</b>
Management fee for the day	273.78
Trustee's fee for the day	16.43
<b>NAV before performance fee</b>	<b>9,992,826.16</b>
Performance fee	-
<b>NAV after performance fee</b>	<b>9,992,826.16</b>
<b>Total Units in Circulation</b>	<b>9,994,780.91</b>
4NAV per unit before performance fee	RM 0.9998
<b>NAV per unit after performance fee</b>	<b>RM 0.9998</b>
NAV after performance fee	RM 9,992,826.16
Subscription request	RM 30,000.00
Redemption request (20,000 units x RM0.9998)	RM 19,996.00
<b>NAV after incorporating subscriptions &amp; redemptions</b>	<b>RM 10,002,830.16</b>
No of additional units subscribed (RM30,000/RM0.9998)	30,006.00
No. of units redeemed	20,000.00
<b>Total Units in Circulation after subscriptions &amp; redemptions</b>	<b>10,004,786.91</b>
<b>NAV per unit after incorporating subscriptions &amp; redemptions</b>	<b>0.9998</b>
<b>Performance fee</b>	<b>RM</b>
NAV before performance fee	0.9998
HWM	1.0000
	(0.0002)
Performance fee charged for the day	-

There is no performance fee charged as the NAV per unit (before performance fee) is below HWM.

\* Arising from subscription of units on Day 3 that has yet to be paid into the Fund.

**Day 6 - There is no subscription or redemption**

	<b>RM</b>
<b>Assets</b>	
Investment	20,500,000.00
Bank	300,000.00
<b>Other Assets</b>	
Amount due from Manager*	40,000.00
<b>Total Assets</b>	<b>20,840,000.00</b>
<b>Liabilities</b>	
Management fee payable	1,389.07
Trustee's fee payable	83.34
Audit fee payable	164.38
Tax agent fee payable	49.32
Amount due to Manager - Redemption	35,467.00
Amount due to Manager – Performance Fee	52.35
<b>Total Liabilities</b>	<b>37,205.46</b>
<b>Gross Asset Value (GAV)</b>	<b>20,802,794.54</b>
Management fee for the day	569.94
Trustee's fee for the day	34.20
<b>NAV before performance fee</b>	<b>20,802,190.40</b>
Performance fee <sup>^</sup>	1,040,109.52
<b>NAV after performance fee</b>	<b>19,762,080.88</b>
<b>Total Units in Circulation</b>	<b>10,004,786.91</b>
NAV per unit before performance fee	RM 2.0792
<b>NAV per unit after performance fee</b>	<b>RM 1.9753</b>
<b>Performance fee</b>	
NAV before performance fee	2.0792
HWM	1.0000
	1.0792
Performance fee charged for the day (RM1.0792 x 10% x 10,004,786.91)	1,079,716.60
<b>^Actual performance fee charge capped at 5% (RM20,802,190.40 x 5%)</b>	<b>1,040,109.52</b>

There is performance fee charged as the NAV per unit (before performance fee) is above HWM.

<sup>^</sup>The performance fee chargeable to the Fund is RM1,040,109.52 instead of RM1,079,716,60 (which is at 5.19%) as the performance fee is subject to a maximum of 5% per annum of the NAV of the Fund.

\* Arising from subscription of units on Day 3 and Day 5 that has yet to be paid into the Fund.

**Day 365 - There is an income distribution of RM0.0020 and no subscription or redemption**

	<b>RM</b>
<b>Assets</b>	
Investment	10,500,000.00
Bank	250,000.00
<b>Other Assets</b>	
Amount due from Manager	-
<b>Total Assets</b>	<b>10,750,000.00</b>
<b>Liabilities</b>	
Management fee payable	100,185.00
Trustee's fee payable	6,010.00
Audit fee payable	10,000.00
Tax agent fee payable	3,000.00
Amount due to Manager - Redemption	-
Amount due to Manager – Performance Fee	52.35
<b>Total Liabilities</b>	<b>119,247.35</b>
<b>Gross Asset Value (GAV)</b>	<b>10,630,752.65</b>
Management fee for the day	291.25
Trustee's fee for the day	17.48
<b>NAV before performance fee</b>	<b>10,630,443.92</b>
Income distribution (RM0.0020 x 10,004,786.91)	20,009.57
<b>NAV after income distribution but before performance fee</b>	<b>10,610,434.35</b>
Performance fee	60,528.96
<b>NAV after income distribution and performance fee</b>	<b>10,549,905.39</b>
<b>Total Units in Circulation</b>	<b>10,004,786.91</b>
NAV per unit before performance fee	RM 1.0605
<b>NAV per unit after performance fee</b>	<b>RM 1.0545</b>
NAV after income distribution and performance fee	RM 10,549,905.39
Reinvestment of income distribution	RM 20,009.57
<b>NAV after incorporating reinvestment of income distribution</b>	<b>RM 10,569,914.96</b>
No. of units from reinvestment of income distribution (RM20,009.57/RM1.0545)	18,975.41
<b>Total Units in Circulation after reinvestment of income distribution</b>	<b>10,023,762.32</b>
<b>NAV per unit after incorporating reinvestment of income distribution</b>	<b>RM 1.0545</b>
<b>Performance fee</b>	<b>RM</b>
NAV before performance fee	1.0605
HWM	1.0000
	0.0605
Performance fee charged for the day (0.0605 x 10% x 10,004,786.91)	60,528.96

There is performance fee charged as the NAV per unit (before performance fee) is above HWM.

Total performance fee to be crystallised: RM52.35+RM60,528.96=RM60,581.31

New HWM for next performance period: RM1.0545.

**Assumptions: There has been no subscription or redemption request from Day 7 to Day 365.**

**Year 2: HWM is RM1.0545**

**Day 1 - There are redemption of 30,000 units but no subscriptions**

	<b>RM</b>
<b>Assets</b>	
Investment	11,000,000.00
Bank	250,000.00
<b>Other Assets</b>	
Amount due from Manager	-
<b>Total Assets</b>	<b>11,250,000.00</b>
<b>Liabilities</b>	
Management fee payable**	100,476.25
Trustee's fee payable**	6,027.48
Audit fee payable**	10,027.40
Tax agent fee payable**	3,008.22
Amount due to Manager - Redemption	-
Amount due to Manager – Performance Fee**	60,581.31
<b>Total Liabilities</b>	<b>180,120.66</b>
<b>Gross Asset Value (GAV)</b>	<b>11,069,879.34</b>
Management fee for the day	303.28
Trustee's fee for the day	18.20
<b>NAV before performance fee</b>	<b>11,069,557.86</b>
Performance fee	49,918.34
<b>NAV after performance fee</b>	<b>11,019,639.53</b>
<b>Total Units in Circulation</b>	<b>10,023,762.32</b>
NAV per unit before performance fee	RM 1.1043
<b>NAV per unit after performance fee</b>	<b>RM 1.0994</b>
NAV after performance fee	RM 11,019,639.53
Redemption request (30,000 units x RM1.0994)	RM 32,982.00
<b>NAV after incorporating redemptions</b>	<b>RM 10,986,657.53</b>
No. of units redeemed	30,000.00
<b>Total Units in Circulation after redemptions</b>	<b>9,993,762.32</b>
<b>NAV per unit after incorporating redemptions</b>	<b>1.0994</b>
Performance fee due to the Manager in relation to redeemed units (RM0.0498 x 10% x 30,000 units) (To be accrued and will only be crystallised at the end of performance period)	149.40

<b>Performance fee</b>	<b>RM</b>
NAV before performance fee	1.1043
HWM	1.0545
	0.0498
Performance fee charged for the day (RM0.0498 x 10% x 10,023,762.32 units)	49,918.34

There is performance fee charged as the NAV per unit (before performance fee) is above HWM.

\*\* Inclusive of amount brought forward from the last financial year and has yet to be paid out of the Fund.

**Year 2**

**Day 365 - There is no subscription or redemption**

	<b>RM</b>
<b>Assets</b>	
Investment	10,100,000.00
Bank	250,000.00
<b>Other Assets</b>	
Amount due from Manager	-
<b>Total Assets</b>	<b>10,350,000.00</b>
<b>Liabilities</b>	
Management fee payable	100,250.00
Trustee's fee payable	6,025.00
Audit fee payable	10,000.00
Tax agent fee payable	3,000.00
Amount due to Manager - Redemption	-
Amount due to Manager – Performance Fee	149.40
<b>Total Liabilities</b>	<b>119,424.40</b>
<b>Gross Asset Value (GAV)</b>	<b>10,230,575.60</b>
Management fee for the day	280.29
Trustee's fee for the day	16.82
<b>NAV before performance fee</b>	<b>10,230,278.49</b>
Performance fee	-
<b>NAV after performance fee</b>	<b>10,230,278.49</b>
<b>Total Units in Circulation</b>	<b>9,993,762.32</b>
NAV per unit before performance fee	RM 1.0237
<b>NAV per unit after performance fee</b>	<b>RM 1.0237</b>

<b>Performance fee</b>	<b>RM</b>
NAV before performance fee	1.0237
HWM	1.0545
	(0.0308)
Performance fee charged for the day	-

There is no performance fee charged as the NAV per unit (before performance fee) is below HWM.

Total performance fee to be crystallised: RM149.40

HWM for next performance period: RM1.0545.

**Assumptions: There has been no subscription or redemption request from Day 2 to Day 365.**

**Year 3: HWM is RM1.0545**

**Day 1 - There are subscriptions of RM50,000 but no redemptions**

	<b>RM</b>
<b>Assets</b>	
Investment	10,500,000.00
Bank	250,000.00
<b>Other Assets</b>	
Amount due from Manager	-
<b>Total Assets</b>	<b>10,750,000.00</b>
<b>Liabilities</b>	
Management fee payable**	100,530.29
Trustee's fee payable**	6,041.82
Audit fee payable**	10,027.40
Tax agent fee payable**	3,008.22
Amount due to Manager - Redemption	-
Amount due to Manager - Performance Fee**	149.40
<b>Total Liabilities</b>	<b>119,757.12</b>
<b>Gross Asset Value (GAV)</b>	<b>10,630,242.88</b>
Management fee for the day	291.24
Trustee's fee for the day	17.47
<b>NAV before performance fee</b>	<b>10,629,934.16</b>
Performance fee	9,194.26
<b>NAV after performance fee</b>	<b>10,620,739.90</b>
<b>Total Units in Circulation</b>	<b>9,993,762.32</b>
NAV per unit before performance fee	RM 1.0637
<b>NAV per unit after performance fee</b>	<b>RM 1.0627</b>
NAV after performance fee	RM 10,620,739.90
Subscription request	RM 50,000.00
<b>NAV after incorporating subscriptions</b>	<b>RM 10,670,739.90</b>
No. of additional units subscribed (RM50,000/RM1.0627)	47,049.97
<b>Total Units in Circulation after subscriptions</b>	<b>10,040,812.29</b>
<b>NAV per unit after incorporating subscriptions</b>	<b>1.0627</b>
<b>Performance fee</b>	<b>RM</b>
NAV before performance fee	1.0637
HWM	1.0545
	0.0092
Performance fee charged for the day (RM0.0092 x 10% x 9,993,762.32 units)	9,194.26

There is performance fee charged as the NAV per unit (before performance fee) is above HWM.

\*\* Inclusive of amount brought forward from the last financial year and has yet to be paid out of the Fund.

**Year 3**

**Day 365 - There is no subscription or redemption**

	<b>RM</b>
<b>Assets</b>	
Investment	10,100,000.00
Bank	250,000.00
<b>Other Assets</b>	
Amount due from Manager	-
<b>Total Assets</b>	<b>10,350,000.00</b>
<b>Liabilities</b>	
Management fee payable	100,400.00
Trustee's fee payable	6,050.00
Audit fee payable	10,000.00
Tax agent fee payable	3,000.00
Amount due to Manager - Redemption	-
Amount due to Manager – Performance Fee	-
<b>Total Liabilities</b>	<b>119,450.00</b>
<b>Gross Asset Value (GAV)</b>	<b>10,230,550.00</b>
Management fee for the day	280.29
Trustee's fee for the day	16.82
<b>NAV before performance fee</b>	<b>10,230,252.89</b>
Performance fee	-
<b>NAV after performance fee</b>	<b>10,230,252.89</b>
<b>Total Units in Circulation</b>	<b>10,040,812.29</b>
NAV per unit before performance fee	RM 1.0189
<b>NAV per unit after performance fee</b>	<b>RM 1.0189</b>

<b>Performance fee</b>	<b>RM</b>
NAV before performance fee	1.0189
HWM	1.0545
	(0.0356)
Performance fee charged for the day	-

There is no performance fee charged as the NAV per unit (before performance fee) is below HWM.

Total performance fee to be crystallised: Nil

HWM for next performance period: RM1.0545.

**Assumptions: There has been no subscription or redemption request from Day 2 to Day 365.**

### Illustration on Comparison With A Fund That Does Not Have A Performance Fee

The table below shows the total effective fee and the net return for a single unit starting at RM1.0000 NAV, with HWM also at RM1.0000.

	<b>Scenario 1: Poor Performance</b>	<b>Scenario 2: Moderate Performance</b>	<b>Scenario 3: Excellent Performance</b>
Gross Return (a)	2.00%	10.00%	30.00%
NAV before Fees	RM1.0200	RM1.1000	RM1.3000
<b>Areca Small-Cap &amp; IPO Fund with Performance Fee</b>			
Base Management Fee (b)	1.00%	1.00%	1.00%
Performance Fee (10% of Profit over HWM) (c)	0.20%	1.00%	3.00%
Total Effective Fee Rate (d)=(b)+(c)	1.20%	2.00%	4.00%
<b>Net Return to Investor (e)=(a)-(d)</b>	<b>0.80%</b>	<b>8.00%</b>	<b>26.00%</b>
<b>Fund B without Performance Fee</b>			
Management Fee	1.50%	1.50%	1.50%
Total Effective Fee Rate (f)	1.50%	1.50%	1.50%
<b>Net Return to Investor (g)=(a)-(f)</b>	<b>0.50%</b>	<b>8.50%</b>	<b>28.50%</b>

**Please Note:** This illustration is based on industry benchmarks and provided for general reference only. The 1.50% p.a. fixed management fee for 'Fund B' is used as an indicative reference point based on fee levels observed within a range of funds with similar mandates but does not reflect the actual fees of any specific fund. These figures are for illustrative purposes only and do not guarantee future performance or specific cost outcomes.

### 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.

### 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.**

## **SWITCHING**

Switching is treated as a withdrawal from one (1) fund and investment into another fund. You will pay the difference of the sales charge when you switch from one (1) fund with lower sales charge to another fund with higher sales charge. You may switch some or all of your Units in one Fund into units of another unit trust fund by completing a switch form.

We will process your transaction on the next Business day if we receive your application after the cut-off time.

## **DISTRIBUTION CHANNELS**

The Fund is distributed through the Manager's head office, branches and authorised distributors. Please refer to the directory on page 46 or call us at 03-7956 3111 for list of contacts.

## **ARECA CAPITAL SDN BHD AS IUTA**

The Manager is an IUTA to distribute third party unit trust funds. The Fund may invest into 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, provided always that the Unit Holder still has an account with the Manager. If the Unit Holder no longer has an account with the Manager, the payment of distribution shall be dealt with in accordance with the Unclaimed Moneys Act 1965.

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 and providing Investment Advice.

### **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](http://www.arecacapital.com/Board+of+Directors_5_1.htm).

### **DESIGNATED FUND MANAGER**

Mdm Ch'ng Cheng Siew the designated fund managers responsible for the management of the Fund. Information on Mdm Ch'ng Cheng Siew can be found at [http://www.arecacapital.com/Fund+Manager\\_169\\_1.htm](http://www.arecacapital.com/Fund+Manager_169_1.htm).

### **LITIGATION AND ARBITRATION**

As at 30 September 2025, 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](http://www.arecacapital.com) for further information on Areca Capital Sdn Bhd, and the designated fund manager.**

## **THE TRUSTEE: MAYBANK TRUSTEES BERHAD**

Maybank Trustees Berhad (Registration No. 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 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 30 September 2025, 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.

## **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 and specifying in the written 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 3.00% of the net investment amount.

- **Repurchase Charge (Exit Fee)**

Nil.

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

- **Management fee**

The maximum rate of the annual management fee for the Fund is 6.00% per annum of the NAV of the Fund, i.e. Base Management Fee + Performance Fee

<b>Base Management Fee</b>	1.00% per annum of the NAV of the Fund.
<b>Performance Fee</b>	10% performance fee on the appreciation in the NAV per Unit during a Performance Period, subject to a maximum of 5% per annum of the NAV of the Fund.

- **Trustee fee**

The maximum rate of the annual trustee fee for the Fund is 0.06% per annum of the NAV of the Fund, subject to a minimum fee of RM12,000 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 which includes Performance 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 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 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, insurance and any other dealing of any asset of the Fund;
- h) costs, fees and expenses incurred in engaging any specialist approved by the Trustee for investigating or evaluating any proposed 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 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.
- Auto Termination upon maturity of 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.

The fund management team exercises its discretion to make independent investment decisions, which include asset allocations and individual stocks / instrument selection, are based on fundamental research and analysis. These decisions are informed by considerations such as market outlook, interest rate trends, and the suitability of the investment to the Fund's objectives. The members of a committee undertaking the oversight function of the Fund provide oversight on the fund management team's investment strategy and its application to the Fund, ensuring that investments align with the Fund's investment goals.

Over and above all decisions and steps taken to avoid potential and/or actual conflict of interest, the overarching principle of "the interest of the investor to prevail above all" will be upheld. This is a core principle of the investment approach and underscores the commitment to maintaining the highest levels of integrity and transparency by the Manager.

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.

The Manager may pay up to 100% of the fees and charges as commission to distribution partner.

### **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**

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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

28 October 2025

**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 Small-Cap & IPO 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) Foreign Investments**

Gross foreign-sourced income remitted to Malaysia by Malaysian resident unit trusts will be subject to Malaysian income tax at the prevailing rate, currently at 24%.

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.

In addition, effective from 1 January 2024, the scope of taxable foreign source income received in Malaysia has been expanded to include capital gains from disposal of assets outside Malaysia brought into Malaysia. See Capital Gains Tax ("CGT") section below for further details.

**Exemption from tax on foreign-sourced income for unit trusts**

The Finance Minister II on 16 January 2024 has announced that unit trusts in Malaysia will be exempted from income tax on foreign-sourced income (including capital gains from disposal of assets outside Malaysia), provided that economic substance requirements are met.

To qualify for this tax exemption, unit trusts must satisfy one of the following conditions:

- a. Option A - The FSI has been subjected to foreign tax, with the source jurisdiction's minimum headline income tax rate being at least 15%; or
- b. Option B - The management company of the unit trust has met Economic Substance Requirements (ESR) in Malaysia, which includes employing an adequate number of employees and incurring sufficient operating expenditure.

Consistent with the announcement, the exemption from income tax on foreign-sourced income takes effect from 1 January 2024 until 31 December 2026.

It has further been announced in the recent Budget 2026 announcement on 10 October 2025, that the above exemption will be extended for another 4 years effective from 1 January 2027 to 31 December 2030.

## **(2) Domestic Investments**

### **(i) General Taxation**

Subject to certain exemptions, the income of the Fund consisting of dividends or interest or profit<sup>1</sup> (other than interest and profit<sup>1</sup> 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.

In addition, with effect from 1 January 2024, gains from disposal of capital assets will be subject to Capital Gains Tax ("CGT"). Please refer to the CGT section below for further details.

### **(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 refunds 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<sup>1</sup> 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) Debentures<sup>2</sup> or sukuk, 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<sup>1</sup> derived from the following investments is exempt from tax:

- (a) Interest or profit<sup>1</sup> 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 profit<sup>1</sup> 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 profit<sup>1</sup> paid or credited by Malaysia Building Society Berhad<sup>3</sup>.

The interest or profit<sup>1</sup> or discount income exempted from tax at the Fund 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 paid or 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<sup>1</sup> 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<sup>1</sup> 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 WHT is 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.

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<sup>1</sup> 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 Shariah.

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.

<sup>2</sup> 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.

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

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

Currently, any gains on disposal of real properties or shares in real property companies<sup>4</sup> ("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 4 <sup>th</sup> year	20%
In the 5 <sup>th</sup> year	15%
In the 6 <sup>th</sup> year and subsequent years	10%

Effective from 1 March 2024, CGT will be applicable on the gains from sale of Malaysian unlisted shares. Therefore, gains from disposal of all Malaysian unlisted shares will be subjected to CGT from 1 March 2024 instead. Please refer to the section on CGT.

Other real properties disposed of, apart from RPC shares, will continue to be subject to RPGT. RPGT will continue to apply for disposal of RPC shares by individuals.

### (5) Capital Gains Tax ("CGT")

CGT has been introduced in Malaysia and will be imposed on gains from the disposal of capital assets as set out below:

#### a) Disposal of capital assets from outside Malaysia

The scope of CGT will include gains from disposal of capital assets situated outside Malaysia, remitted into Malaysia. The foreign gains remitted to Malaysia will be subject to the prevailing income tax rates, that is 24%.

The gains are eligible for tax exemption subject to meeting economic substance requirements. As highlighted above, capital gains from disposal of assets outside Malaysia of a unit trust will be exempted if the following conditions can be met:

- (i) Option A - The FSI has been subjected to foreign tax, with the source jurisdiction's minimum headline income tax rate being at least 15%; or
- (ii) Option B - The management company of the unit trust has met Economic Substance Requirements (ESR) in Malaysia, which includes employing an adequate number of employees and incurring sufficient operating expenditure.

The exemption from income tax on foreign-sourced income takes effect from 1 January 2024 until 31 December 2026.

#### b) Disposal of Malaysian unlisted shares

Effective from 1 March 2024, CGT will be imposed on the disposal of Malaysian unlisted shares by companies, Limited Liability Partnerships, cooperatives and trust bodies (which include unit trusts).

The CGT rate to be imposed is as follows:

Shares Acquisition Date	CGT Rate
Before 1 January 2024	The taxpayers may choose: i. 10% on the net gain of the disposal of shares; or ii. 2% on the gross disposal price.
From 1 January 2024	10% on the net gain of the disposal of shares

<sup>4</sup> 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 percent 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 persons.

"shares" has been defined as in relation to a company, includes stock other than debenture stock.

### **Capital Gains Tax exemption - Income Tax (Unit Trust) (Exemption) Order 2024**

As announced on 16 January 2024 by the Finance Minister II, Datuk Seri Amir Hamzah Azizan, unit trusts will be exempted from CGT. The exemption on CGT is effective from 1 January 2024 until 31 December 2028.

### **(6) 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.

### **(7) Sales and Service Tax ("SST")**

Sales tax will be chargeable on taxable goods manufactured in Malaysia by registered manufacturer 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. 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 8 per cent for all prescribed taxable services with certain exceptional taxable services at 6 per cent.

Certain brokerage, professional, consultancy or management services obtained by the Fund may be subject to service tax at 8 percent.

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").

Service tax on digital services was implemented at the rate of 8 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. Hence, where the Fund obtains any of the prescribed digital services, those services may be subject to service tax at 8 percent.

The scope of Sales Tax and Service Tax has been expanded with effect from 1 July 2025, with the relevant gazette orders being issued. Certain financial services are currently exempted from service tax until further notice.

In general, the revision of the Sales Tax and the expansion of the Service Tax scope encompass the following:

1. The Sales Tax rate remains unchanged for essential goods consumed by the public;
2. Sales Tax at rates of 5% or 10% will apply to discretionary and non-essential goods; and
3. The scope of the Service Tax will be expanded to include new services such as leasing or rental, construction, financial services, private healthcare and education. This expansion includes targeted exemptions to avoid cascading tax effects and to ensure that certain essential services for Malaysian citizens remain exempt.

#### **Service Tax Regime**

The scope of service tax is expanded to include financial services. An 8% service tax rate will be imposed on fee- or commission-based services. Exemption will be granted for basic banking, interest or profit based Islamic financing, foreign exchange, capital market gains, punitive charges, outward remittance transactions, export-related financing, charges to remittance agents abroad for inward transfer, and life insurance/takaful, medical, and family takaful-related broking or underwriting services for individuals. Additionally, exemptions will be available for shariah-compliant arrangements and service providers for Bursa Malaysia and Labuan.

With the expansion of service tax scope, fund management services will be subject to tax at 8 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 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. 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 Unit Holders.

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<sup>5</sup> and non-resident, will generally be liable to income tax at 24 per cent 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 can be utilised against the tax liabilities of these Unit Holders.

The distribution of exempt income 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<sup>1</sup> 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.

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<sup>1</sup> 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<sup>1</sup> 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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<sup>5</sup> 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 15% for the first RM150,000 of chargeable income, 17% for RM150,001 to RM600,000 with the balance taxed at 24% with effect from YA 2023.

The above shall not apply if more than –

- (a) 50% of the paid up capital in respect of ordinary shares of the company is directly or indirectly owned by a related company;
- (b) 50% 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% 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.

Additional shareholding condition of not more than 20% of the paid up capital or capital contribution, at the beginning of a YA is directly own or indirectly by one or more:

- Companies incorporated outside of Malaysia, or
- individuals who are not Malaysian citizens,

which is required to be observed from YA 2024.

## **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](http://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](http://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 17 October 2025.

### **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 Trustees' delegate 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

No. 11, 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

1<sup>st</sup> Floor, Sublot 3, Lot 7998,  
Block 16, KCLD, Cha Yi Goldland,  
Jalan Tun Jugah, Stutong,  
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 1 , 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](mailto: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  
Taman Melodies  
80250 Johor Bahru  
**T** 07 336 3689

**Kota Kinabalu Branch**

Unit 5-1-8 1st Floor  
Lorong Api-Api 1  
Api-Api Centre  
88000 Kota Kinabalu  
**T** 088 276 757