

# Information Memorandum

Areca Strategic Income Fund **5.0**

Management Company



(740840-D)

Trustee  
RHB Trustees Berhad (573019-U)

This Information Memorandum is dated 09 January 2020. Investors are advised to read the Information Memorandum and obtain professional advice before subscribing to the Areca Strategic Income Fund 5.0. For information concerning certain Risk Factors which should be considered by prospective investors, see "Risk Factors" commencing on page 13.

## **RESPONSIBILITY STATEMENTS AND STATEMENTS OF DISCLAIMER**

This Information Memorandum has been seen and approved by the directors of Areca Capital Sdn Bhd and they collectively and individually accept full responsibility for the accuracy of all information contained herein and confirm, having made all enquiries which are reasonable in the circumstances, that to the best of their knowledge and belief, there are no other facts omitted which would make any statement herein misleading.

The Securities Commission Malaysia will not be liable for any non-disclosure on the part of Areca Capital Sdn Bhd and takes no responsibility for the contents of this Information Memorandum, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss however arising from, or in reliance upon the whole or any part of the contents of this Information Memorandum.

## **SPECIFIC RISK DISCLOSURE STATEMENTS**

The Fund may invest in illiquid assets such as non-tradable and non-transferable equity related securities or unlisted securities. For Instance, the Fund may invest up to 100% of its NAV in preference share issued by a single issuer.

Potential Sophisticated Investors are warned that they may not be able to redeem any Units within the first 24 months from the date of investment. Investors may face difficulties in redeeming their investments as the Manager may not be able to dispose the investments.

The Fund is suitable only for Sophisticated Investors who have a Medium to Long Term investment horizon. You are advised not to invest in this Fund if you are not able to accept the risks.

## **ADDITIONAL STATEMENT**

Areca Strategic Income Fund 5.0 may only be offered for sale to the Sophisticated Investors and the investors must ensure that they are eligible as the Sophisticated Investors before making an investment in the Fund. In the event that the Manager becomes aware that a person is not eligible to apply for Units is in fact holding Units, the Manager, subject to the available Liquid Assets in the Fund, shall be deemed to have received a redemption request in respect of such Units on the Business Day following the day the Manager first became aware of the Unit Holder's ineligibility.

The Manager may reject any application of Units at its sole discretion without assigning any reasons.

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

## **NO CASH / THIRD-PARTY PAYMENT POLICY**

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

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

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## GLOSSARY

<p><b>Business Day</b></p>	<p>A day on which Bursa Malaysia Securities Berhad, the stock exchange managed or operated by Bursa Malaysia Securities Berhad, is open for trading;</p>
<p><b>CMSA</b></p>	<p>The Capital Markets and Services Act, 2007 including all amendments thereto;</p>
<p><b>Deed(s)</b></p>	<p>The deed in relation to the Fund and any other supplemental deeds that may be entered into between the Manager and the Trustee;</p>
<p><b>Financial Institution</b></p>	<p>if the institution is in Malaysia –</p> <ul style="list-style-type: none"> <li>i. licensed bank;</li> <li>ii. licensed investment bank; and</li> <li>iii. Islamic bank.</li> </ul> <p>if the institution is outside Malaysia, any institution that is licensed, registered, approved or authorised to provide financial services by the relevant banking regulator;</p> <p>“licensed bank” has the same meaning as given under the Financial Services Act 2013;</p> <p>“licensed investment bank” has the same meaning as given under the Financial Services Act 2013;</p> <p>“Islamic bank” means a bank licensed under the Islamic Financial Services Act 2013”;</p>
<p><b>Fund</b></p>	<p>Areca Strategic Income Fund 5.0;</p>
<p><b>Guidelines</b></p>	<p>Guidelines on unlisted Capital Market Products Under the Lodge and Launch Framework as may be amended from time to time;</p>
<p><b>Information Memorandum</b></p>	<p>Information Memorandum in relation to the Fund and includes any supplemental or replacement Information Memorandum;</p>
<p><b>Jointholder</b></p>	<p>A person who holds Units together with another person or persons;</p>

<b>Liquid Assets</b>	Means cash or any permitted investment capable of being converted into cash within seven (7) days;
<b>Manager/We/Us</b>	Areca Capital Sdn Bhd;
<b>Medium to Long Term</b>	A period of two to above five years;
<b>NAV</b>	The net asset value of the Fund, which is the value of all the assets attributed to the Fund less the total liabilities attributed to the Fund at the point of valuation;
<b>NAV per Unit</b>	The NAV of the Fund divided by the number of Units in circulation at the valuation point;
<b>Redemption</b>	The repurchase by the manager of the Units owned by the Unit Holders upon a proper redemption request;
<b>SC</b>	The Securities Commission Malaysia which was established under the Securities Commission Malaysia Act 1993;
<b>Sophisticated Investor</b>	<ul style="list-style-type: none"> <li>▪ An individual whose total net personal assets, or total net joint assets with his or her spouse, exceed RM3 million or its equivalent in foreign currencies, excluding the value of the individual's primary residence;</li> <li>▪ An individual who has a gross annual income exceeding RM300,000 or its equivalent in foreign currencies per annum in the preceding twelve months;</li> <li>▪ An individual who, jointly with his or her spouse, has a gross annual income exceeding RM400,000 or its equivalent in foreign currencies per annum in the preceding twelve months;</li> <li>▪ A corporation with total net assets exceeding RM10 million or its equivalent in foreign currencies based on the last audited accounts;</li> </ul>

- A partnership with total net assets exceeding RM10 million or its equivalent in foreign currencies;
- A unit trust scheme or prescribed investment scheme;
- A private retirement scheme;
- A closed-end fund approved by the SC;
- A company that is registered as a trust company under the Trust Companies Act 1949 which has assets under management exceeding RM10 million or its equivalent in foreign currencies;
- A corporation that is a public company under the Companies Act 2016 which is approved by the SC to be a trustee under the CMSA and has assets under management exceeding RM10 million or its equivalent in foreign currencies;
- A statutory body established by an Act of Parliament or an enactment of any State;
- A pension fund approved by the Director General of Inland Revenue under section 150 of the Income Tax Act 1967;
- Central Bank of Malaysia established under the Central Bank of Malaysia Act 2009;
- A holder of a capital markets services licence or an executive director or a chief executive officer of a holder of a capital markets services license;
- A licensed institution as defined in the Financial Services Act 2013;
- An Islamic bank as defined in the Islamic Financial Services Act 2013;
- An insurance company registered under the Financial Services Act 2013;
- A takaful operator registered under the Islamic Financial Services Act 2013;

<p><b>Trustee</b></p> <p><b>Units</b></p> <p><b>Unit Holder/You</b></p> <p><b>Watermark Return</b></p>	<ul style="list-style-type: none"> <li>▪ A bank licensee or insurance licensee as defined under the Labuan Financial Services and Securities Act 2010;</li> <li>▪ An Islamic bank licensee or takaful licensee as defined under the Labuan Islamic Financial Services and Securities Act 2010; and</li> <li>▪ Any other investor as may be defined by the SC from time to time;</li> </ul> <p>RHB Trustees Berhad and includes its permitted assigns and successors in title;</p> <p>Units of the Fund and includes a fraction of a unit of the Fund;</p> <p>A person for the time being who is registered pursuant to the Deed as a holder of Units, including a Jointholder.</p> <p>A return of 9% per annum on NAV to NAV basis.</p>
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## **CORPORATE DIRECTORY**

### **MANAGER**

#### **Areca Capital Sdn Bhd (740840-D)**

##### ***Registered Office:***

Suite 30C, 3<sup>rd</sup> Floor, Wisma TCL,  
470 Jalan Ipoh, 3<sup>rd</sup> Mile,  
51200 Kuala Lumpur

##### ***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**

#### **RHB Trustees Berhad (573019-U)**

##### **Registered Office:**

Level 10, Tower One,  
RHB Centre, Jalan Tun Razak,  
50400 Kuala Lumpur.

##### **Business Address**

Level 11, Tower Three,  
RHB Centre, Jalan Tun Razak,  
50400 Kuala Lumpur.

Tel: 03-9280 5933

Fax: 03-9280 5204

### **BOARD OF DIRECTORS**

Raja Datuk Zaharaton binti Raja Dato' Zainal Abidin (Independent Non-executive Director)

Dr. Junid Saham (Independent Non-executive Director)

Danny Wong Teck Meng (Non-independent Executive Director)

Edward Iskandar Toh Bin Abdullah (Non-independent Executive Director)

### **INVESTMENT COMMITTEE MEMBERS**

Raja Datuk Zaharaton binti Raja Dato' Zainal Abidin (Independent)

Dr. Junid Saham (Independent)

Dato' Seri Lee Kah Choon (Independent)

### **AUDITORS**

#### **PricewaterhouseCoopers PLT (LLP0014401-LCA & AF1146)**

Level 10, 1 Sentral, Jalan Rakyat, KL Sentral,  
PO Box 10192, 50706 Kuala Lumpur, Malaysia.

Tel: 03-2173 1188

Fax: 03-2173 1288

### **TAX ADVISERS**

#### **PricewaterhouseCoopers Taxation Services Sdn Bhd (464731-M)**

Level 10, 1 Sentral, Jalan Rakyat, KL Sentral,  
P.O. Box 10192, 50706 Kuala Lumpur, Malaysia.

Tel: 03-2173 1188

Fax: 03-2173 1288

## INFORMATION OF THE FUND

<b>ARECA STRATEGIC INCOME FUND 5.0</b>	
<b>CATEGORY OF THE FUND</b>	Wholesale Fund with flexible asset allocation
<b>TYPE OF FUND</b>	Income
<b>TRUSTEE</b>	RHB Trustees Berhad
<b>INVESTMENT OBJECTIVE</b>	<p>The Fund aims to provide a combination of income and incidental capital growth.</p> <p>Any material changes to the Fund’s objective would require Unit Holder’s approval.</p>
<b>ASSET ALLOCATION</b>	Flexible allocation between equity and fixed income depending on prevailing economic conditions and market outlook.
<b>INITIAL OFFER PERIOD (IOP)</b>	30 days from the date of this Information Memorandum. The Manager may shorten the IOP. Please note that during the IOP, the initial offering price stays at RM1.000.
<b>INITIAL OFFER PRICE</b>	RM1.0000
<b>FINANCIAL YEAR END</b>	28 February
<b>INVESTORS’ PROFILE</b>	<p>The Fund is suitable for Sophisticated Investor who:</p> <ul style="list-style-type: none"> <li>• Have Medium to Long Term investment horizon; and</li> <li>• Seek combination of income and incidental capital growth that is higher than performance benchmark rate of returns.</li> </ul> <p>The Units are only offered to Sophisticated Investors (applicable for principal and Jointholder).</p>

## ARECA STRATEGIC INCOME FUND 5.0

### INVESTMENT STRATEGY

The Fund may invest up to 100% of its NAV in permitted investments with flexible allocation in its assets to achieve a potential higher return by freely changing risk degree according to current market conditions. Depending on the market conditions, the Fund may concentrate its investments on few selected asset classes or a single investment that has potential income and/or incidental capital growth or that will minimize the Fund exposure to market risks. For instance, the Fund may fully invest only in preference shares for dividends and income.

The Fund may also invest in collective investment schemes and place deposits with financial institutions.

The Manager may distribute part or all of the proceeds from the investments which have matured, disposed or due to early redemption by the issuer, if any and the Manager does not intend to reinvest the investment proceeds. The distribution of capital will be made via cancellation of Units where the Manager will repurchase Units from Unit Holders. However, in the absence of any instructions, we will, at our discretion, reinvest the proceeds into another unit trust fund as determined by the Manager at the net asset value per unit of the distribution day without any entry fee.

### PRINCIPAL RISKS

- Illiquidity risk
- Stock specific risk
- Equity-related securities risk
- Concentration risk
- Currency risk
- Country risk
- Counterparty risk
- Credit and default risk
- Interest rate risk

## ARECA STRATEGIC INCOME FUND 5.0

<b>PERMITTED INVESTMENTS</b>	<p>The Fund may invest in the followings:</p> <ul style="list-style-type: none"> <li>• Securities listed on Bursa Malaysia Securities Berhad or any other permitted foreign stock exchanges;</li> <li>• Unlisted securities;</li> <li>• Debentures;</li> <li>• Collective investment schemes;</li> <li>• Preference shares;</li> <li>• Fixed income securities;</li> <li>• Derivatives such as futures contracts for hedging purposes only;</li> <li>• Money market instruments;</li> <li>• Deposits with Financial Institutions;</li> <li>• Any other form of investment as may be agreed upon by the Manager and the Trustee from time to time.</li> </ul>
<b>PERFORMANCE BENCHMARK</b>	<p>Maybank's 12-month fixed deposit rate.</p> <p>The risk profile of the Fund is different from the risk profile of the performance benchmark. There is no guarantee that the Fund will outperform the performance benchmark.</p>
<b>CHARGES</b> - This table describes the charges that you may directly incur when you buy or redeem Units in the Fund.	
<b>ENTRY FEE (SALES CHARGE)</b>	<p>Up to 4% of the net investment amount.</p> <p>Net investment amount is the number of Units at the NAV per Unit.</p>
<b>EXIT FEE</b>	NIL

**ARECA STRATEGIC INCOME FUND 5.0**

**FEES AND EXPENSES** - This table describes the fees that you may indirectly incur when you buy or redeem Units in the Fund.

<b>MANAGEMENT FEE</b>	Up to 2.00% per annum of the NAV of the Fund.
<b>TRUSTEE FEE</b>	Up to 0.07% per annum of the NAV of the Fund.
<b>PERFORMANCE FEE</b>	The Manager is entitled to a Performance Fee of up to 1/3 of any excess on the annualized total returns above the Watermark Returns of 9% upon redemption or capital distribution, computed on each investor's account individually.
<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;</li> <li>▪ Auditor's fee;</li> <li>▪ Tax adviser's fee;</li> <li>▪ Valuation fee;</li> <li>▪ Remuneration and out of pocket expenses of the independent members of the investment committee 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/quarterly 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>ARECA STRATEGIC INCOME FUND 5.0</b>	
<b>TRANSACTIONS</b>	
<b>MINIMUM INITIAL INVESTMENT</b>	RM50,000 or such other limit at the Manager's discretion.
<b>MINIMUM ADDITIONAL INVESTMENT</b>	RM10,000 or such other limit at the Manager's discretion.
<b>COOLING-OFF RIGHT</b>	Not available.
<b>CUT-OFF TIME</b>	3.00p.m; we will process your transaction on the next Business Day if we receive your application after the cut-off time.
<b>REDEMPTION RESTRICTIONS</b>	<p>You will not be able to redeem your Units within the first 24 months from the investment date.</p> <p>Please note that you might not be able to redeem Units if the Fund is not able to dispose its assets and has insufficient cash.</p>
<b>MINIMUM REDEMPTION</b>	RM50,000 or 50,000 Units or such other amount as decided by the Manager. However, if the redemption request leaves you with less than the minimum balance, the Manager may require you to fully redeem all the remaining Units; subject to the availability of Liquid Assets.
<b>REDEMPTION PAYMENT</b>	We will pay you within 10 days upon receipt of the duly completed original redemption form.
<b>MINIMUM BALANCE</b>	50,000 Units or such other limit at the Manager's discretion. We will, at our sole discretion, requires you to redeem all the Units should the remaining balance is less than the minimum balance.

<b>ARECA STRATEGIC INCOME FUND 5.0</b>	
<b>SWITCHING FACILITY</b>	Not Available.
<b>TRANSFER FACILITY</b>	Not available, unless by operations of law or under the provision of the Deed.
<b>DISTRIBUTION OF INCOME</b>	Subject to the availability of distributable income, the Fund will distribute income at least once a year.
<b>INCOME DISTRIBUTION REINVESTMENT POLICY</b>	In the absence of any instructions, we will, at our discretion, reinvest the income distribution into another unit trust fund as determined by the Manager at the net asset value per unit of the distribution day without any entry fee.

**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 may be subject to taxes and/or duties which the government may impose from time to time.**

**Unit prices and distributions payable, if any, may decrease as well as increase.**

**You should read and understand the contents of Information Memorandum and, if necessary, consult your adviser. For information concerning certain risk factors which should be considered by you, see "Risk Factors" commencing on page 13.**

# **RISKS FACTORS**

## **GENERAL RISKS OF INVESTING IN A WHOLESALE 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 and/or other factors, which will result in a decline in the fund's net asset value.

- **Manager's Risk**

This risk refers to the day-to-day management of the 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.

- **Inflation Risk**

This is the risk that investors' investment in the 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.

- **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 sold and an investment may be worth more or less than when purchased.

## **SPECIFIC RISKS ASSOCIATED TO THE FUND**

- **Illiquidity Risk**

The investment to be made by the Fund would be generally illiquid. The eventual liquidity of all investment of the Fund will be dependent upon the success of the realisation strategy proposed for each investment which could adversely be affected by a variety of risk factors. The period of time required to liquidate the Fund's assets cannot be predicted with certainty.

- **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**

The Fund invests 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.

- **Concentration risk**

Concentration risk is the probability of loss arising from lack of diversification, investing with a single issuer. The strength of the issuer may be affected due to changes of financial performance, news of a possible merger or loss of key personnel of the issuer.

- **Country Risk**

Investments of the Fund in any foreign countries may be affected by changes in the economic and political climate, restriction on currency repatriation or other developments in the law or regulations of the countries in which the Fund invests in. For example, the deteriorating economic condition of the countries may adversely affect the value of the investments undertaken by the Fund in those affected countries. This in turn may cause the NAV or prices of Units to fall.

- **Currency Risk**

As the base currency of the Fund is in Malaysian Ringgit, any fluctuation in the exchange rate between the base currency and the currencies in which the investments are denominated may have an impact on the value of these investments. Investors should be aware that if the currencies in which the investments are denominated depreciate against the base currency, this will have an adverse effect on the NAV of the Fund in the base currency and vice-versa. Investors should note that any gains or losses arising from the fluctuation in the exchange rate may further increase or decrease the returns of the investment.

- **Credit and default risk**

Credit risk relates to the creditworthiness of the issuers of the debt instruments and its expected ability to make timely payment of interest and/or principal. Any adverse situations faced by the issuer may impact the value as well as liquidity of the debt instrument. Default risk relates to the risk than an issuer of a debt instrument either defaulting on payments or failing to make payments in a timely manner which will in turn adversely affect the value of the debt instruments. This could adversely affect the value of the Fund.

- **Interest Rate Risk**

Interest rate risk refers to the impact of interest rate changes on the valuation of debt instruments whenever is applicable. When interest rates rise, debt instruments prices generally decline and this may lower the market value of the Fund's investment in debt instruments. The reverse may apply when interest rates fall.

- **Counterparty risk**

The Fund's placements of deposits and/or investments in money market instruments with Financial Institutions are subject to the risk of the counterparty. Counterparty risk also refers to the possibility that the counterparty being unable to make timely payments of interest and/or principal payment on the maturity date. This may then lead to a default in the payment and/or interest and ultimately, affect the NAV per Unit of the Fund.

**The abovementioned risks which you should consider before investing into a wholesale 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.**

## Transaction Information

### BASES OF VALUATION OF THE ASSETS OF THE FUND

<b>Fixed Income Securities</b>	<p>Listed local and foreign fixed income securities will be valued based on the last done prices as at the close of the Business Day of the respective markets on the same calendar day.</p> <p>However, if:</p> <ul style="list-style-type: none"><li>(a) a valuation based on the market price does not represent the fair value of the fixed income securities, for example during abnormal market conditions; or</li><li>(b) no market price is available, including if a suspension in the quotation of the fixed income securities for a period exceeding 14 days, or such shorter period as agreed by the Trustee,</li></ul> <p>then the fixed income securities would be valued at fair value, as determined in good faith by us based on the methods or bases approved by the Trustee after appropriate technical consultation.</p> <p>Investments in fixed income securities denominated in MYR which are not listed on any recognised stock exchange will be valued on each Business Day by reference to the fair value prices quoted by a bond pricing agency (BPA) registered with the Securities Commission.</p> <p>Investments in foreign unlisted fixed income securities will be valued by reference to the average indicative yield quoted by three (3) independent and reputable Financial Institutions.</p> <p>In a case where the Manager is of the view that the price quoted by BPA or the average indicative price quoted by three (3) independent and reputable financial institutions for a specific bond differs from the Manager's view of the market price by more than twenty (20) basis points, the Manager may use the market price of its view, provided that the Manager record its basis for using such price, obtain the necessary internal approvals to use such price and keep an audit trail of all decisions and basis of adopting such price.</p>
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<p><b>Listed securities</b></p>	<p>Investment in listed securities shall be valued at the last done market price available at the close of the Business Day. However, if-</p> <p>a) a valuation based on the market price does not represent the fair value of the securities for example during abnormal market conditions; or</p> <p>b) no market price is available, including in the event of a suspension in the quotation of the securities for a period exceeding 14 days, or such shorter period as agreed by the Trustee, then the securities will be valued at fair value. The fair value shall be determined in good faith by the Manager, based on the method or bases approved by the Trustee after appropriate technical consultation.</p>
<p><b>Unlisted securities</b></p>	<p>Unlisted securities will be valued at arm’s length fair value as determined in good faith by the Manager.</p>
<p><b>Deposits</b></p>	<p>Deposits are valued by reference to the value of such investments and the profit accrued thereon for the relevant period.</p>
<p><b>Collective investment schemes</b></p>	<p>Investment in units or shares in other collective investment schemes will be valued based on the last published repurchase price of the collective investment schemes.</p>
<p><b>Money market instruments</b></p>	<p>Money market instruments shall be based on the value provided by the Financial Institution that issue the instruments</p>
<p><b>Any other instruments</b></p>	<p>Any other instruments will be valued at arm’s length fair value as determined in good faith by the Manager.</p>

## **CALCULATION OF UNIT PRICES**

### **VALUATION POINT**

Valuation point refers to the time(s) on a Business Day as may be decided by the Manager wherein the NAV of the Fund is calculated. The Manager, at its discretion, may consider additional valuation point(s) for the Fund when there is a material market movement within the day (more than 5% of the last valuation point). The Fund will be valued at the end of the Business Day.

If and when the Fund invests in a foreign market, the valuation of the Fund may be carried by 5.00p.m (or such other time as may be permitted by the relevant authorities from time to time) on the following Business Day (T+1 Day).

This is due to certain foreign markets in which the Fund may invest in have yet to close due to the different time zones. As such, the daily NAV of the Fund will be determined on T+1 Day and will be published on T+2.

### **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 investment) will be carried out at NAV per Unit (the actual value of the Unit). The entry or exit fee (if any) would be computed separately based on your net investment or redemption amount. The single price for investment and redemption of Units shall be the daily NAV per Unit 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 valuation point. The NAV is defines as the total value of the Fund's investment, assets and properties less any liabilities or provisions. Where applicable, investment

income, interest payable, 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.

### **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.

### **Computation of Net Investment Amount and Units Entitlement**

#### **A. For investors who make a lump sum payment inclusive of fees and any relevant taxes which may be imposed by the 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.

#### **B. 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.

## **CALCULATION OF REDEMPTION VALUE**

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

## **DISTRIBUTION CHANNELS**

The Fund is distributed through the Manager's head office, branches and authorized distributors. Please refer to the directory on page 34 or call us at 03-7956 3111 for list of contacts.

## **MAKING AN INVESTMENT**

If you are investing for the first time, you are required to complete 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

You must submit the completed forms with the necessary payment by 3.00p.m on any Business Day. We will process your transaction on the next Business Day if we receive your application after the cut-off time.

Areca Strategic Income Fund 5.0 may only be offered for sale to Sophisticated Investors and investors must ensure that they are Sophisticated Investors before making an investment in the Fund. In the event that the Manager becomes aware that a person is not eligible to apply for Units is in fact holding Units, the Manager, subject to the available Liquid Assets in the Fund, shall be deemed to have received a redemption request in respect of such Units on the Business Day following the day the Manager first became aware of the Unit Holder's ineligibility.

**The minimum initial investments and the minimum additional investment for Units in any of the Fund are as follows:**

<b>Minimum Initial Investments</b>	<b>Investment Notice</b>
<b>Direct Investment through the Manager:</b> RM50,000 or such other limit at the Manager's discretion.	Before 3.00p.m on Business Day
<b>Third party distributors:</b> RM50,000 or such other limit at the Manager's discretion.	
<b>Minimum Additional Investments</b>	
RM10,000 or such other limit at the Manager's discretion.	Before 3.00p.m on Business Day

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

#### **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 AND PAYMENT MADE BY A THIRD PARTY**

**INVESTOR SHOULD NOT MAKE PAYMENT IN CASH TO A UNIT TRUST CONSULTANT OR ISSUE A CHEQUE IN THE NAME OF A UNIT TRUST CONSULTANT.**

## **REDEMPTION**

You will not be able to redeem your Units within the first 24 months from the investment date.

Please note that you might not be able to redeem Units if the Fund is not able to dispose its assets and has insufficient cash.

You must submit the completed redemption form in the following manner;

<b>Minimum Redemption</b>	<b>Redemption Notice</b>
RM50,000 or 50,000 Units or such other amount as decided by the Manager. However, if the redemption request leaves you with less than 50,000 Units (minimum balance), all the Units in your account will be redeemed automatically.	Redemption notice must be submitted before 3.00 p.m. on Business Day

We will not process your transaction if we receive your application after the cut-off time. If the transaction date falls on a weekend or holiday, your transaction date will take place on the next Business Day.

We will pay you within 10 days, upon receipt of the duly completed original redemption form.

## **SUSPENSION OF FUND**

We may, after consultation with the Trustee, suspend the redemption of Units if in our opinion, it is not in the interests of the Unit Holders to permit the assets of the Fund to be sold or that the assets cannot be liquidated at an appropriate price or on adequate terms or when there is good and sufficient reason to do so having regard to the interests of the Unit Holders.

## **UNCLAIMED MONEYS POLICY**

Any money which remain unclaimed after 12 months from the date of payment or any such other period as is prescribed by the Unclaimed Moneys Act 1965 shall be dealt with in accordance with provisions of the Unclaimed Moneys Act 1965.

## **SOFT COMMISSION**

The Manager will retain soft commissions received from stockbrokers, provided these are of demonstrable benefit to the Unit Holders and in the form of research and advisory services that assist in the decision making process relating to the Fund's investments. 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.

## **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 financial institution on an arm's length and fair value basis; and
- iv. Transaction will be reported to the trustee and investment committee.

## **THE MANAGER: ARECA CAPITAL SDN BHD**

Areca Capital Sdn Bhd was incorporated on 13 July 2006 under the Companies Act, 1965. It has an issued and paid-up share capital of RM12,000,000.00 divided into 5,000,000 ordinary shares and 7,000,000 redeemable preference shares.

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

### **DUTIES AND RESPONSIBILITIES OF THE MANAGER**

The Manager is engaged in the business of managing, administering, marketing and distributing unit trust funds and managing private mandates and financial planning activities. Its 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.

### **LITIGATION AND ARBITRATION**

As at 31 December 2019, 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.

## **ROLES AND FUNCTIONS OF THE BOARD OF DIRECTORS AND INVESTMENT COMMITTEE**

### **Board of Directors of Areca Capital Sdn Bhd (“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 investment committee of the Fund and the senior representatives of the Manager.

### **Investment Committee of the Fund**

The investment committee is fully responsible for the Fund’s investment policies and guidelines, and shall review and approve the investment strategies undertaken by the fund managers for the Fund. The investment committee meets every month or more frequently if required.

### **Designated Fund Manager**

Mr. Edward Iskandar Toh Bin Abdullah is the designated fund manager responsible for the management of the Fund.

## **THE TRUSTEE: RHB TRUSTEES BERHAD**

RHB Trustees Berhad was incorporated in Malaysia under the Companies Act, 1965 on 6 March 2002. It is registered as a trust company under the Trust Companies Act, 1949 and is also registered with the SC to conduct unit trust business. The principal activity of RHB Trustees Berhad is providing retail and corporate trustee services. RHB Trustees Berhad has been in the trustee business since 2002.

### **EXPERIENCE IN TRUSTEE BUSINESS**

RHB Trustees Berhad undertakes all types of trustee business allowed under the Trust Companies Act, 1949, ranging from corporate trustee services to retail services. RHB Trustees Berhad offers corporate trustee services such as trustee for real estate investment trusts (REITs), unit trust funds and custodian services. Its retail services include estate planning services (will writing, custodian and executor/trustee services) and private trustee services (private purpose trust, investment trust, charitable trust, insurance trust, business succession trust, estate administration trust, custodian and stakeholder services).

### **DUTIES AND RESPONSIBILITIES OF THE TRUSTEE**

The Trustee's functions, duties and responsibilities are set out in the Deed. The general function, duties and responsibility of the Trustee include, but are not limited to, the following:

- a) Acting as trustee and safeguarding the rights and interests of the Unit Holders;
- b) Holding the assets of the Fund for the benefit of the Unit Holders; and
- c) Exercising all the powers of a trustee and the powers that are incidental to the ownership of the assets of the Fund.

The Trustee 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 Unit Holders.

## **LITIGATION AND ARBITRATION**

As at 31 December 2019, RHB Trustees Berhad 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 RHB Trustees Berhad.

## **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
- 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](mailto: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:-

- Quarterly report containing information of the Fund, a report on the Fund's performance and financial statements for the accounting period. The quarterly report will be dispatched to all Unit Holders within 2 months from the close of each financial quarter;
- 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 dispatched to all Unit Holders within 2 months from the close of each financial year;
- Areca Online at [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.

## **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 THEREAT 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, quarterly 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**

A Unit Holders' meeting may be called by the Manager, Trustee and/or Unit Holders. Any such meeting must be convened in accordance with the Deed.

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 audited 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.

Every question arising at any Unit Holders' meeting shall be decided in the first instance by a show of hands unless a poll be demanded or, if it be a question which under the Deed requires a special resolution, a poll shall be taken. On a show of hands every Unit Holder who is present or by proxy shall have one vote.

The quorum for a meeting of Unit Holders of the Fund is five (5) Unit Holders, whether present in person or by proxy, provided that if the Fund has five (5) or less Unit Holders, the quorum required for a meeting of the Unit Holders of the Fund shall be two (2) Unit Holders, whether present in person or by proxy; if the meeting has been convened for the purpose of voting on a special resolution, the Unit Holders present in person or by proxy must hold in aggregate at least seventy five per centum (75%) of the Units in circulation at the time of the meeting.

### **TERMINATION OF THE FUND**

The Manager may terminate the trust and wind up the Fund in accordance with the Deed. Notwithstanding the aforesaid, if the Fund is left with no Unit Holders, the Manager shall be entitled to terminate the Fund.

## **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 AML 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.

## **DIRECTORY**

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

### **HEAD OFFICE:**

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

### **BRANCHES:**

#### **IPOH**

11A, (First Floor),  
Persiaran Greentown 5,  
Greentown Business Centre,  
30450 Ipoh, Perak.  
Tel: 605-249 6697  
Fax : 605-249 6696

#### **MELAKA**

95A, Jalan Melaka Raya 24,  
Taman Melaka Raya,  
75000 Melaka.  
Tel : 606-282 9111  
Fax : 606-283 9112

#### **PENANG**

368-2-02 Belissa Row,  
Jalan Burma, Georgetown,  
10350 Pulau Pinang.  
Tel : 604-210 2011  
Fax : 604-210 2013

#### **KUCHING**

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

**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** (740840-D)

107, Blok B, Pusat Dagangan Phileo  
Damansara I, 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