

Product Highlights Sheet

ARECA Islamic Cash Fund

RESPONSIBILITY STATEMENT

This Product Highlights Sheet has been reviewed and approved by the Directors of Areca Capital Sdn Bhd and 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 has authorized the Fund, the subject of this Product Highlights Sheet, and the authorization shall not be taken to indicate that the Securities Commission Malaysia recommends the investment.

STATEMENT OF DISCLAIMER

The Securities Commission Malaysia has authorised the issuance of Areca Islamic Cash Fund and a copy of this Product Highlights Sheet has been lodged with the Securities Commission Malaysia.

The authorisation of the Areca Islamic Cash Fund and lodgement of this Product Highlights Sheet, should not be taken to indicate that the Securities Commission Malaysia recommends the Areca Islamic Cash Fund or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Product Highlights Sheet.

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

Management Company



(740840-D)

This Product Highlight Sheet only highlights the key features and risks of the Areca Islamic Cash Fund. Investors are advised to request, read and understand the disclosure documents before deciding to invest.

PRODUCT HIGHLIGHT SHEET
ARECA ISLAMIC CASH FUND

BRIEF INFORMATION ON THE PRODUCT

1. What is this product about?

Product category / type	Islamic Fixed Income (Wholesale) / Income	Manager	Areca Capital Sdn Bhd
Launch date	18 June 2015	Trustee	RHB Trustees Berhad
		Shariah Adviser	ZICO Shariah Advisory Services Sdn Bhd (Formerly known as ZICOlaw Shariah Advisory Services Sdn Bhd)
Minimum investment	RM100,000 or such other limit at the Manager's discretion	Minimum balance	10,000 units or such other limit at the Manager's discretion

PRODUCT SUITABILITY

2. Who is this product suitable for?

Please note that this wholesale fund is for Sophisticated Investors (please refer to Glossary) only.

This Fund is suitable for investors who are:

- Have low risk tolerance
- Have Short-Term investment horizon
- Seek potential income from Shariah-compliant investments.

KEY PRODUCT FEATURES

3. What am I investing in?

Objective of the Fund	The Fund aims to seek to offer investors regular income.
Investment Policies and Strategies	The Fund may invest up to 30% of its NAV in Islamic fixed income securities including Ringgit denominated Sukuk and invest the remaining NAV in Short-Term Islamic money market instruments and Islamic Deposits and placement with Islamic Investment Account with different maturity periods to meet the objective of the Fund.

Asset Allocation	<ul style="list-style-type: none"> ▪ <u>Islamic fixed income securities</u> 0 - 30% of the NAV of the Fund (at time of purchase) ▪ <u>Islamic money market instruments (other than those instruments classified as Islamic liquid assets), Islamic Deposits and placement with Islamic Investment Account and other Islamic liquid assets</u> Remaining balance of the NAV of the Fund
Performance Benchmark	Maybank Islamic 1-month REPO rate.
Income Distribution and Reinvestment Policy	<p>At least twice a year, subject to availability of distributable income.</p> <p>In the absence of instructions to the contrary from a Unit Holder, the Manager is entitled to reinvest the income distributed from the Fund in additional Units at the NAV per Unit at the end of the distribution day with no entry fee</p>
Switching Facility	Not available for the Fund.

4. What are the possible outcomes of my investment?

There are many possible outcomes associated with an investment in the Fund and involves some degree of risk. Investors are to take note that the value of an investment in the Fund and its distributions payable (if any) may go down as well as up and are not guaranteed. The value of your investment is at risk depending on the underlying investments of the Fund.

Under normal circumstances, the Manager aims to out-perform the Fund's benchmark, the Maybank Islamic 1-month REPO rate. However, on the flip side, the Fund may post a much lower return or even incurring losses if one or more of the key risks occur. **In the worst scenario where all the investments of the Fund are in default or suspended, investors may lose part or even all of your initial investments.**

KEY RISKS

5. What are the key risks associated with this product?

Below are the risks associated in the product which may cause significant losses if they occur.

General risks of investing in the Unit Trust Fund

- **Market Risk**

Market risk inherently exists in any market and cannot be avoided by any business or company. Uncertainties in economic and socio-political environment of a particular market may affect a fund's investments in that market negatively and consequently, its unit prices as well.

- **Inflation/Purchasing Power Risk**

Inflation risk is the risk of potential loss in the purchasing power of your investment due to a general increase of consumer price. Inflation will erode the value of the investment returns and the worth of the investment itself. Investor's returns from the fund may not be in-line with the inflation rate and hence reduce their purchasing power.

- **Fund Management Risk**

A fund may underperform its benchmark due to the experience, knowledge and expertise of the manager and the investment strategies adopted. A fund manager who lacks experience and knowledge may make poor or wrong forecasts of the performance stocks or markets. The fund manager may also adopt investment strategies which are not suitable for a fund or current market situations; for instance, whether to take temporary defensive positions at the right time. All these may affect the fund's performance negatively and as such, may result in the fund under-performing the benchmark.

- **Loan Financing Risk**

Investors must be aware of the inherent risk involved with margin of financing for investments including their ability to service its financing instalments, which may be affected by increase in cost of financing or unforeseen circumstances, such as loss of a

regular income stream. Investors may be required to pledge units held in a fund or any other assets as collateral to cover the margin of financing. In the event units are used as collateral, an investor may be required to provide cash or units as additional collateral if the unit prices fall beyond a certain level. If the additional collateral is not made within the prescribed time, the investors' units may be sold towards settling such financing.

- **Risk of Non-Compliance**

This is the risk that the manager does not adhere to relevant laws, regulations and guidelines that govern the investment management and operations of a fund or a fund's investment mandate stated in the deed. Non-compliance could occur due to internal factors such as weaknesses in operational processes and systems. Non-compliance risk may adversely affect the investment of the fund. The manager may be forced to sell the investments of the fund at a discount to rectify the non-compliance. This risk is mitigated by having sufficient internal controls in place and compliance monitoring program.

- **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 with the investment portfolio of Areca Islamic Cash Fund

- **Liquidity Risk**

Liquidity risk refers to the ease at which an instrument can be sold at or near its fair value depending on the volume traded on the market. If the Fund holds assets that are illiquid, or are difficult to dispose of, the value of the Fund may be negatively affected when it has to sell such assets at unfavourable prices. To mitigate liquidity risk, the Manager will continuously conduct research and analysis work to actively manage the asset allocations.

- **Credit Risk**

Credit risk arises when there is a possibility that the issuer of Islamic fixed securities and Islamic money market instruments is unable to pay the interest/profit due or the principal repayment on time leading to a default by the issuer. An issuer suffering adverse change in its financial condition could have the credit rating of the Islamic fixed securities and Islamic money market instruments lowered. Any adverse situations faced by the issuer may impact the value as well as liquidity of the instruments. This risk is mitigated by carrying out continuous fundamental credit research and analysis to ascertain the creditworthiness of its issuer.

- **Interest Rate Risk**

This risk relates to unforeseen movements in the direction of interest rates. Interest rate movements can lead to fluctuations in Islamic fixed securities prices. Islamic fixed securities prices generally move in the opposite direction of interest rate, that is, any increase in interest rate will lead to a reduction in the Islamic fixed securities prices, thus affecting the valuation of the Fund.

(Note: The interest rate mentioned above will have an impact on the management of the Fund, regardless whether it is a Shariah-compliant Fund or otherwise. It does not anyway suggest that the Fund will invest in conventional financial instruments. All the investments carried out for the Fund are in accordance with the Shariah requirements.)

- **Shariah Non-Compliance Risk**

This risk refers to the risk that the currently held Shariah-compliant instruments and Islamic Deposits and investment placement in the Fund may be reclassified as Shariah non-compliant in the periodic review of the instruments by the, SCSAC, the Shariah Advisory Council of Bank Negara Malaysia (SAC), the Shariah Adviser or the Shariah boards of the relevant Islamic indices or Financial Institutions. If this occurs, the Manager will take the necessary steps to dispose such instruments according to Shariah requirements, subject to the approval of the Shariah Adviser.

The abovementioned risks which investors should consider before investing into the Fund should not be considered to be an exhaustive list. Investors should be aware that investments in the Fund may be exposed to other risks of an exceptional nature from time to time.

FEES & CHARGES

6. What are the fees and charges involved?

Entry Fee	Nil
Penalty / Exit Fee	Nil
Annual Management Fee	0.75% p.a. of the NAV of the Fund.
Annual Trustee Fee	0.05% p.a. of the NAV of the Fund.

VALUATION AND EXITING FROM INVESTMENT

7. How often are valuations available?

The valuation of the assets of the Fund is carried out on each Business Day.

The NAV per unit of the Fund will generally be published on the following 2 Business Days (T+2 days) in various major local newspapers and may also be found on the Manager's website at www.arecacapital.com.

8. How can I exit from this investment and what are the risks and costs involved?

Minimum Liquidation	RM10,000 or 10,000 Units or such other limit at the Manager's discretion.
Minimum Balance	10,000 Units or such other limit at the Manager's discretion.
Liquidation Notice / Frequency	1 Business Day prior to liquidation (i.e. T-1 day). However, a liquidation notice must be submitted before 3.30p.m on T-1 day for processing. There is no limit on the frequency of liquidation.
Liquidation Payment	Payment will be made on the next Business Day of the transaction day (i.e. T+1 day) under normal circumstances. However, under specific conditions such as under liquidity constraint conditions, payment may be made within 10 days upon receipt by the Manager of the duly completed original liquidation form.
Cooling-off Right	Within 6 Business Days commencing on the date of receipt of the application for Units by the Manager. Applicable for initial investment by investors in any funds managed by the Manager for the first time only. Not applicable to corporation or institution, a staff of the Manager and persons registered with a body approved by the SC to deal in unit trusts.

For more information, please refer to the Information Memorandum dated 18 June 2015.

CONTACT INFORMATION

9. Who should I contact for further information or to lodge a complaint?

1. For internal dispute resolution, you may contact:

Areca Capital Sdn Bhd (740840-D)
107, Blok B, Pusat Dagangan Phileo Damansara 1,
No 9, Jalan 16/11, Off Jalan Damansara,
46350 Petaling Jaya, Selangor.
Tel: 603-7956 3111
Fax: 603-7955 4111
Website: www.arecacapital.com
E-mail: invest@arecacapital.com

2. If you are dissatisfied with the outcome of the internal dispute resolution process, you may refer your dispute to;

- A) Securities Commission Malaysia ("SC")
Investor Affairs & Complaints Department
Securities Commission Malaysia,
No 3 Persiaran Bukit Kiara,
Bukit Kiara,
50490 Kuala Lumpur.
Tel: 603 6204 8999
Fax: 603 6204 8991
Email: aduan@seccom.com.my
- B) Securities Industry Dispute Resolution Center ("SIDREC")
Unit A-9-1, Level 9, Tower A ,
Menara UOA Bangsar,
No. 5, Jalan Bangsar Utama 1,
59000 Kuala Lumpur.

Tel : 603-2282 2280
Fax : 603-2282 3855
Email: info@sidrec.com.my
- C) Federation of Investment Managers Malaysia ("FIMM")
19-06-1, 6th Floor,
Wisma Tune,
19, Lorong Dungun,
Damansara Heights,
50490 Kuala Lumpur.

Tel: 603-2093 2600
Fax: 603-2093 2700
Email: info@fimm.com.my

GLOSSARY

BNM	Bank Negara Malaysia;
Bursa Malaysia	Bursa Malaysia Securities Berhad, the stock exchange managed or operated by Bursa Malaysia Berhad;
Business Day	A day on which Bursa Malaysia is open for trading;
CMSA	The Capital Markets and Services Act, 2007 including all amendments thereto;
Deed(s)	The deed in relation to the Fund and any other supplemental deeds that may be entered into between the Manager and the Trustee;
FIMM	Federation of Investment Managers Malaysia;

Financial Institution	<p>(a) if the institution is in Malaysia –</p> <ul style="list-style-type: none"> (i) licensed bank; (ii) licensed investment bank; (iii) Islamic bank; <p>(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;</p>
Fund	Areca Islamic Cash Fund
Fund Manager	A person who holds a capital market services representative's licence to carry on the regulated activity of fund management;
GST	Goods and Services Tax
Guidelines	Guidelines on Wholesale Funds issued by the Securities Commission Malaysia as may be amended from time to time;
Information Memorandum	Information Memorandum in relation to the Fund and includes any supplemental or replacement Information Memorandum;
Islamic Bank	Means a bank licensed under the Islamic Financial Services Act 2013;
Islamic Deposits	Means Islamic deposits where a sum of money is accepted and will be repaid in full, with or without any gains, in accordance with Shariah;
Islamic Investment Account	Cash placement with licensed financial institution for the purpose of investments, including for the provision of finance, in accordance with Shariah principles which are Mudarabah, Musyarakah and Wakalah investment accounts;
IUTA	Institutional unit trust adviser, which is an institution, body or organisation that is registered with the FIMM to market and distribute unit trust;
Jointholder	A person who holds Units together with another person or persons;
Licensed Bank	Means a bank licensed under the Financial Services Act 2013;
Licensed Investment Bank	Means an investments bank licensed under the Financial Services Act 2013;
Liquidation	The repurchase by the Manager of the Units owned by the Unit Holders upon a proper redemption request;
Manager/We/Us	Areca Capital Sdn Bhd;
NAV	The Net Asset Value of the Fund, which is the value of all the assets of the Fund less the total liabilities of the Fund at the valuation point; for the purpose of computing the annual management fee and annual trustee fee, the NAV of the Fund should be inclusive of the management fee and trustee fee for the relevant day;
NAV per Unit	The NAV of the Fund divided by the number of Units in circulation at the valuation point;
SCSAC	SC's Shariah Advisory Council;

Shariah	The Islamic Law comprising the whole body of rulings pertaining to human conducts derived from the sources of the Shariah. The primary sources are the Quran and the Sunnah while the secondary ones are those established sources such as Ijma' (consensus), Qiyas (analogical reason), Maslahah (public interest), Istihsan (juristic preference), Istihab (presumption of continuity), 'Uruf (custom) and Sadd Zara'ie (blocking of means);
Shariah Adviser	ZICO Shariah Advisory Services Sdn Bhd (ZICO Shariah);
SC	The Securities Commission Malaysia which was established under the Securities Commission Act 1993;
Short-Term	A period of less than 3 years;
Sophisticated Investor	<ol style="list-style-type: none"> 1. 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; 2. An individual who has a gross annual income exceeding RM300,000 or its equivalent in foreign currencies per annum in the preceding twelve months; 3. 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; 4. A corporation with total net assets exceeding RM10 million or its equivalent in foreign currencies based on the last audited accounts; 5. A partnership with total net assets exceeding RM10 million or its equivalent in foreign currencies; 6. A unit trust scheme or prescribed investment scheme; 7. A private retirement scheme; 8. A closed-end fund approved by the Securities Commission Malaysia; 9. 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; 10. A corporation that is a public company under the Companies Act 1965 which is approved by the Securities Commission Malaysia to be a trustee under the Capital Markets and Services Act 2007 and has assets under management exceeding RM10 million or its equivalent in foreign currencies; 11. A statutory body established by an Act of Parliament or an enactment of any State; 12. A pension fund approved by the Director General of Inland Revenue under section 150 of the Income Tax Act 1967; 13. 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 licence; 14. A licensed institution as defined in the Financial Services Act 2013; 15. An Islamic bank as defined in the Islamic Financial Services Act 2013; 16. An insurance company registered under the Financial Services Act 2013; 17. A takaful operator registered under the Islamic Financial Services Act 2013; 18. A bank licensee or insurance licensee as defined under the Labuan Financial Services and Securities Act 2010; 19. An Islamic bank licensee or takaful licensee as defined under the Labuan Islamic Financial Services and Securities Act 2010; and 20. Any other investor as may be defined by the Securities Commission Malaysia from time to time.

Sukuk	Certificates of equal value which evidence undivided ownership or investment in the assets using Shariah principles and concepts approved by the Shariah Advisory Council of the Securities Commission Malaysia;
Trustee	RHB Trustees Berhad;
Units	Units of the Fund and includes a fraction of a unit of the Fund;
Unit Holder/You	A person for the time being who is registered pursuant to the Deed as a holder of Units, including a Jointholder.

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