

Information Memorandum

Areca Flexi *fixed*INCOME Fund

Trustee
OSK Trustees Berhad (573019-U)
Custodian
Malayan Banking Berhad (3813-K)

Management Company



(740840-D)

This Information Memorandum is dated 3 January 2012. Investors are advised to read the Information Memorandum and obtain professional advice before subscribing to the Areca Flexi *fixed*INCOME Fund.

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 has approved the issue, offer or invitation in respect of the wholesale fund, the subject of this Information Memorandum, and that the approval shall not be taken to indicate that the Securities Commission Malaysia recommends the investment.

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 the 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.

RISK DISCLOSURE STATEMENTS

In the event some of the underlying investments of the wholesale fund are not actively traded, potential investors are warned that under such circumstances, they may face difficulties in redeeming their investments.

Investors are advised to read the Information Memorandum and obtain professional advice before subscribing to the Fund.

INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISK OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, INVESTORS WHO ARE IN DOUBT ON THE ACTION TO BE TAKEN SHOULD CONSULT PROFESSIONAL ADVISERS IMMEDIATELY.

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GLOSSARY

“Act/CMSA”

The Capital Market and Services Act, 2007;

“Bursa Malaysia”

Bursa Malaysia Securities Berhad, the stock exchange managed or operated by Bursa Malaysia Berhad;

“Business Day”

A day on which the Bursa Malaysia is open for trading;

“Debenture”

It includes debenture stock, bond, note and any other evidence of indebtedness of a corporation for borrowed moneys, whether or not constituting a charge on the assets of the corporations as defined in the Act;

“Deed”

The Deed in relation to Areca Flexi fixedINCOME Fund dated 28 April 2011 and any other supplemental deeds that may be entered into between the Manager and the Trustee and deposited with the SC;

“Fixed Income Investments”

Debentures, money market instruments, deposits with licensed institutions and any other fixed income related instruments that are in line with the Fund’s objective;

“Fund”

Areca Flexi fixedINCOME Fund;

“Information Memorandum”

Refers to this document issued by Areca Capital Sdn Bhd describing the details of Areca Flexi fixedINCOME Fund and which is deemed to be a prospectus in so far as it relates to the liability of Areca Capital Sdn Bhd for any statement or information that is false or misleading or from which there is material omission;

“Guidelines”

Guidelines on Wholesale Funds issued by the Securities Commission Malaysia as may be amended from time to time;

“Long-Term”

A period of 5 years or more;

“Manager” or “We” or “Us”

Areca Capital Sdn Bhd;

“Medium Term”

A period between 3 – 5 years;

“NAV”

Net Asset Value of the Fund, which is the value of all the assets of the Fund at a particular valuation point less the total liabilities of the Fund at the same 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, if any for the relevant day;

“NAV per Unit”

The NAV of the Fund divided by the number of units in circulation at the valuation point;

“Qualified Investors”

This refers to:

- i) individuals whose total net personal assets exceed RM3 million or its equivalent in foreign currencies;
- ii) corporations with total net assets exceeding RM10 million or its equivalent in foreign currencies based on the last audited accounts;
- iii) unit trust schemes or prescribed investment schemes; companies registered as a trust company under the Trust Companies Act, 1949 which has discretion in the investment of trust assets of a trust with total net assets exceeding RM10million or its equivalent in foreign currencies;
- iv) corporations that is a public company under the Companies Act, 1965 or under the laws of any other country, which has been allowed by the SC to be a trustee for the purposes of the CMSA and has discretion in the investment of trust assets of a trust with total net assets exceeding RM10million or its equivalent in foreign currencies;
- v) pension funds approved by the Director General of Inland Revenue under section 150 of the Income Tax Act, 1967;
- vi) holders of a Capital Markets Services License carrying on the business of dealing in securities;
- vii) other fund managers;
- viii) persons who acquire securities pursuant to an offer, as principal, if the aggregate consideration for the acquisition is not less than RM250,000 or its equivalent in foreign currencies for each acquisition;
- ix) licensed institutions;
- x) Islamic banks; and
- xi) insurance companies licensed under the Insurance Act, 1996 or any other person, entities, institutions or corporations as may be allowed;

“RM”

Ringgit Malaysia;

“SC”

The Securities Commission Malaysia which was established under the Securities Commission Act ,1993;

“Short-Term”

A period less than 3 years;

“Short to Medium Term”

A period less than 5 years;

“Trustee”

OSK Trustees Berhad;

“Units”

Units of the Fund and includes a fraction of a unit;

“Unit Holder/You”

Person for the time being who is registered pursuant to the Deed as a holder of Units of the Fund;

“Wholesale Fund”

A unit trust fund, the units of which are issued, offered for subscription or purchase, or for which invitations to subscribe for or purchase the units have been made, exclusively to Qualified Investors;

CORPORATE DIRECTORY

The Manager

Areca Capital Sdn Bhd (740840-D)

Registered Office:

Suite 30C, 3rd Floor, Wisma TCL, 470, Jalan Ipoh, 3rd 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, Selangor.

Tel: 603-7956 3111, Fax: 603-7955 4111

Website: www.arecacapital.com

E-mail: invest@arecacapital.com

Trustee

OSK Trustees Berhad (573019-U)

Registered Office:

20th Floor, Plaza OSK, Jalan Ampang, 50450 Kuala Lumpur.

Business Address:

6th Floor, Plaza OSK, Jalan Ampang, 50450 Kuala Lumpur.

Tel: 03-9207 7777, Fax: 03-2175 3288

Trustee's Delegate (as custodian):

Malayan Banking Berhad (3813-K),

Maybank Custody Services - Transaction Banking, Global Wholesale Banking

4th Floor, Menara Maybank, 100, Jalan Tun Perak, 50050 Kuala Lumpur.

Tel: 03 - 20748158, Fax: 03 - 20321572 / 20700966

Board of Directors

Dato' Wee Hoe Soon @ Gooi Hoe Soon (Independent, Chairman)

Dr. Junid Saham (Independent)

Danny Wong Teck Meng (Non-Independent Executive)

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

Tam Chiew Lin (Non-Independent)

Investment

Committee Members

Dato' Wee Hoe Soon @ Gooi Hoe Soon (Independent, Chairman)

Dr. Junid Saham (Independent)

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

Teoh Boon Kiaw (Non-Independent)

Audit Committee Members	Danny Wong Teck Meng Dato' Wee Hoe Soon@ Gooi Hoe Soon (Independent) Dr. Junid Saham (Independent)
Company Secretary	Fong Yin Peng (MAICSA 7031645) Suite 30C, 3rd Floor, Wisma TCL, 470 Jalan Ipoh, 3rd Mile, 51200 Kuala Lumpur.
Auditor	PricewaterhouseCoopers (AF1146) Level 10, 1 Sentral, Jalan Travers, Kuala Lumpur, Sentral, P O Box 10192, 50706 Kuala Lumpur. Tel: 03-2173 1188, Fax: 03-2173 1288
Tax Adviser	PricewaterhouseCoopers Taxation Services Sdn Bhd (464731-M), Level 10, 1 Sentral, Jalan Travers, Kuala Lumpur, Sentral, P O Box 10192, 50706 Kuala Lumpur. Tel: 03-2173 1188, Fax: 03-2173 1288
Principal Bankers	Malayan Banking Berhad (3813-K) No. 8 &10, Jalan SS2/63, 47300 Petaling Jaya, Selangor. Standard Chartered Bank Malaysia Berhad (115793-P) Registered office: Level 16, Menara Standard Chartered, 30, Jalan Sultan Ismail, 50250 Kuala Lumpur.
Others	Federation of Investment Managers Malaysia 19-07-3, 7th Floor, PNB Damansara, No.19, Lorong Dungun, Damansara Heights, 50490 Kuala Lumpur. Tel:03-20932600, Fax: 03-20932700

KEY DATA

Fund Information

Name of the Fund	Areca Flexi fixedINCOME Fund
Trustee	OSK Trustees Berhad (573019-U)
Fund Category/Type	Fixed Income/Income & Growth
Objective of the Fund	<p>The Fund aims to provide Qualified Investors with relatively steady income* and moderate capital appreciation over a Short to Medium-Term by investing in Fixed Income Investments.</p> <p>* income could be in the form of cash or units. Please refer to page 23 for further details on income distribution.</p>
Investment Policy and Strategy	<p>The Fund will primarily invest in a diversified portfolio of Fixed Income Investments consisting of debentures, money market instruments and deposits with licensed institutions and any other fixed income related instruments that are in line with the Fund’s objective. The Fund will be managed with an appropriate level of liquidity in accordance with the prevailing investment conditions. The Fund will also invest in bonds purchased at a discount of their nominal values for capital appreciation potentials. There will be capital gains if the fund manager manage to sell the discounted bonds at lower yields (higher prices) during the tenure of the bonds.</p> <p>The Fund will focus mainly on those of quality debentures with different maturity periods. The quality debentures are private debt securities and money market instruments issued by issuers that are rated, with a minimum rating of ‘A3’ by Rating Agency Malaysia (RAM) or its equivalent rating by Malaysian Rating Corporation Berhad (MARC) and commercial papers with a minimum rating of ‘P1’ by Rating Agency Malaysia (RAM) or its equivalent rating by Malaysian Rating Corporation Berhad (MARC) unless otherwise unanimously approved by the Investment Committee for the Fund to invest below the abovementioned minimum ratings, subject to a limit of up to 25% of its NAV.</p>
Asset Allocation	<ul style="list-style-type: none"> ▪ Fixed Income Investments: Maximum 99%, Minimum 70% ▪ Liquid Assets : Minimum 1%

General Risk	<ul style="list-style-type: none"> ▪ Inflation/Purchasing Power Risk ▪ Fund Management Risk ▪ Loan Financing Risk ▪ Risk of Non-Compliance
Specific Risk	<ul style="list-style-type: none"> ▪ Liquidity Risk (Bond/Fixed Income) ▪ Credit/Default Risk ▪ Downgrade of Issuers Risk ▪ Interest Rate Risk
Investor's Profile	The Fund is suitable for Qualified Investors who are seeking higher than fixed deposit rate return through a diversified portfolio of Fixed Income Investments.
Performance Indicator	<p>Maybank's 6-month fixed deposit rate</p> <p>The 6-months fixed deposit benchmark is selected as the main purpose of fixed deposits is to provide investors with returns and liquidity, which is similar to the Fund's objective.</p> <p>Investors are to note that the benchmark selected is merely to provide an indication of the performance of the Fund. It does not match the risk profile of the Fund. Investors will assume a higher level of risk by investing in this Fund as compared to fixed deposit, and potentially have higher or lower income vis-à-vis the benchmark.</p>
Risk Barometer	Low
Approved Fund Size	1,000,000,000 units
Initial Offer Price	RM1.0000 per unit
Initial Offer Period	21 days from the date of this Information Memorandum
Financial year end	30 June
Auditor	PricewaterhouseCoopers (AF1146)

Please refer to page 10 to 12 for more details on the Fund Information.

Charges and Fees

This table describes the charges and fees that you may incur when you buy or redeem Units of the Fund.

Entry Fee	<table border="1"> <thead> <tr> <th>Distribution channels</th> <th>Maximum rate</th> </tr> </thead> <tbody> <tr> <td>Direct Investment through the Manager</td> <td>Up to 2% of the amount invested</td> </tr> <tr> <td>Third party distributors including appointed Institutional Unit Trust Advisers</td> <td>Up to 2% of the amount invested</td> </tr> </tbody> </table>	Distribution channels	Maximum rate	Direct Investment through the Manager	Up to 2% of the amount invested	Third party distributors including appointed Institutional Unit Trust Advisers	Up to 2% of the amount invested
	Distribution channels	Maximum rate					
	Direct Investment through the Manager	Up to 2% of the amount invested					
Third party distributors including appointed Institutional Unit Trust Advisers	Up to 2% of the amount invested						
<p>Unit Holders will be subjected to the following penalty/exit fee if liquidation is made within 12 months from the date of investment.</p> <table border="1"> <thead> <tr> <th>Distribution channels</th> <th>Maximum rate</th> </tr> </thead> <tbody> <tr> <td>Direct Investment through the Manager</td> <td>Up to 1% of the amount liquidated</td> </tr> <tr> <td>Third party distributors including appointed Institutional Unit Trust Advisers</td> <td>Up to 1% of the amount liquidated</td> </tr> </tbody> </table> <p>* All penalty/exit fee imposed on the Unit Holders will be credited to the Fund. However, no penalty/exit fee will be imposed after the 12 months' period. The Manager may, at its discretion to waive the exit fee.</p>	Distribution channels	Maximum rate	Direct Investment through the Manager	Up to 1% of the amount liquidated	Third party distributors including appointed Institutional Unit Trust Advisers	Up to 1% of the amount liquidated	
Distribution channels	Maximum rate						
Direct Investment through the Manager	Up to 1% of the amount liquidated						
Third party distributors including appointed Institutional Unit Trust Advisers	Up to 1% of the amount liquidated						
Penalty/Exit Fee							
Annual Management Fee	Up to 1.25% p.a of the NAV of the Fund						
Trustee Fee	0.05 % p.a of the NAV of the Fund. The Manager may bear the trustee fee of up to 0.05%.						
List of expenses directly related to the Fund	Auditor's fee, commissions paid to brokers, cost of convening meetings of Unit Holders, cost of printing of reports/statements, tax adviser's fee, taxes, valuation fee and other related costs as allowed by the Deed.						
Any other Charges Payable Directly by an Investors	There are no other charges (except charges levied by banks on remittance of money) payable directly by investors when purchasing or liquidating Units.						

Please refer to page 18 for more details on Charges and Fees.

There are fees and charges involved and Qualified Investors are advised to consider the fees and charges before investing in the Fund. Unit Prices may go down as well as up.

Transactions

Minimum Investment	RM100,000 or such other limit at the Manager's discretion
Minimum Liquidation	RM100,000 or 200,000 Units, or such other limit at the Manager's discretion. However, if the liquidation request leaves a Unit Holder with less than 50,000 Units (minimum balance), the Unit Holder may be required to make an application for the Manager to liquidate all the Unit Holder's holding in the Fund.
Minimum Balance	50,000 Units or such other limit at the Manager's discretion
Liquidation Restriction/Notice	Any Business Day. However, liquidation notice must be submitted before 3.30pm on transaction day (T day) for processing/Unlimited.
Liquidation Payment	Payments will be made within 10 days upon receipt by the Manager of the duly completed original liquidation form. However, it is the Manager's general liquidation policy to make payments within 3 Business Days of the transaction day (T+3 days).
Cooling Off Right	Not available for the Fund.
Transfer Facility	Not available for the Fund.
Switching Facility	Not available for the Fund
Distribution of Income	Yearly or more frequent, subject to the availability of distributable income.
Income Re-investment policy	In the absence of instructions to the contrary from Unit Holder, the Manager is entitled to reinvest the income distributed from the Fund in additional units of that Fund at the NAV per Unit at the end of the distribution day (at ex-distribution price) with no entry fee.
Unclaimed Monies Policy	Any monies which remain unclaimed after 12 months from the date of payment or any such other period as prescribed by the Unclaimed Monies Act, 1965 shall be dealt with in accordance with the provisions of the Unclaimed Monies Act.

Please refer to page 20 to page 23 for more details on Transactions.

FUND DETAILS

Investment Philosophy

The Fund's investment philosophy is based on the premise that price movements in financial assets are driven by a combination of liquidity flows, risk appetite and ultimately, the intrinsic value of the underlying assets. We seek to understand the interplay of these factors on prices of financial assets both in the Short and Long-Term. By doing so, we aim to extract maximum risk-adjusted value out of the investments.

Note: Any material change to the Fund's investment objective would require Unit Holders' approval.

Objective, Asset Allocation, Investment Policies and Strategies of the Fund

The investment objective of the Fund is to provide Qualified Investors with relatively steady income* and moderate capital appreciation over a Short to Medium Term by investing in Fixed Income Investments. The returns will be in the form of income and/or capital appreciation. To achieve its objective, the Fund will primarily invest in a diversified portfolio of Fixed Income Investments consisting of debentures, money market instruments and deposits with licensed institutions and any other fixed income related instruments that are in line with the Fund's objective. The Fund will also invest in bonds purchased at a discount of their nominal values for capital appreciation potentials. There will be capital gains if the fund manager manage to sell the discounted bonds at lower yields (higher prices) during the tenure of the bonds.

The Fund will be managed with an appropriate level of liquidity in accordance with the prevailing investment conditions. The Fund will focus mainly on those of quality debentures with different maturity periods. The quality debentures are private debt securities and money market instruments issued by issuers that are rated, with a minimum rating of 'A3' by Rating Agency Malaysia (RAM) or its equivalent rating by Malaysian Rating Corporation Berhad (MARC) and commercial papers with a minimum rating of 'P1' by Rating Agency Malaysia (RAM) or its equivalent rating by Malaysian Rating Corporation Berhad (MARC) unless otherwise unanimously approved by the Investment Committee for the Fund to invest below the abovementioned minimum ratings, subject to a limit of up to 25% of its NAV.

The Fund may invest up to 99% of its NAV in Fixed Income Investments with a minimum of 1% of its NAV in liquid assets. The Fixed Income Investments are denominated mainly in Ringgit Malaysia and will have limited exposure to foreign currency volatility. In the event an investment is made in a foreign currency debt, the investment manager shall endeavour to hedge the foreign currency exposure as completely as possible so as to mitigate/minimize the foreign currency risk. The Manager will manage the portfolio duration in accordance with the interest rates outlook; under normal circumstances, the weighted average duration is expected to be approximately 2 to 5 years. To enhance the credit risk management, the Manager may consider investing in fixed income securities/instruments issued or guaranteed by the Malaysian Government or Bank Negara Malaysia or banks and financial institutions

such as Malaysian Government Securities, Cagamas, Banker's Acceptances and Negotiable Certificates of Deposit. In addition, the Fund may also invest in collective investment schemes with underlying investments which are exposed to bonds or fixed income securities. Investment in collective investment schemes must be relevant and consistent with the objective and strategies of the Fund.

The Fund may invest in derivatives such as futures contracts and options to protect the Fund against adverse movement of markets.

We adopt an active investment strategy in managing the Fund and will invest tactically during times of uncertainty.

* income could be in the form of cash or units. Please refer to page 23 for further details on income distribution.

Risk Management

Notwithstanding the investment strategies and policies of the Fund, **all investments carry an element of risk** which may affect the Fund's performance, including capital losses arising from volatility of bonds prices. The value of the Fund may fluctuate in response to the underlying factors such as economy conditions, interest rates movement, global and domestic liquidity flows and general markets conditions.

The Fund adopts various risks management strategies such as diversification, liquidity management and Short-Term defensive strategy in order to mitigate and diversify the inherent risks of the Fund. The Fund has also in place the limits and restrictions for asset allocation and diversification purposes.

It is also the Fund's strategy to mitigate its liquidity risk by investing in collective investment schemes (CIS). Although the cost is relatively higher than direct investment, investing in CIS with similar investment objectives indirectly gives the Fund exposure to the underlying investments. Investment in CIS can usually be liquidated on any business day at prices quoted daily and proceeds are generally paid within 10 calendar days in accordance with the relevant SC guidelines. On the other hand, it may not always be possible to immediately liquidate a direct investment in a fixed income instrument as it is subjected to prevailing market conditions at that point in time, including availability of a ready buyer and an acceptable market price. As mentioned above, investment in CIS, if any, is part of the Manager's risk management strategy to mitigate the Fund's liquidity risk. The Manager does not consider CIS as one of the core investments to meet the Fund's objective of providing income and capital appreciation.

Another risk management measure is to adopt a temporary defensive strategy during adverse market conditions, such as the turning point of interest rate down-trend, where the Fund may hold its entire assets in Short-Term commercial papers or cash to minimise the impact of capital loss from holding Long-Term securities.

If a security is downgraded to below the minimum investment grade and it causes the investment limit to be breached, the Investment Manager would use their best efforts to dispose the holdings before maturity, failing which, it shall be held to maturity.

Fund Category/Type

Fixed Income /Income & Growth

Investors' Profile

The Fund is suitable for Qualified Investors who are seeking higher than fixed deposit rate return through a diversified portfolio of Fixed Income Investments.

Performance Indicator

The Fund is benchmarked against Maybank's 6-month fixed deposit rate, which is available at www.maybank2u.com.my.

The 6-months fixed deposit benchmark is selected as the main purpose of fixed deposits is to provide investors with returns and liquidity, which is similar to the Fund's objective.

Investors are to note that the benchmark selected is merely to provide an indication of the performance of the Fund. It does not match the risk profile of the Fund. Investors will assume a higher level of risk by investing in this Fund as compared to fixed deposit, and potentially have higher or lower income vis-à-vis the benchmark.

Authorised Investments

Unless otherwise prohibited by the relevant authorities or any relevant law and provided always that there are no inconsistencies with the objective of the Fund, the Fund may invest in the following:

- Fixed income securities issued by the Malaysian Government or Bank Negara Malaysia or any other government related bodies. Such instruments include Malaysian Government Securities, Treasury Bills and Bank Negara Bills;
- Issues guaranteed by the Government of Malaysia or Bank Negara Malaysia or any State Government in Malaysia;
- Issues by banks or financial institutions such as Banker's Acceptances and Negotiable Certificates of Deposit;
- Private debt securities including those that are convertible into equities;
- Units and shares in collective investment schemes;
- Derivatives such as future contracts and options for hedging purpose; and
- Any other form of investments which are in line with the Fund's objective as may be agreed upon by the Manager and the Trustee from time to time.

Investment Restrictions

- No restriction or limit for investment in debentures and/or money market instruments issued by any banks, financial institutions, single issuer or any group of companies;
- No restriction or limit for investment in collective investment schemes;
- No restriction or limit for securities/instruments issued or guaranteed by Malaysian Government or Bank Negara Malaysia;
- No restriction or limit for placement of funds with financial institutions or banks; and
- Investments are made only in private debt securities and money market instruments issued by issuers that are rated, at the time of purchase, with a minimum rating of 'A3' by Rating Agency Malaysia (RAM) or its equivalent rating by Malaysian Rating Corporation Berhad (MARC), commercial papers with a minimum rating of 'P1' by Rating Agency Malaysia (RAM) or its equivalent rating by Malaysian Rating Corporation Berhad (MARC). Notwithstanding the above and subject to the Investment Committee's unanimous approval, the Fund may invest up to 25% of its NAV in fixed income securities with a credit rating below 'A3' (by RAM) or its equivalent rating by MARC and commercial paper with a credit rating below 'P1' (by RAM) or its equivalent rating by MARC. However, the Fund may continue to hold its investments below its the minimum rating even if the holdings are more than 25% of its NAV due to appreciation or depreciation of the NAV of the Fund, whether as a result of an appreciation or depreciation in value of the investments, or as a result of repurchase of Units or payment made by the Fund.

Investment in Collective Investment Schemes

Where the Fund invests in a target fund operated by the same Manager, the fund manager must ensure that:

- There is no cross-holding between the Fund and the target fund;
- All initial charges on the target fund is waived; and
- The management fee must only be charged once, either at the Fund or the target fund.

Valuation Method of the Authorised Investments

Financial Reporting Standard on Financial Instruments: Recognition and Measurement requires the classification of the financial assets into "loan and receivable", "held to maturity", "fair value through profit and loss" or "available for sales". As the nature of unit trust fund is subject to redemption of Units, the investment assets of the Fund will not be classified as "held to maturity". In general, the Manager intends to classify all investments that are quoted in an active market into "available for sales" category, where assets are measured at fair value with changes in fair value recognised in equity (Statement of Assets and Liabilities). Exceptions are made for those investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, and derivatives that are linked to and must be settled by delivery of such unquoted instruments; these

investments will be measured at cost and account for impairment, if any, until such time, if ever, that a reliable fair value becomes available.

The Manager will ensure the valuation of the assets of the Fund will be carried out at least once on each Business Day at fair value. The bases of valuations of the securities/instruments are as follows:

Investments in quoted securities that are listed on the Bursa Malaysia are generally valued at the last done market price. Investment in quoted securities that are listed on the foreign exchange markets will be valued based on the last done prices available at the close of the Business Day of the respective markets on the same calendar day. For suspended quoted security where recoverability is doubtful, it is deemed impaired and generally have no value. Unrealised gains or losses are taken to the unrealised reserves and not distributable.

Unlisted fixed income securities are generally valued at least once on a Business Day with the appropriate price by reference to quotes / yields published by approved bond pricing agency (BPA). Where the Manager is of the view that the price / yield quoted by BPA for a specific bond differs from the "market price" by more than 20 basis points, the Manager may use the "market price" provided that the Manager records its basis for using a non-BPA price, obtains the necessary internal approvals to use the non-BPA price and keeps an audit trail of all decisions and basis for adopting the "market price". Such market price must be obtained from a minimum of three (3) independent sources of approved dealers/bankers with a time interval as frequent as practical (at least once a week). For avoidance of doubt, "market price" here means an appropriate price by reference to the average indicative yield quoted by two or more independent and reputable institutions. For foreign unquoted fixed income securities, valuation will be based on prices by reference to the average indicative yield quoted by two or more independent and reputable institutions.

Derivatives instruments are marked-to-market on a daily basis. Any changes in the value of the contracts are adjusted for directly in the margin accounts, with a corresponding recognition in the unrealised reserves.

Investment in units or shares in other collective investment schemes will be valued based on the last published repurchase price.

When 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, or during abnormal market conditions or when the last done prices or quotes do not represent the fair values of the securities, such securities will be valued prudently in accordance with approved accounting standard (or appropriate rate/fair value carried out in such manner which requires the verification of the Auditor and the approval of the Trustee after appropriate technical consultation). Quoted securities are deemed illiquid when the 30-days average traded volume within the last fourteen (14) days is less than five percent of the total traded volume of the related class of securities quoted on the same stock exchange. Unquoted securities are deemed illiquid when the average traded volume within the last six (6) months is less than five percent of the total trades of its class (i.e. PDS, MGS or otherwise).

For suspended quoted security and/or defaulted fixed income security where there is objective evidence of irrecoverability, the recoverable amount of the security, if any, is calculated and an impairment loss is recognised as the unrecoverable amount. For equity instrument, a significant (generally more than 20%) or prolonged (generally 6 months) decline in fair value below its cost, is objective evidence of impairment.

Incorrect Valuation or Pricing

The Manager must take immediate remedial actions to rectify any incorrect valuation of the Fund or pricing of the Units in the Fund. Where there is incorrect valuation of the Fund or pricing of the Units, rectification must extend to the reimbursement of moneys:

- by the Manager to any or more of the following:
 - the Fund;
 - Unit Holders of the Fund; or
 - former Unit Holders of the Fund; or
- by the Fund to the Manager.

However, the rectification need not extend to any reimbursement to the Unit Holders or former Unit Holders where it appears to the Trustee that the incorrect valuation of the Fund or pricing of the Units is of minimal significance.

Policy on Gearing

The Fund is prohibited from borrowing other assets (including borrowing of securities within the meaning of Guidelines on Securities Borrowing and Lending) in connection with its activities. However, the Fund may borrow cash for the purpose of meeting repurchase request for Units and for Short-Term bridging requirements. The Manager should ensure that the borrowings are subjected to the following:

- the Fund's cash borrowing is only on a temporary basis and that borrowings are not persistent;
- the borrowing period should not exceed one month;
- the aggregate borrowing of the Fund should not exceed 10% of the Fund's NAV at the time the borrowing is incurred; and
- the Fund may only borrow from licensed financial institutions.

RISK FACTORS

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

General Risks of Investing in wholesale funds

- ***Inflation/Purchasing Power Risk***

Inflation reduces the purchasing power of money. Therefore, to maintain an investment's purchasing power, its total return must keep pace with inflation rate. In an inflationary environment, fixed rate securities are exposed to higher inflation risk than inflation-linked securities.

- ***Fund Management Risk***

The performance of a wholesale fund depends on the experience, knowledge and expertise of the fund manager and the investment strategies adopted. The risk remains that the securities which the fund manager has selected will not perform as expected and this could cause the Fund's returns to lag behind similar funds' returns.

- ***Loan Financing Risk***

Investors must be aware of the inherent risk involved with loan financing for investment including the investor's ability to pay the loan instalments, which may be affected by unforeseen circumstances such as increase in interest rate. If loan taken is a variable rate loan, and if interest rate rises, the total repayment amount will thus increase. Investors may be required to pledge units held in unit trust funds, securities and any other acceptable securities or assets as collateral to cover the loan margin. In addition, if unit prices were to fall beyond a certain level, the investors will also be required to top up the shortfall amounts either in cash or with additional collaterals. If the top-up is not made within the prescribed time, the investors' units may be sold to settle the loan financing.

- ***Risk of Non-Compliance***

The wholesale fund's objective may be affected should the Manager does not adhere to the Fund's investment mandate. In this instance, the compliance unit of the Manager would oversee the operations of the Fund to reduce and minimise instances of non-compliance with internal policies and the relevant laws, regulations and guidelines.

Specific Risks Associated with the Investment Portfolio of Areca Flexi fixedINCOME Fund

- **Liquidity Risk (Bond/Fixed Income)**

Liquidity risk is defined as the ease with which a security can be sold at or near its fair value depending on the volume traded on the market. To minimise liquidity risk, the Manager intends to invest in a range of product mainly in Short-Term, high quality instruments including collective investment schemes where the market for such instruments is more liquid compared to Long-Term bonds.

- **Credit/Default Risk**

Credit or default risk arises when there is a possibility that an issuer is unable to pay interest/profit due and/or the principal on time. The Manager expects to be able to reduce credit risk substantially by mainly investing in high quality securities.

- **Downgrade of Issuers Risk**

Any credit ratings given to the issuers may be subject to suspension, downgrade or withdrawal at any time. In the event any of the credit ratings of the issuers of the investments of the Fund fall below the required minimum credit ratings, the Manager, acting in the interest of the Fund, would use their best efforts to dispose the holdings before maturity, failing which, it shall be held to maturity.

- **Interest Rate Risk**

This risk relates to unforeseen movements in the direction of interest rates. The Manager's top-down investment approach ensures that a thorough evaluation of macro-economic variable is undertaken before an interest rate strategy is implemented.

FEES, CHARGES AND EXPENSES

Charges Directly Incurred

Below are the charges directly incurred when you buy or redeem Units of the Fund:

Entry Fee (Service Charge)

Distribution channels	Maximum rate
Direct Investment through the Manager	Up to 2% of the amount invested
Third party distributors including appointed Institutional Unit Trust Adviser	Up to 2% of the amount invested

The entry fee payable for investments in a Fund is equivalent to the specified percentage of the NAV per unit of the Fund.

Please refer to page 21 for an illustration on the calculation of the entry fee.

Penalty/Exit Fee

The following penalty/exit fee will be imposed on the Unit Holders if liquidation request is made within 12 months of the date of investment:

Distribution channels	Maximum rate
Direct Investment through the Manager	Up to 1% of the amount liquidated
Third party distributors including appointed Institutional Unit Trust Adviser	Up to 1% of the amount liquidated

All penalty/exit fee imposed on the Unit Holders will be credited to the Fund.

No penalty/exit fee will be imposed after the 12 months' period. The Manager may, at its discretion to waive the exit fee.

The penalty/exit fee payable for liquidation of investment in the Fund is equivalent to the specified percentage of the NAV per unit of the Fund.

Fee and Expenses Indirectly Incurred

Below are the fees and expenses indirectly incurred when you invest in the Fund:

Annual Management Fee: Up to 1.25% p.a of the NAV of the Fund

Trustee Fee: 0.05% p.a. of the NAV of the Fund. The Manager may bear the Trustee Fee of up to 0.05% .

For details of computation of Management Fee, please refer to page 20.

Direct Expenses Related to the Fund

Below is a list of expenses directly related to the Fund, which include:-

- Auditors' fee;
- Commissions paid to brokers;
- Cost of convening meetings of Unit Holders;
- Cost of printing and postage of reports and statements;
- Tax Advisors' fee;
- Taxes;
- Valuation fee; and
- Other related costs as allowed by the Deed.

Other Charges and Fees

Other charges

In executing your transaction, certain charges may be incurred. For instance, bank charges, telegraphic charges and courier charges. We reserve the right to vary such conditions on other charges and fees from time to time, which shall be communicated to you in writing.

Rebates and Soft Commissions

The Manager will retain soft commissions received from stockbrokers, provided these are of demonstrable benefit to the Unit Holders. The soft commissions may take 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.

There are fees and charges involved and investors are advised to consider the fees and charges before investing in the Fund.

TRANSACTION INFORMATION

Calculation of Unit Prices

Valuation Point

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

Single Pricing

The Manager adopts the single pricing policy to price the Units in relation to investment and liquidation 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 or penalty/exit fee (if any) would be computed separately based on your net investment/liquidation amount. The single price for investment and liquidation of Units shall be the daily NAV per Unit at the next valuation point after the Manager receives the investment or liquidation application (i.e. forward prices are used).

NAV of the Fund

The NAV of the Fund is calculated at least once on each Business Day and is defined 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 issue rounded to four (4) decimal places.

Illustration 1: Computation of NAV of the Fund		
		RM
Add:	Investment	180,000,000.00
	Assets	10,000.00
		180,010,000.00
Less:	Liabilities	8,000.00
	NAV before deducting Management Fee for the day	180,002,000.00
Less:	Management Fee for the day (1.25%)	6,164.45
	<u>180,002,000 x 1.25%</u>	
	365	
Less:	Trustee Fee for the day (0.05%)	246.58
	<u>180,002,000 x 0.05%</u>	
	365	
	NAV	179,995,588.97

NAV per Unit

NAV per unit of the Fund is calculated by dividing the NAV of the Fund by the number of Units in circulation at the same valuation point. If the Units in circulation are 180,000,000 units at the point of valuation, therefore;

Illustration 2: Computation of NAV per Unit	
NAV per Unit of the Fund	= NAV ÷ Units in Circulation
	= RM179,995,588.97 ÷ 180,000,000
	=RM0.9999754
	=RM1.0000 (rounded to 4 decimal places)

Investment of Units

Investors may invest in Units of the Fund on any Business Day. The number of Units invested is determined by dividing the investment amount (excluding Entry Fee), with the NAV per Unit at the next valuation point after the Manager receives the investment application, rounded up to 2 decimal places.

Illustration 3: Allocation of Units to Investor	
Assuming you invest RM100,000 into the Fund, and the NAV per Unit of the Fund is RM1.000, therefore;	
	RM
Investment amount	100,000
Add: Entry Fee of 2% (RM100,000 x 2%)	2,000
Total amount payable by investor	102,000
Value of investment	100,000
Divided by NAV per Unit	1.0000
Units credited to investor's account	100,000

Liquidation of Units

Investors may liquidate their investments on any Business Day. The liquidation value is calculated by multiplying the number of Units to be liquidated with the NAV per Unit at the next valuation point after the Manager receives the liquidation request. If the liquidation request leaves a Unit Holder with less than 50,000 Units (minimum balance), the Unit Holder may be required to make an application for the Manager to liquidate all the Unit Holder's holding in the Fund.

As a measure to discourage fluctuation of NAV due to liquidation of assets to meet repurchase request which could be disruptive to the Fund's performance, Unit Holder will be subjected to a penalty/exit fee of up to 1% of the liquidation proceeds if liquidation is made within 12 months' of the date of investment.

Illustration 4: Calculation of liquidation proceeds paid to investor

Assuming you request to liquidate 150,000 Units and the NAV per unit of the Fund is RM1.5000, therefore;

	RM
Number of Units liquidated	150,000
Multiply by NAV per Unit	1.500
Liquidation Value	<u>225,000</u>
Net amount payable to investor	<u>225,000</u>

If the liquidation request is made within the first 12 months from the investment date (i.e: your investment period is less than 12 months), a penalty/exit fee of up to 1% of the amount liquidated is imposed.

Liquidation Value	225,000
Deduct penalty/exit Fee of 1% of the liquidation value (RM225,000 x 1%)	<u>2,250</u>
Net amount payable to investor	<u>222,750</u>

Initial Offer Period

The initial offer period is 21 days from the date of this Information Memorandum.

Initial Offer Price

The initial offer price is RM1.0000 per Unit.

Making an Investment

Investments can be made at the Manager's office or our appointed third party distributors including Institutional Unit Trust Adviser after completing an investment form. New investors are required to complete an account opening form. Application to invest must be accompanied by either a copy of the applicant's identity card, passport or other identification.

Payment Methods

- By a crossed cheque, banker's draft, money order or cashier's order, made payable to "Areca Capital Sdn Bhd".
- By depositing into any of our principal bank accounts;

Malayan Banking Berhad:

State	Account No.:	State	Account No.:
Kuala Lumpur	5-12231-327139	Kuching	5-11113-459460
Pulau Pinang	5-07068-123309	Kota Kinabalu	5-10107-617276
Johor Bahru	5-01123-144067		

Standard Chartered Bank Malaysia Berhad:

State	Account No.:	State	Account No.:
Kuala Lumpur	312 157161615	Kuching	420 156626851
Pulau Pinang	407 156814739	Kota Kinabalu	390 156686684
Johor Bahru	388 100267058		

For investments made through our appointed third party distributors including Institutional Unit Trust Adviser, please contact the respective distributors/agent for their bank account numbers. Investors are advised not to make any payment in cash when purchasing Units of the Fund via any institutional/retail agent.

Cooling-off Right

Cooling-off right is not available for the Fund.

Transfer of Units

Transfer facility is not available for the Fund.

Switching of Units

Switching facility is not available for the Fund.

Income Distribution and Reinvestment Policies

It is the intention of the Manager to declare distribution of income yearly or more frequently, subject to the availability of the distributable income. The amount of income to be distributed will vary from period to period, depending on interest rates, market conditions, and the performance and objective of the Fund.

Unit Holders may opt for either of the following distribution methods:

- (a) reinvestment of the distribution amount into additional units in the Fund. No entry fee is imposed; or
- (b) distribution to be paid via cheque sent to the Unit Holder at the last postal address given to us.

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 of that Fund at the NAV per Unit at the end of the distribution day (at ex-distribution price) with no entry fee. The Manager does not adopt the dividend equalisation policy. Dividend equalisation refers to the distributable portion (non-taxable) of the fund created to equalise the dividend payable on units purchased at different times.

Unclaimed Monies Policy

Any monies 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 the provisions of the Unclaimed Moneys Act.

Please refer to the Guide on "How to buy and sell?" on page 24 for further details.

How to Buy and Sell?

How To	Documents required/Action	Minimum Amount	What the investor will receive
Make an investment	<p>For new investors:</p> <ul style="list-style-type: none"> ▪ Completed and signed Account Opening form, Customer Information Form and investment form; ▪ Legible photocopy of identity card or passport for each applicant, in the case of individual applicant; ▪ Certified true copy of certificate of incorporation, Form 24 & 49, Memorandum and Articles of Association or Constitution or By laws, Company Resolution, in the case of corporate applicant; ▪ Payment or proof of payment; ▪ Submit to the Manager by hand or by post. <p>For existing investors:</p> <ul style="list-style-type: none"> ▪ Completed and signed investment form; ▪ Payment or proof of payment; ▪ Submit to the Manager by hand or by post. 	<ul style="list-style-type: none"> ▪ RM100,000 	<ul style="list-style-type: none"> ▪ Confirmation of account opening ▪ Confirmation of investment
Liquidate an investment	<ul style="list-style-type: none"> ▪ Completed and signed liquidation form; ▪ Submit to the Manager by hand or by post. 	RM100,000 or 200,000 Units	<ul style="list-style-type: none"> ▪ Liquidation Advice
<p>Cooling-off period is not available for the Fund. Transfer facility is not available for the Fund. Switching facility is not available for the Fund.</p>			

- The Manager, may at its discretion, lower or raise the minimum transaction amounts of the Fund.
- Cut off time for transaction of Units is 3.30p.m. on a Business Day. Where the transaction forms are received after cut-off time, your request will be deemed to be received on the next Business Day.
- The minimum holding requirement in the account is 50,000 Units.

- If the liquidation request leaves a Unit Holder with less than 50,000 Units (minimum balance) or such other limit at the Manager's discretion remains in his account, the Unit Holder may be required to make an application for the Manager to liquidate all the Unit Holder's holding in the Fund.
- In the event an account has more than one registered holder, the principal holder shall receive the confirmation advice, all notices and correspondence in respect of the Fund, as well as any liquidation proceeds, unless there is an instruction given to the contrary.
- Application for Units received by the Manager on a Business Day will have the units issued at the Fund's NAV per unit calculated at the end of that particular Business Day (i.e. forward pricing, please refer to page 20 on the computation on NAV).
- The Manager reserves the right to accept or reject any application for Units if the information is incomplete, or if not accompanied by the required documents, or is not signed by investors/authorised representative of the investors or where there are any other reasonable grounds to reject it. Unsuccessful applicants will be notified and entitled to a full refund.
- Transaction forms can be obtained from our office or can be downloaded from our website.
- Units can be bought 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

Penang branch

368-2-02 Belissa Row, Jalan Burma, Georgetown, 10350 Pulau Pinang

Tel: 604-210 2011, Fax: 604-210 2013

Ipoh branch

11A, (First Floor), Persiaran Greentown 5, Greentown Business Centre, 30450 Ipoh, Perak.

Tel: 605-249 6697, 605-249 6698, Fax: 605-249 6696

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

THE PEOPLE BEHIND ARECA CAPITAL SDN BHD

Areca Capital Sdn Bhd was incorporated in July 2006 under the Companies Act, 1965, with paid-up capital of 5million ordinary shares and 7million preference shares issued at RM1.00 each. The shareholders' fund currently stood at about RM10.8million. The shareholders of Areca Capital Sdn Bhd are Jerneh Asia Berhad (363984-X), Kumpulan RZA Sdn Bhd (48009-V), Mr. Danny Wong Teck Meng and Puan Nor Juleeana Badron.

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. We launched our 3 maiden funds in April 2007.

As at 28 February 2011, we are managing 6 unit trust funds, namely Areca income**TRUST**, Areca equity**TRUST**, Areca money**TRUST**, Areca enhanced**INCOME**, Areca Steady fixed**INCOME** and Areca Recovery Growth funds. We have a staff force of 22 executives and 4 non-executives.

	For Financial Year Ended 30 April		
	2008	2009	2010
Paid-up Share Capital (RM'000)	12,000	12,000	12,000
Shareholders' Funds (RM'000)	11,088	10,809	10,843
Turnover (RM'000)	182,756	123,107	153,443
Pre-tax Profit/(Loss) (RM'000)	(591)	(279)	66
Profit/(Loss) after tax (RM'000)	(591)	(279)	34

Duties and Responsibilities of the Manager

The Manager's principal duty is to manage and administer the funds in a proper and efficient manner in accordance with the Guidelines and applicable securities laws, acceptable and efficacious business practice within the fund management industry and the internal controls and policies of Areca.

Roles and Primary Function of the Board of Directors and Investment Committee

Board of Directors of Areca Capital Sdn Bhd

The Board of Directors of the Manager plays an active part in the affairs of the Manager and the funds under their management. The Board has five members who meet at least once every two months to receive recommendations and reports on investment activities from the Investment Committee of the funds and the senior representatives of the Manager.

Investment Committee for 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

manager for the Fund. Investment Committee meetings are held monthly or more frequently if required. The Manager has appointed an Investment Committee, which comprise of 2 independent members and 2 non-independent members, for the Funds.

Profile of Directors and Members of the Investment Committee

Name:	Danny Wong Teck Meng
Designation:	Non-Independent Director, Executive Director/Chief Executive Officer
Qualifications:	Fellow member of the Association of Chartered Certified Accountants (ACCA)(UK), member of Financial Planning Association of Malaysia, Certified Financial Planner (CFP).
Experience:	He has more than 17 years experience in stock broking, asset management and unit trusts.
Name:	Dato' Wee Hoe Soon @ Gooi Hoe Soon
Designation:	Independent Director, Chairman & Independent Investment Committee Member, Chairman
Qualifications:	Member of the Malaysian Institute of Certified Public Accountant and Malaysian Institute of Accountants.
Experience:	He has more than 30 years experience in the field of accounting and corporate finance.
Name:	Raja Datuk Zaharaton binti Raja Dato' Zainal Abidin
Designation:	Non-Independent Director & Non-Independent Investment Committee Member
Qualifications:	Masters in Economics (University of Leuven, Belgium), Bachelor of Economics (University of Malaya)
Experience:	She has served the Government of Malaysia in various capacities for 36 years.
Name:	Dr.Junid Saham
Designation:	Independent Director & Independent Investment Committee Member
Qualifications:	Bachelor and Master Degree in Economics (University of Canterbury, New Zealand), Doctor of Philosophy (Economics) (University of Hull, UK)
Experience:	He has more than 36 years experience in audit, banking and finance. Currently, he is a director of Dialog Group Berhad, Industronics Berhad and Master-Pack Group, (formerly known as Hunza Consolidation Berhad).

Name:	Tam Chiew Lin
Designation:	Non-Independent Director
Qualifications:	Diploma in Applied International Management (Swedish Institute of Management), Postgraduate Certificate in Business Administration (University of Wales, Bangor), Fellow of the Institute of Chartered Accountants (England and Wales), member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants.
Experience:	She has more than 16 years of experience in finance and corporate advisor. She is currently the Managing Director of Jerneh Asia Berhad and sits on the Board of several subsidiaries of the Jerneh Group. She is also on the Board of HSBC Amanah Takaful (M) Sdn Bhd and Jerneh Insurance Berhad (wholly-owned subsidiary of Ace Ina International Holdings Ltd.)
Name:	Teoh Boon Kiaw
Designation:	Non-Independent Investment Committee Member
Qualifications:	Chartered Institute of Management Accountants (CIMA)(UK), Malaysian Institute of Accountants (MIA), Pasaran Kewangan Malaysia Certificate (PKMC)(Bank Negara Malaysia).
Experience:	She has more than 10 years of experience in accounting and finance field. She is currently the Head of Corporate Finance Department of Jerneh Asia Berhad.

Material Litigation

As at 28 February 2011, there is no current material litigation and arbitration, including those pending or threatened, or any facts likely to give rise to any proceedings which might materially affect our business and/or financial position or any of our delegates.

Fund Management Function

The fund manager is authorized to manage the Fund in accordance with the investment objective of the Fund. This authority is subject to the requirements of this Information Memorandum, the Deed, the Guidelines, the Act, acceptable and efficacious business practice within the fund management industry and the policies and internal controls of the Manager. The fund manager will report to the Investment Committee of the Fund and will implement the investment strategies selected by the Investment Committee.

Designated Person Responsible for the Management of the Fund

The designated person responsible for the management of the Fund is Mr. Edward Iskandar Toh.

Profile of Key Personnel

Name:	Danny Wong Teck Meng
Designation:	Chief Executive Officer/Executive Director
Qualifications:	Profile as set out above
Experience:	Profile as set out above
Name:	Lim Swee Gim
Designation:	Senior General Manager
Qualifications:	Member of Malaysian Institute of Certified Public Accountant and Malaysian Institute of Accountants.
Experience:	She has more than 20 years experience in audit and finance.
Name:	Edward Iskandar Toh
Designation:	Chief Investment Officer
Qualifications:	Bachelor of Business Studies degree (Curtin University, Australia)
Experience:	He has over 19 years of experience in the fixed income markets.
Name:	Nor Juleeana binti Badron
Designation:	Manager - Investment
Qualifications:	Bachelor of Commerce and Administration (Victoria University of Wellington, New Zealand)
Experience:	She has more than 17 years experience in stock broking, asset management and unit trusts.
Name:	Esther Gan
Designation:	Assistant General Manager – Finance & Operations
Qualifications:	Master of Commerce Applied Finance concentration (The University of Queensland, Australia), Fellow member of the Association of Chartered Certified Accountants and member of Malaysian Institute
Experience:	She has more than 10 years experience in finance.
Name:	Adeline Yeo
Designation:	Head – Management Information Systems
Qualifications:	Bachelor of Science in Communication and Information Technology (Edith Cowan University, Australia)
Experience:	She has more than 10 years of IT experience in the unit trust industry.
Name:	Tracy Khiew
Designation:	Compliance Officer
Qualifications:	Bachelor of Arts in Social Science (National University of Malaysia)
Experience:	She has more than 8 years experience in the unit trust industry, including 3 years in compliance.

Trustee: OSK Trustees Berhad

OSK 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 OSK Trustees Berhad is providing private and corporate trustee services. OSK Trustees Berhad has been in the trustee business since 2002.

The present authorised share capital of OSK Trustees Berhad is RM25,000,000 comprising 2,500,000 ordinary shares of RM10.00 each, of which 1,200,000 are currently issued and credited as partially paid-up of RM5.00 each in OSK Trustees Berhad. The shareholders are as follows:

Shareholders	Percentage (%)
OSK Holdings Berhad	20
OSK Investment Bank Berhad	20
OSK Nominees (Tempatan) Sdn Berhad	20
OSK Nominees (Asing) Sdn Berhad	20
OSK Futures & Options Sdn Berhad	20

OSK Trustees Berhad undertakes all types of trustee business allowed under the Trust Companies Act, 1949, ranging from private trustee services to corporate trustee services. OSK Trustees Berhad offers corporate trustee services such as trustee for real estate investment trusts (REITs), unit trust funds, custodian services, private debt securities, golf clubs/associations, time-sharing schemes, provident and retirement funds, sinking funds and stakeholders. Its private trustee services include estate planning services (will writing, custodian, executor/trustee services), trustee of charitable trusts, trustee of insurance trusts, attorney/agent for executor, administrator or trustee and trustee of private purpose trusts.

As of 28 February 2011, OSK Trustees Berhad is the trustee for sixteen (16) unit trust funds, eleven (11) wholesale funds and three (3) REITs under the revised Guidelines on REIT dated 21 August 2008. As of 28 February 2011, OSK Trustees Berhad's staff strength comprises 41 executives and 6 non-executive staff.

Board of Directors

The following table sets out information regarding the Board of Directors of the Trustee:-

Name	Directorship
Dato' Nik Mohamed bin Nik Yahya	Independent Non-Executive Director
Foo San Kan	Independent Non-Executive Director
Woo Lai Mei	Non-Independent Executive Director
Dato' Nik Mohamed Din bin Datuk Nik Yusoff	Non-Executive Director
Woon Chong Boon	Non-Executive Director

Financial Information

The following is a summary of the past performance of OSK Trustees Berhad based on the audited accounts for the last 3 years:

	For Financial Year Ended 31 December		
	2007	2008	2009
Paid-up Share Capital (RM'000)	4,500	4,500	4,500
Shareholders' Funds (RM'000)	2,047	2,249	3,160
Turnover (RM'000)	3,771	5,263	6,004
Loss before taxation (RM'000)	(1,044)	(218)	920
Loss after taxation (RM'000)	(1,044)	201	911

Trustee's Statement of Responsibility

The Trustee has given its willingness to assume the position as Trustee of the Fund and all the obligations in accordance with the Deed, the Guidelines, securities laws and other relevant law, and also its willingness to provide indemnity to the Manager for the benefit of the Unit Holders of the Fund for any loss incurred as a result of any non-performance of the Trustee.

Duties & 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.

Trustee's Delegate

The Trustee has appointed Malayan Banking Berhad as the custodian of the quoted and unquoted investments of the Fund. The custody services provided by the custodian include clearing and settlement, safekeeping, corporate events monitoring and processing, income collection, reporting on securities and cash transactions and positions. All investments are registered in the name of the custodian or its nominee for the account of the Fund. The custodian acts only in accordance with instructions from its principal, OSK Trustees Berhad.

Material Litigations

As at 28 February 2011, the Trustee is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, which may have a material effect on the financial position of the Trustee, and the Board of Directors of the Trustee does not know of any other proceedings pending or threatened or of any facts likely to give rise to any proceedings which may materially and adversely affect the financial position or business of the Trustee.

Key Personnel Of The Trustee

Name:	Woo Lai Mei
Position:	Director
Qualification/ Experience:	Bachelor of Laws (Honours) Degree from The University of Buckingham (UK) and is a Barrister-of-Law of Lincoln's Inn. She has more than 10 years of experience in legal industry. Ms Woo is head of OSK the Group's legal team which provides legal counsel and general corporate advisory to the Board of Directors and the Group's subsidiaries (both local and regional) and its business and support units. She is currently the Director of OSK Trustees Berhad.
Name:	Joyce Lim
Position:	Vice-President, Corporate Trustee Services
Qualification/ Experience:	Master of Business Administration (University of Bridgeport, Connecticut, U.S.A), Bachelor of Science in Finance and International Business (University of Bridgeport, Connecticut, U.S.A), Certified Financial Planner (Financial Planning Association of Malaysia). She has more than 14 years of experience in the financial industry, specifically in retail banking, reinsurance, unit trust and private trustee services.
Name:	Mohd Faizal Abdullah
Position:	Assistant Vice-President, Corporate Trustee Services
Qualification/ Experience:	Bachelor of Business Administration Degree in Finance (Universiti Teknologi Mara (UiTM)). He has 6 years experience in finance and operation in various industries and 2 years experience in fund management industry, specialising in settlement and back office operations.

OTHER INFORMATION

Unit Holders' Rights & Liabilities

Unit Holders' Rights

Unit Holders of the Fund have:

- the right to receive distributions of income, if any;
- the right to participate in any increase in the value of Units;
- the right to receive quarterly and annual financial statements of the Fund and monthly statements of Unit Holders' accounts; and
- such other rights and privileges as are provided for in the Deed and this Information Memorandum.

Liabilities of Unit holders

As a Unit Holder of the Fund, and subject to the provisions of the Deed, your liabilities would be limited to the following:

- You would not be liable for nor would you be required to pay any amount in addition to the payment for Units of the Fund as set out in this Information Memorandum and the Deed; and
- You would not be liable to indemnify the Trustee and/or Manager in the event that the liabilities incurred by the Trustee and/or Manager on behalf of the Fund exceed the NAV of the Fund.

However, you would not be entitled to request for transfer to you of any assets held by the Fund or be entitled to interfere with the exercise by the Trustee, or the Manager on its behalf, of the right of the Trustee as the registered owner of the investments and assets of the Fund.

Power to Call for Unit Holders Meetings

Meetings directed by Unit Holders

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

- requiring the retirement or removal of the Manager;
- requiring the retirement or removal of the Trustee;
- considering the most recent financial statements of the Fund;
- giving to the Trustee such directions as the meeting thinks proper; or
- considering any matter in relation to the Deed.

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

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

- sending by post at least fourteen (14) days before the date of the proposed meeting a notice of the proposed meeting to all the 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.

The quorum required for a meeting of the Unit Holders shall be 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 twenty five per centum (25%) of the Units in circulation at the time of the meeting.

Termination of the Fund

Termination of Trust by the Manager

The Manager may determine the trust hereby created and wind up the Fund in accordance with the relevant laws or with the prior approval of the relevant authorities.

Upon the termination of the trust by the Manager, the Trustee shall as soon as practicable, give to each Unit Holder of the Fund being wound up notice of such termination; the Manager shall notify the existing Unit Holders in writing of the following options:

- (a) to receive the net cash proceeds derived from the sale of all the investment and assets of the Fund less any payment for liabilities of the Fund and any cash produce available for distribution in proportion to the number of Units held by them respectively;
- (b) to switch to any other collective investment scheme managed by the Manager upon such terms and conditions as shall be set out in the written notification; or
- (c) to choose any other alternative as may be proposed by the Manager.

Termination of Trust by the Trustee

Where the termination of the Fund and the winding-up of the Fund have been occasioned by any of the events set out herein;

- a) 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;

- b) if, in the opinion of the Trustee, the Manager has ceased to carry on business; or
- c) 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 Unit Holders meeting to get directions from the Unit Holders and also arrange for a final review and audit of the final accounts of the Fund by the Auditor of the Fund; in all other cases of termination of the trust and winding-up of the Fund, such final review and audit by the Auditor of the Fund shall be arranged by Manager.

Procedure on Termination

Upon the termination of the Fund, 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 Fifty (50) sen in respect of each Unit 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 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 Fund is terminated, 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 and the Manager shall indemnify the Trustee against any claims arising out of the Trustee's execution of the 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 the Deed and all relevant laws.

The Manager or the Trustee shall, as soon as practicable after the winding-up of the Fund informed the Unit Holders and the relevant authorities of the same in such manner as may be prescribed by any relevant law.

ADDITIONAL INFORMATION

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

- Enquiry on the balance in your account and market value;
- Investment, liquidation, transfer, and cooling-off 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

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

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

- Quarterly Reports;
- Annual Reports;
- Statements (or such other documents as determined by the Management Company); or
- Areca Online.

Investors are advise to keep their statement for record purposes.

Anti-Money-Laundering ("AML") policies and procedures

When opening new accounts and entering into a transaction with a client, the Manager identifies and verifies the client through documents such as identity card, passport, birth certificate, driver's licence, constituent documents or any other official documents, whether in the possession of a third party or otherwise. Such documents shall be filed by the Manager in accordance with relevant laws.

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 evidence and report matters relating to AML to the Board. If further action is warranted, that suspicious transaction report will then be submitted to the Financial Intelligence Unit of Bank Negara Malaysia as well as the SC.

Other Documents Available for Inspection

The following documents or copies thereof will be available for inspection (without charge) for a period of not less than 12 months during normal business hours at the registered office of the Manager or such other place as the SC may determine:

- The Deed and Supplemental Deed(s), if any;
- Latest quarterly and annual reports of the Fund;
- Audited financial statements of the Fund and Manager for the current financial year (where applicable) and from the date of establishment/incorporation, if less than three years, preceding the date of this Information Memorandum; and
- All reports, letters or other documents, valuations and statements by any expert, any part of which is extracted or referred to in the Information Memorandum, the corresponding full expert's report should be made available for inspection.

DIRECTORS' RESPONSIBILITY STATEMENT

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.

Directors:

Danny Wong Teck Meng
(Executive)

Dato' Wee Hoe Soon @ Gooi Hoe Soon

Dr. Junid Saham

Raja Datuk Zaharaton binti Raja Dato' Zainal Abidin

Tam Chiew Lin



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