



ASEAN Equity Fund

Annual Report

For the Financial Year Ended
31 December 2021

A Qualified Sustainable & Responsible Investment Fund

Fund Manager

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1. FUND MANAGER'S REPORT

FUND NAME

ASEAN Equity Fund ("the Fund")

TYPE OF FUND

Growth Fund

CATEGORY OF FUND

Shariah-compliant Equity

INVESTMENT OBJECTIVE

To achieve long-term capital growth by investing in South-East Asian markets.

DISTRIBUTION POLICY

Subject to availability of income, distributions will be made on a yearly basis.

Any distributions shall be automatically reinvested in additional Units at the date of distribution, unless the Unit Holder specifically requests, in the application or in writing, for distributions to be made via cash payment. Any unclaimed distribution cheques will be automatically reinvested in additional Units at the expiry of the six-month validity period for cheques, based on the prevailing Net Asset Value (NAV) seven (7) Business Days after the validity period of the cheques.

BREAKDOWN OF UNIT HOLDINGS BY SIZE

Units	No. of Unitholders	%	Unit holdings	%
Below 500 to 50,000	29	74.36	161,702	1.34
50,001 to 100,000	4	10.26	274,451	2.27
100,001 to 500,000	4	10.26	849,233	7.03
500,001 to 1,000,000	1	2.56	539,874	4.47
1,000,001 & above	1	2.56	10,250,085	84.89
Total	39	100.00	12,075,345	100.00

PERFORMANCE BENCHMARK

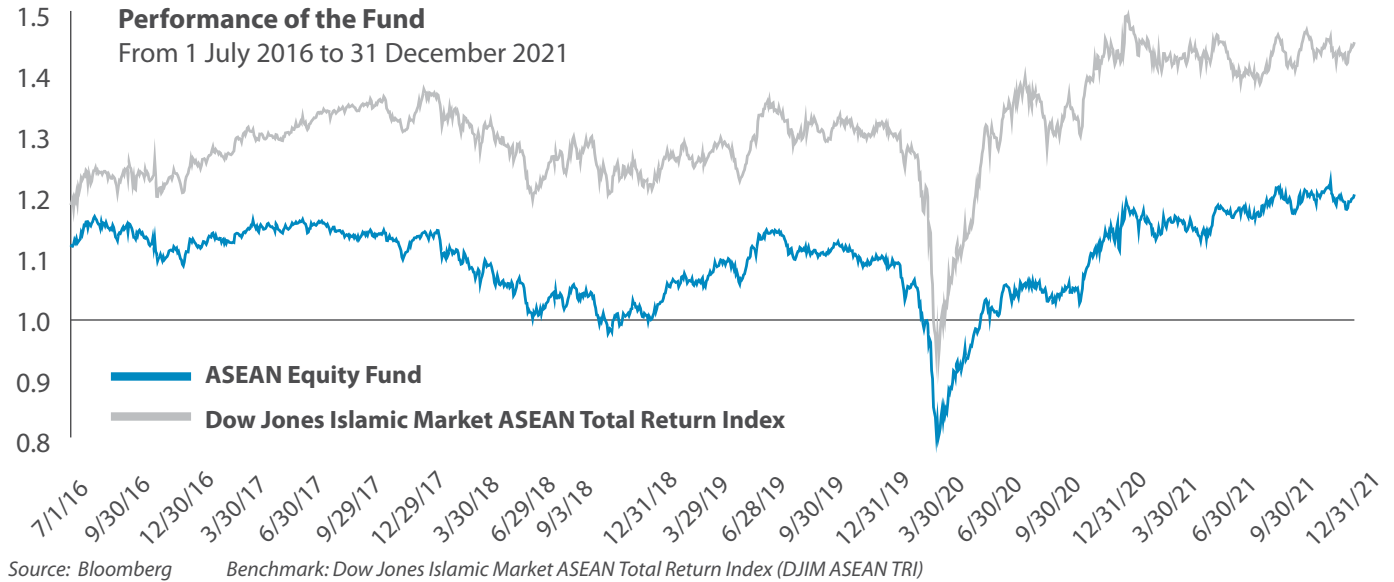
Dow Jones Islamic Market ASEAN Total Return Index ("the Benchmark")

FUND PERFORMANCE

In 2021, the Fund registered a return of 5.04% compared to the Dow Jones Islamic Market ASEAN Index's return of 2.33%. Outperformance was from stock selection, particularly across Singapore (ComfortDelGro and Singapore Telecom) and Indonesia (Telekomunikasi Indonesia and Ramayana Lestari).

Given our long-term perspective and fundamentals-driven investment strategy, we are committed to meeting the investment objective of the Fund. As can be seen from the chart below, the Fund has achieved its objective of long-term capital growth through investment in ASEAN markets.

The capital growth in the table below indicates the Fund's performance based on NAV per unit, excluding income distribution. Of note, Axiata and Gamuda remain qualified-compliant for AEF.



FINANCIAL PERFORMANCE

	As at 31 Dec 2021	As at 31 Dec 2020	As at 31 Dec 2019
Net Asset Value (RM)	13,545,486	12,652,123	11,916,314
Units in Circulation (units)	12,075,345	11,486,835	10,913,276
Net Asset Value / unit (RM)	1.1217	1.1014	1.0919
Highest NAV / unit (RM)	1.1771	1.1520	1.1406
Lowest NAV / unit (RM)	1.0836	0.7989	0.9947
Total Return			
Capital growth	1.90%	0.90%	9.93%
Income distribution	3.14%	3.63%	-
Final Distribution			
Gross Distribution/unit	0.035	0.04	-
Net Distribution/unit	0.035	0.04	-
Date of Distribution	29 December 2021	29 December 2020	-
Portfolio Composition			
Quoted Equity Securities	93.29%	94.68%	90.48%
Other Liquid Assets	6.71%	5.32%	9.52%
Management Expense Ratio	1.21%	1.30%	1.62%
Portfolio Turnover Ratio	0.06 times	0.26 times	0.11 times
Official Launching Date	7 February 2014	7 February 2014	7 February 2014
Conversion to unit trust fund	25 January 2017	25 January 2017	25 January 2017

Management Expense Ratio

The management expense ratio for the financial year is 1.21%

Management Expense Ratio is derived from the following calculation:

$$\text{MER} = \frac{(A+B+C+D+E+F+G)}{H} \times 100$$

A = Administration Fee	E = Audit Fee
B = Distribution Fee	F = Tax Agent's Fee
C = Trustee Fee	G = Other Expenses
D = Performance Fee	H = Average NAV of the Fund calculated on a daily basis

The average NAV of the Fund for the financial year calculated on a daily basis is RM13,191,613.66.

Portfolio Turnover Ratio

The portfolio turnover ratio for the financial year is 0.06 times.

The portfolio turnover ratio is derived from the following calculation:

$$\frac{\left(\begin{array}{c} \text{Total acquisition for the financial year} \\ + \\ \text{Total disposal for the financial year} \end{array} \right) \div 2}{\text{Average NAV of the Fund for the financial year calculated on a daily basis}}$$

Where:

total acquisition for the financial year = RM 880,163.28

total disposal for the financial year = RM 764,797.08

TOTAL RETURN (in %)

Total Return is based on NAV to NAV with distribution reinvested. Below is the Total Return of the Fund as at 31 December 2021 since inception.

	(1 Jan 21 – 31 Dec 21)	(1 Jan 20 – 31 Dec 20)	(1 Jan 19 – 31 Dec 19)	(1 Jan 18 – 31 Dec 18)	Since Inception (7 Feb 14 - 31 Dec 21)
The Fund	5.04%	4.53%	9.93%	-12.14%	19.86%
DJIM ASEAN TRI	2.33%	8.18%	7.71%	-10.17%	45.33%

Note:

Total Return of the Fund is derived by this formula:

$$\left(\left[\frac{\text{End of Period FY Current Year NAV per unit}}{\text{End of Period FY Previous Year NAV per unit}} \right]^{-1} \right) \times 100$$

AVERAGE TOTAL RETURN (in %)

Average Total Return is derived by the formula:

$$\frac{\text{Total Return}}{\text{Number of Years Under Review}}$$

	1-year (1 Jan 21 – 31 Dec 21)	3-year (1 Jan 19 - 31 Dec 21)	5-year (1 Jan 17 - 31 Dec 21)	Since Inception (7 Feb 14 - 31 Dec 21)
The Fund	5.04%	6.90%	1.71%	2.51%
DJIM ASEAN TRI	2.33%	6.41%	3.55%	5.67%

Unit prices and returns may fluctuate; past performance is not necessarily indicative of future performance.

STOCK MARKET REVIEW

Markets finished the year strongly with the S&P 500 and MSCI World up 10.6% and 7.5% respectively in Q4 2021. The emergence of the Omicron variant in late-November dampened investor sentiment momentarily, but markets continued to push upwards on reports that the new variant may be more infectious but less severe than other variants. For the year, the S&P 500 was up 26.9%, outperforming the MSCI World which rose by a very healthy 20.1%.

Following a weak ending to Q3, equity markets rebounded with the S&P 500 and MSCI World rising by 9.1% and 6.5% respectively from September 30 till late November. Evergrande default fears abated, and investors focused on a continued reopening of economies as global vaccination rates increased. However, the emergence of the Omicron variant resulted in some market anxiety in the last week of the month with the S&P 500 and MSCI World falling by -2.9% and -3.0% respectively. Markets then spent most of December in a state of flux as sentiment rose and fell according to the prevailing view on the infectivity and severity of, (and vaccine efficacy against), Omicron. Against this backdrop, the Federal Reserve also announced an acceleration in the reduction of its monthly bond purchases and indicated that interest rates could be hiked as many as three times in 2022, with two in 2023 and two more in 2024.

While these moves are 'hawkish' and arguably contributed, at least initially, to some market weakness during the period, investors soon began to see them as signs of a strong hand at the wheel in the struggle between inflation and growth as well as a vote of confidence by the Fed in the economy. At the same time, investor sentiment was further boosted by early studies from the United Kingdom, which suggested that Omicron is less likely to send people to the hospital. This is consistent with observations from South Africa, which was one of the first countries to report the emergence of the new variant. There is also increasing confidence that booster shots of existing vaccines would offer significant protection against hospitalizations and death from Omicron. Hospitals would not be overwhelmed, and economies could continue to normalize.

Emerging markets continued to lag with the MSCI Emerging Markets Index down 1.7% in Q4 2021 and -4.6% in 2021, Asia Pacific -2.1% during the quarter and -3.4% during the year and ASEAN 0.9% in Q4 and -2.9% in 2021. In addition to the relatively slower (albeit improving) rollout of COVID-19 vaccines, a more direct exposure to slower

Chinese economic growth, and market-adverse regulatory actions against Tech, education, and certain other sectors, investors are likely pricing in the commencement of monetary tightening and higher interest rates in developed economies, which could result in capital outflows from emerging markets.

ASEAN Stock Market Review

Malaysia

2021 was another volatile year for Malaysia as COVID-19 related headlines continued to impact the market. There was also the announcement of several market-unfriendly measures, including a one-off Prosperity Tax, during the tabling of the 2022 Budget which unnerved investors.

However, sentiment subsequently turned bullish as Omicron fears abated and the government U-turned on several market-adverse 2022 Budget measures, including the reinstatement of the stamp duty cap for the trading of shares. The landslide victory of a government coalition partner in the Sarawak state elections also eased political instability concerns. Market sentiment held despite floods in late December, which caused mass evacuations and production shutdowns for firms in the affected areas.

Market direction going forward is likely to be determined by the daily COVID-19 cases, death count, and continued economic normalization, especially as the government continues to relax pandemic restrictions. With 80% of the population now fully vaccinated, daily cases continue to fall. All areas nationwide are now in Phase Four of the country's national recovery plan, with all economic sectors fully reopened.

For 2021, the FBM KLCI was down -3.7%.

Singapore

Like Malaysia, Singapore also saw significant volatility in 2021. The market was boosted by a strong US earnings season, establishment of Vaccinated Travel Lanes with several countries, strong export numbers, and growth in new home sales, all of which reflect an economy which is well on the road to recovery. However, the emergence of the Omicron variant caused concern, resulting in market volatility toward the end of the year.

Continued on next page.

STOCK MARKET REVIEW (continued)

ASEAN Stock Market Review (continued)

Singapore (continued)

Singapore has also now fully vaccinated more than 83% of its population and is continuing to roll-out its vaccination booster program. The country recently reported solid Q4 and 2021 GDP growth of 5.9% and 7.2% respectively, and growth is expected to remain strong at 3% to 5% in 2022. Barring any significant reverses to the COVID-19 situation, the above should continue to catalyze positive market momentum.

The FTSE Straits Times Index gained 9.8% in 2021, making it one of ASEAN's stronger stock markets.

Indonesia

The Indonesian economy continued to recover in 2021 despite COVID-19 concerns. In Q4 2021, the Finance Ministry projected the Indonesian economic growth rate to reach over 5% following positive momentum of economic recovery and improved household consumption.

Bank Indonesia projects national economic growth for Indonesia in 2022 in the 4.7-5.5% range, up from 3.2-4.0% in 2021, driven by ongoing global economic improvement coupled with faster vaccination rollout, reopening economic sectors, and policy stimulus.

The JCI rose 12.53% in 2021.

Philippines

For 2022, the Asian Development Bank is forecasting the Philippines' GDP to grow 6% as economic momentum picks up. The economy of the Philippines remained resilient in 2021, as GDP grew by 5.1%. Public spending on infrastructure and continued vaccination of the population should accelerate the recovery in 2022. However, inflation outlook for Philippines has been raised slightly to 4.4% in 2021 and 3.7% in 2022.

PSE Composite Index was up 4.60% in 2021 in local currency.

Thailand

The Bank of Thailand lowered its growth projections for GDP in 2022 from 3.9% to 3.4% as the government reversed its decision to allow quarantine-free travel amid the emergence of the Omicron variant. The tourism-dependent economy is now expected to return to its pre-pandemic levels in 2023, according to the World Bank, a year later than previously expected.

Thailand's economy is forecast to grow 1% in 2021, down from the 2.2% projected in July, according to the World Bank.

SET Index was up 17.70% in 2021 in local currency.

MARKET OUTLOOK AND INVESTMENT STRATEGY

S&P 500 and MSCI World valuations remain elevated at 21.8 times price earnings (against a five-year median of 18.7 times) and 19.6 times price earnings (five-year median of 17.3 times) respectively. Our outlook has not changed significantly since the previous quarterly update; we expect sentiment and share prices to remain volatile. On the one hand, we expect valuations to be supported by continued economic recovery as global vaccination rates improve, and booster shots are rolled out. On the other hand, the Omicron variant has shown us that COVID-19 remains a significant risk and supply chain and inflationary risks, could persist as long as global economic conditions do not normalize. Valuations, especially in the US, are also not cheap. Much will depend on the ability of different companies to navigate the risks they face.

In this type of investing environment, we remain confident in the ability of our bottom-up investing approach, which is focused on finding companies with solid fundamentals, sound growth prospects, and reasonable valuations to deliver resilient investment performance. In particular, sustainability and shariah-focused funds like the ASEAN Equity Fund, which focus on companies with low debt and a penchant for doing right by their stakeholders, should continue to see resilient performance, especially as environment, social, and corporate governance ("ESG") awareness increases within the region. It is also worth noting that though developed world valuations look pricey, there is still value in emerging markets; the MSCI Emerging Markets trades at only 11.9 times price earnings (five-year median of 12.9 times) and at decade-high discounts versus MSCI World. As vaccination rates accelerate across emerging markets and their economies reopen, the valuation gap against developed markets is also likely to narrow.

SUSTAINABLE AND RESPONSIBLE INVESTMENT FUNDS (“SRI”)

In our opinion, the Fund for the financial year under review, has complied with the requirements of the Guidelines on Sustainable and Responsible Investment Funds.

We consider issuers with sustainable characteristics to be those issuers that are generally larger, more established, consistently profitable, financially strong and with low exposure to risks in the areas of the ESG.

The Fund combines both basic exclusion-based industry screening with sustainable investing principles that utilizes proprietary ESG investment tools. The sustainability considerations that have been adopted in the SRI strategies employed as outlined on the table below:

Strategy	Description
Negative or exclusionary screening	The fund excluded companies undertaking business activities or practices in gaming, alcohol, tobacco and other businesses regarded as vice in its investments.
Sustainability themed investing	The Fund may invest in companies that are undertaking steps and measures to re-invest its value chain more sustainable and in-line with environmental and social developments.
Impact or community investing	The Fund is searching to invest in companies that participate in solving social issues.

ASSET ALLOCATION OF THE FUND

By Country	31 December 2021	31 December 2020	31 December 2019
<i>Malaysia</i>	% of NAV	% of NAV	% of NAV
Communications	5.00	2.69	2.51
Consumer Discretionary	-	-	0.28
Consumer Staples	2.58	3.21	2.37
Financials	9.45	11.65	11.34
Health Care	5.65	4.91	4.61
Industrials	2.04	2.96	8.14
Materials	-	-	-
	24.72	25.42	29.25
<i>Indonesia</i>			
Communications	3.23	2.80	3.65
Consumer Discretionary	3.82	5.25	5.91
Consumer Staples	3.83	5.88	5.06
Health Care	2.07	2.01	2.39
Industrials	-	-	0.85
Materials	-	-	-
	12.95	15.94	17.86
<i>Singapore</i>			
Communications	2.01	2.11	2.63
Consumer Discretionary	3.19	4.82	5.58
Consumer Staples	1.22	-	-
Financials	-	-	-
Industrials	2.66	2.87	2.24
Technology	7.68	7.07	2.07
	16.76	16.87	12.52

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ASSET ALLOCATION OF THE FUND (continued)

Thailand

Communications	6.29	5.54	5.52
Consumer Discretionary	0.47	0.55	1.40
Consumer Staples	2.66	3.65	5.56
Energy	-	-	-
Financial	0.94	0.99	-
Health Care	3.73	2.87	1.48
Materials	-	-	-
Industrials	5.51	5.12	-
Technology	5.30	3.44	1.07
	24.90	22.16	15.03

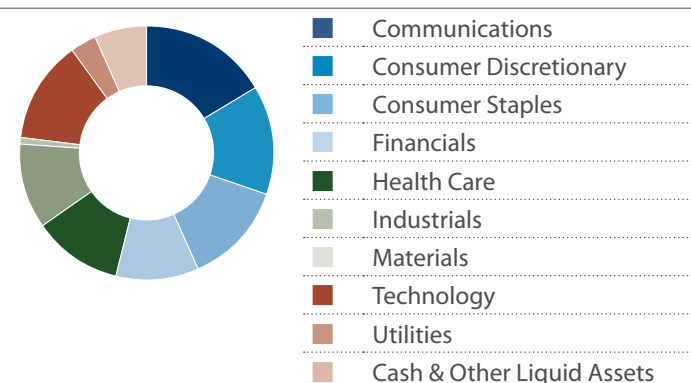
Philippines

Communications	-	-	-
Consumer Discretionary	6.44	6.25	6.91
Consumer Staples	2.85	2.55	2.58
Industrials	0.66	0.84	1.32
Materials	0.80	1.16	2.21
Utilities	3.21	3.49	2.80
	13.96	14.29	15.82

TOTAL	93.29	94.68	90.48
Cash & Other Liquid Assets	6.71	5.32	9.52
GRAND TOTAL	100.00	100.00	100.00

Sector	31 December 2021 % of NAV	31 December 2020 % of NAV	31 December 2019 % of NAV
Communications	16.53	13.14	14.31
Consumer Discretionary	13.92	16.87	20.08
Consumer Staples	13.14	15.29	15.57
Energy	-	-	-
Financials	10.39	12.64	11.34
Health Care	11.45	9.79	8.48
Industrials	10.87	11.79	12.55
Materials	0.80	1.16	2.21
Technology	12.98	10.51	3.14
Utilities	3.21	3.49	2.80
Cash & Other Liquid Assets	6.71	5.32	9.52
Total	100.00	100.00	100.00

Sector Allocation as at 31 December 2021



ASSET ALLOCATION OF THE FUND (continued)

Fund performance from 1 January 2021 to 31 December 2021

	31 December 21 RM	31 December 20 RM	% Change
Total NAV (Inclusive of Injection)	13,545,486	12,652,123	7.06
NAV/unit	1.1217	1.1014	1.84

NAV per unit at the end of 31 December 2021 increased by 1.84% compared with 31 December 2020. The Dow Jones Islamic Market ASEAN index rose by 2.33% over the same period. While global markets were generally strong in 2021, ASEAN markets were hindered by relatively slower vaccination rates in several countries as well as the prospect of monetary tightening and higher interest rates in the developed world, which could result in capital outflows from the region.

Top Five Investments as at 31 December 2021

Stock	% of NAV
WILCON DEPOT	6.44
KCE ELECTRONICS	5.30
UMS HOLDINGS	4.76
CHULARAT HOSPITAL	3.73
PLAN B MEDIA	3.69

DETAILS OF DISTRIBUTION AND UNIT SPLIT

Financial Year	31 December 2021	31 December 2020
Date of Distribution	29 December 2021	29 December 2020
Distribution per unit		
Gross (RM)	0.035	0.04
Net (RM)	0.035	0.04
Net Asset Value before distribution (RM)	1.1507	1.1510
Less : distribution (RM)	(0.035)	(0.04)
Net Asset Value after distribution (RM)	1.1157	1.1110

The gross distribution per unit of 3.5 cents (net distribution of 3.5 cents) for the financial year ended 31 December 2021 had the effect of reducing the Net Asset Value (NAV) per unit before distribution of RM 1.1507 to a Net Asset Value per unit after distribution of RM 1.1157 on the distribution date of 29 December 2021.

No unit split were declared for the financial year ended 31 December 2021.

DISCLOSURE OF CIRCUMSTANCES THAT MATERIALLY AFFECT ANY INTEREST OF THE UNITHOLDER

For the year under review, there were no circumstances that materially affect any interest of the unitholder.

SIGNIFICANT CHANGES OF THE FUND DURING THE FINANCIAL YEAR

The fund is qualified as Sustainable and Reponsible Investment Funds ('SRI') under the Securities Commission's Guidelines SRI on 21st October 2021.

POLICY ON STOCKBROKING, REBATES, AND SOFT COMMISSION

The Fund Manager does not retain any rebate from, or otherwise share in any commission with, any broker/dealer in consideration for directing dealings in the investments of the Fund. Accordingly, any rebate or shared commission will be directed to the account of the Fund.

PURIFICATION

This is a voluntary provision due to non Shariah-compliant exposures of the Fund's holdings, i.e. riba-based loans and interest income. According to purification guidelines, as stipulated in the Prospectus, per unit amount comes to RM 0.002325, if you owned units from inception to 31 December. Please use the example below to calculate your individual amount. You should channel your purification to charitable bodies of your choice.

Example:

The calculation: Units Owned x Purification Amount Per Unit = Total Due (RM)

If an investor holds 100,000 units of AEF since 1 January 2021, the calculation of amount to be purified as of 31 December 2021 would be 100,000 units x RM 0.002325/ unit = RM 232.50.

2. TRUSTEE'S REPORT

TO THE UNITHOLDERS OF ASEAN EQUITY FUND

We have acted as Trustee for **ASEAN Equity Fund** ("the Fund") for the financial year ended 31 December 2021. To the best of our knowledge, for the year under review, **Saturna Sdn. Bhd.** ("the Manager") has operated and managed the Fund in accordance with the following:

- a) limitations imposed on the investment powers of the Manager and the Trustee under the Deeds, the Securities Commission's Guidelines on Unit Trust Funds, the Capital Markets and Services Act 2007, and other applicable laws;
- b) the valuation/pricing for the Fund has been carried out in accordance with the Deed of the Fund and applicable regulatory requirements;
- c) creation and cancellation of units for the Fund have been carried out in accordance with the Deed of the Fund and applicable regulatory requirements; and
- d) the distribution of return for the year are tied to and reflect the objectives of the Fund.

For **SCBMB Trustee Berhad**
(Company No: 201201021301)

Prasad A/L S Vijayasundram

Chief Executive Officer

Kuala Lumpur, Malaysia

22 February 2022

3. STATEMENT BY MANAGER

We, **Monem A. Salam** and **Dato' Dr. Lee Chee Kuon**, being two of the directors of **Saturna Sdn. Bhd.**, do hereby state that, in the opinion of the Manager, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the requirements of the Securities Commission's Guidelines on Unit Trust Funds in Malaysia so as to give a true and fair view of the financial position of **ASEAN EQUITY FUND** at 31 December 2021 and of its financial performance and cash flows for the financial year then ended on that date and comply with the requirements of the Deed.

On behalf of the Board in accordance with a resolution of the Board of Directors of the Manager.



Monem A. Salam
Director, Saturna Sdn Bhd



Dato' Dr. Lee Chee Kuon
Director, Saturna Sdn Bhd

22 February 2022

4. INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF ASEAN EQUITY FUND

Report on the Audit Of The Financial Statements

Opinion

We have audited the financial statements of ASEAN Equity Fund ("the Fund"), which comprise the statement of financial position as at 31 December 2021, and the statement of comprehensive income, statement of changes in net asset value and statement of cash flows of the Fund for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 18 to 43.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 December 2021, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Fund in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information Other than the Financial Statements and Auditors' Report Thereon

The Manager of the Fund is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Fund and our auditors' report thereon.

Our opinion on the financial statements of the Fund does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Fund, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Fund or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of the Managers and Trustees for the Financial Statements

The Manager of the Fund is responsible for the preparation of financial statements of the Fund that give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Manager of the Fund is also responsible for such internal control as the Manager of the Fund determines is necessary to enable the preparation of financial statements of the Fund that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Fund, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

The Trustee is responsible for ensuring that the Manager of the Fund maintains proper accounting and other records as are necessary to enable fair presentation of these financial statements.

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4. INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF ASEAN EQUITY FUND *(continued)*

Report on the Audit Of The Financial Statements *(continued)*

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Fund as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Fund, including the disclosures, and whether the financial statements of the Fund represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Matters

This report is made solely to the Unitholders of the Fund, as a body, in accordance with the Securities Commission's Guideline on Unit Trust Funds in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Crowe Malaysia PLT

201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Gerald Lau Beng Tong

03523/08/2022 J
Chartered Accountant

Kuala Lumpur
22 February 2022

5. SHARIAH ADVISER'S REPORT

To the Unit Holders of ASEAN Equity Fund ("Fund")

We hereby confirm the following:

1. To the best of our knowledge, after having made all reasonable enquiries, Saturna Sdn Bhd has operated and managed the Fund during the period covered by these financial statements in accordance with the Shariah principles and complied with the applicable guidelines, rulings or decisions issued by the Securities Commission Malaysia pertaining to Shariah matters; and
2. The asset of the Fund comprises of instruments that have been classified as Shariah compliant except for Axiata Group Bhd and Gamuda Bhd which have been reclassified as Shariah non-compliant by the Shariah Adviser. These reclassified Shariah non-compliant instrument(s) shall be disposed in accordance with the Fund's Shariah investment guidelines as provided in the Fund's deed and disclosed in the Fund's prospectus.
3. We also confirm that the investment portfolio of the Fund comprises securities which have been classified as Shariah compliant by the Shariah Advisory Council of the SC ("SACSC"). For securities not certified by the SACSC, we have reviewed the said securities and opine that these securities are designated as Shariah compliant.

Thank you

For **Amanie Advisors Sdn Bhd**

TAN SRI DR MOHD DAUD BAKAR

Executive Chairman

Kuala Lumpur

22 February 2022

6. STATEMENT OF FINANCIAL POSITION

Opinion

In the opinion of the Fund Manager, the financial statements have been properly drawn up in accordance with Malaysian Financial Reporting Standards and the requirements of the Securities Commission's Guidelines on Unit Trust Fund so as to give a true and fair view of the financial position of the Fund as at 31 December 2021 and of its financial performance, the changes in net asset value, and the cash flows of the Fund for the year ended.

		As at 31 December 2021	As at 31 December 2020
	Note	RM	RM
Investments			
Financial asset at fair value through profit or loss	4	12,635,833	11,978,921
Short-term Shariah-based deposits	5	806,484	429,210
		13,442,317	12,408,131
Other Assets			
Amount due from stockbrokers		-	-
Amount due from manager		-	-
Amount due from Distributors		-	-
Cash at bank		237,161	361,018
Other receivable		36,457	17,688
		273,618	378,706
Total Assets		13,715,935	12,786,837
Liabilities			
Amount due to manager		155,021	119,318
Amount due to trustee		588	556
Amount due to Unitholder Capital		-	-
Other payables		14,840	14,840
		170,449	134,714
Net asset value attributable to unit holders	6	13,545,486	12,652,123
Total equity and liabilities		13,715,935	12,786,837
Number of units in circulation	6	12,075,345	11,486,835
NAV per unit, ex-distribution		1.1217	1.1014

7. STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2021

		1 January 2021 to 31 December 2021	1 January 2020 to 31 December 2020
	Note	RM	RM
Income			
Profit from short-term Shariah-based deposits		11,480	25,154
Gross dividend income		317,252	224,668
Gross dividend income from non-permissible securities		3,510	26,763
Net gain/(loss) on financial assets at fair value through profit or loss	4	541,539	547,317
Net loss on foreign exchange		(2,587)	(2,222)
		871,194	821,680
Less: Expenses			
Administration fee	7	32,956	28,584
Distribution fee	7	32,956	28,584
Performance fee	7	65,890	60,566
Trustee's fee	8	6,591	5,718
Safe Custody fee		3,273	2,534
Transaction Fee		763	3,034
Auditors' fee		11,000	11,000
Tax agent's fee		3,000	3,000
Other expenses		3,325	5,536
		159,754	148,556
Net profit/(loss) before taxation & purification			
		711,440	673,124
Purification		(36,061)	(28,844)
Net profit/(loss) before taxation & after purification			
		675,379	644,280
Taxation	9	(27,636)	(29,116)
Net profit/(loss) after taxation & purification			
		647,743	615,164
Net profit/(loss) after taxation is made up as follows:			
Realised Income		146,153	779,564
Unrealised income/(loss), net		501,590	(164,400)
Distribution during the financial year			
	10	409,782	448,660
Gross distribution per unit		0.035	0.040
Net distribution per unit		0.035	0.040

8. STATEMENT OF CHANGES IN NET ASSET VALUE

For the financial year ended 31 December 2021

	Unitholders' Capital RM	Retained Earnings RM	Total Net Asset Value RM
Net asset value as at 1st January 2020	10,959,965	956,349	11,916,314
Movement due to creation / (cancellation) of units during the year:			
Creation of units from applications	565,986	-	565,986
Creation of units from distribution	448,660	-	448,660
Cancellation of units	(445,341)	-	(445,341)
Total comprehensive Income for the financial year	-	615,164	615,164
Distribution		(448,660)	(448,660)
Net asset value as at 31st December 2020	11,529,270	1,122,853	12,652,123
Net asset value as at 1st January 2021	11,529,270	1,122,853	12,652,123
Movement due to creation / (cancellation) of units during the year:			
Creation of units from applications	352,033	-	352,033
Creation of units from distribution	409,782	-	409,782
Cancellation of units	(106,413)	-	(106,413)
Total comprehensive income for the financial year	-	647,743	647,743
Distribution	-	(409,782)	(409,782)
Net asset value as at 31st December 2021	12,184,672	1,360,814	13,545,486

9. STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2021

	1 January 2021 to 31 December 2021	1 January 2020 to 31 December 2020
	RM	RM
Cash flows from/(for) operating and Investing activities		
Proceeds from sale of quoted investments	764,798	2,593,646
Purchase of quoted investments	(880,163)	(3,243,611)
Dividend received	271,834	243,225
Profit Murabahah received	11,409	25,210
Administration fee paid	(32,798)	(28,494)
Audit fee paid	(13,041)	(13,394)
Performance fee paid	(60,567)	(106,227)
Purification Paid	(36,061)	(28,844)
Distribution fee paid	(2,734)	(2,876)
Trustee's fee paid	(6,560)	(5,700)
Tax Agent fee paid	(3,392)	(3,466)
Payment for other fees and expenses	(4,928)	(7,404)
Tax Recoverable	-	-
Net cash generated from/(for) operating and investing activities	7,797	(577,935)
Cash flows from/(for) financing activities		
Proceeds from issuance of units	352,033	567,986
Payments for cancellation of units	(106,413)	(445,341)
Net cash generated from/(used in) financing activities	245,620	122,645
Net increase/ (decrease) In cash and cash equivalents	253,417	(455,290)
Cash and cash equivalents at beginning of the year	790,228	1,245,518
Cash and cash equivalents at end of the year	1,043,645	790,228
Cash and cash equivalents comprise:		
Cash at bank	237,161	361,018
Short-term Shariah-based deposits	806,484	429,210
	1,043,645	790,228

10. NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

ASEAN Equity Fund (hereinafter referred to as “the Fund”) was constituted pursuant to the execution of a Trust Deed dated 16 December 2013 (hereinafter referred to as “the Deed”) between the Manager, Saturna Sdn. Bhd. and the previous Trustee, Deutsche Trustees Malaysia Berhad. Subsequently, pursuant to a Trust Deed dated 23 November 2015, SCBMB Trustee Berhad became the new Trustee.

The principal activity of the Fund is to invest in a diversified portfolio of Shariah-compliant equities across the ASEAN region. The objective of the Fund is to provide long-term capital growth. The Fund’s investments comply with Shariah requirements as prescribed by its Shariah Advisor. The Fund was launched on 7 February 2014 and will continue its operations until terminated by the Trustee as provided under Part 11 of the Trust Deed.

The Manager, Saturna Sdn. Bhd. is principally engaged in funds management. The Manager is incorporated in Malaysia.

The financial statements were authorised for issue by the Board of Directors of the Manager in accordance with a resolution of the directors on 22 February 2022.

2. BASIS OF PREPARATION

The financial statements of the Fund are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards (“MFRSs”) and International Financial Reporting Standards.

2.1 During the current financial year, the Fund has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

Amendment to MFRS 16: Covid-19-Related Rent Concessions

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Fund’s financial statements.

Continued on next page.

10. NOTES TO THE FINANCIAL STATEMENTS *(continued)*

2. BASIS OF PREPARATION *(continued)*

2.2 The Fund has not applied in advance the following accounting standards and interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (“MASB”) but are not yet effective for the current financial year:-

MFRSs and IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 16: COVID-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to MFRS 17: Insurance Contracts	1 January 2023
Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 – 2020	1 January 2022

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Fund upon its initial application.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the statement of financial position when the Fund has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Fund has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statement of financial position are disclosed in the individual policy statement associated with each item.

The interest rate used is a general economic indicator that will have an impact on the management of the fund regardless whether it is a Shariah-compliant fund or otherwise. It does not in any way suggest that the fund will invest in conventional financial instruments. All the investments carried out for the fund are in accordance with Shariah requirements.

Continued on next page.

10. NOTES TO THE FINANCIAL STATEMENTS *(continued)*

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.1 FINANCIAL INSTRUMENTS *(continued)*

(a) Financial Assets

All recognised financial assets are measured subsequently in their entirety at either amortised or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

Debt Instruments

(i) **Amortised Cost**

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

(ii) **Fair Value through Other Comprehensive Income**

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

(iii) **Fair Value through Profit or Loss ("FVTPL")**

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. The fair value changes do not include interest or dividend income.

The Fund reclassifies debt instruments when and only when its business model for managing those assets change.

Equity Instruments

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where the Fund has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Company's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

Continued on next page.

10. NOTES TO THE FINANCIAL STATEMENTS *(continued)*

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.1 FINANCIAL INSTRUMENTS *(continued)*

(b) Financial Liabilities

(i) Financial Liabilities at Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value of these financial liabilities are recognised in profit or loss.

(ii) Other Financial Liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

(c) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

3.2 IMPAIRMENT

Impairment of Financial Assets

The Fund recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Fund in accordance with the contract and all the cash flows that the Fund expects to receive, discounted at the original effective interest rate.

For all other financial instruments, the Fund recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Fund measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Fund recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Continued on next page.

10. NOTES TO THE FINANCIAL STATEMENTS *(continued)*

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.3 CLASSIFICATION OF REALISED AND UNREALISED GAINS AND LOSSES

Unrealised gains and losses comprise changes in the fair value of financial instruments for the year from the reversal of the prior year's unrealised gains and losses for financial instruments which were realised (i.e. sold, redeemed or matured) during the reporting period.

Realised gains and losses on disposals of financial instruments classified as part of 'at fair value through profit or loss' are calculated using weighted average method. They represent the difference between an instrument's initial carrying amount and disposal amount.

3.4 FUNCTIONAL AND FOREIGN CURRENCIES

(a) Functional and Presentation Currency

The financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates, which is the functional currency. The financial statements are presented in Ringgit Malaysia ("RM"), which is also the Fund's functional currency.

(b) Foreign Currency Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

3.5 UNITHOLDERS' CONTRIBUTION

The Unitholders' contributions to the Fund meet the definition of puttable instruments classified as equity instruments.

3.6 DIVIDEND DISTRIBUTION

Dividend distributions are at the discretion of the Fund. A dividend to the Fund's Unitholders is accounted for as a deduction from realised reserves except where dividend is sourced out of distribution equalisation which is recognised as a liability in the period in which it is approved.

3.7 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less.

3.8 INCOME

Income is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the income can be reliably measured. Income is measured at the fair value of consideration received or receivable.

Dividend income is recognised when the Fund's right to receive payment is established.

Profit income from deposits is recognised on an accrual basis using the effective profit method.

Continued on next page.

10. NOTES TO THE FINANCIAL STATEMENTS *(continued)*

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.9 INCOME TAX

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax related to items recognised outside profit or loss, (either in other comprehensive income or directly in equity).

No deferred tax is recognised as there are no material temporary differences.

3.10 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Fund's financial statements requires the Manager of the Fund to make judgements, estimates, and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions could result in an outcome that could require a material adjustment to the carrying amount of the asset or liability in the future.

No major judgements have been made by the Manager of the Fund in applying the Fund's accounting policies. There are no key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next year.

3.11 SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting used by the Manager of the Fund. The Manager of the Fund is responsible for allocating resources and assessing performance of the operating segments.

3.12 FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For a non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical asset or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Continued on next page.

10. NOTES TO THE FINANCIAL STATEMENTS (continued)

4. INVESTMENTS

	2021 RM	2020 RM
Financial assets at FVTPL Quoted Investments	12,635,833	11,978,921

All of the investments of the Fund are classified as financial assets at FVTPL.

	2021 RM	2020 RM
Net gain/(loss) on financial assets at FVTPL comprised:-		
Realised gain/(loss) on disposals	39,949	711,717
Unrealised changes in fair value	501,590	(164,400)
	541,539	547,317

Financial assets designated as FVTPL as at 31 December 2021 are as detailed below:

2021	Quantity (Units)	Cost (RM)	Market Value (RM)	% of NAV
Malaysia				
Communications				
Axiata Group Bhd*	39,000	255,601	162,240	1.20
Telekom Malaysia	51,000	309,287	280,500	2.07
TIME dotCom Bhd	51,000	240,846	234,600	1.73
		805,734	677,340	5.00
Consumer Staples				
Nestle (Malaysia) Bhd	2,600	259,503	348,920	2.58
Financials				
Al-'Aqar Healthcare REIT	147,000	203,854	170,520	1.26
Axis Real Estate Investment Trust	200,000	350,801	388,000	2.86
Bank Islam Malaysia Bhd	86,000	251,324	258,000	1.91
Syarikat Takaful Malaysia Keluarga Bhd	125,364	343,394	463,847	3.42
		1,149,373	1,280,367	9.45
Health Care				
IHH Healthcare Bhd	62,000	266,968	455,080	3.36
KPJ Healthcare Bhd	280,000	249,886	310,800	2.29
		516,854	765,880	5.65
Industrials				
Gamuda Bhd*	40,000	190,038	116,000	0.86
Hartalega Holdings Bhd	28,000	165,382	160,440	1.18
		355,420	276,440	2.04
Indonesia				
Communications				
Telkom Indonesia	370,000	256,085	437,001	3.23
Consumer Discretionary				
Ace Hardware Indonesia	1,000,000	445,082	374,204	2.76
Ramayana Lestari Sentosa Tbk	750,000	327,363	143,615	1.06
		772,445	517,819	3.82

Continued on next page.

10. NOTES TO THE FINANCIAL STATEMENTS *(continued)*

4. INVESTMENTS *(continued)*

2021	Quantity (Units)	Cost (RM)	Market Value (RM)	% of NAV
Indonesia <i>(continued)</i>				
Consumer Staples				
Indofood CBP Sukses Makmur	100,000	264,824	254,342	1.88
Unilever Indonesia	220,000	421,752	264,340	1.95
		686,576	518,682	3.83
Health Care				
Kalbe Farma	595,000	251,927	280,924	2.07
Singapore				
Communications				
Singapore Telecommunications	38,000	355,308	271,763	2.01
Consumer Discretionary				
ComfortDelGro Corp Ltd	100,000	566,097	431,566	3.19
Consumer Staples				
Delfi Ltd	70,000	198,996	165,074	1.22
Industrials				
SATS Ltd	30,000	348,456	359,741	2.66
Technology				
UMS Holdings	137,500	371,706	644,266	4.76
Venture Corp Ltd.	7,000	366,191	395,099	2.92
		737,897	1,039,365	7.68
Thailand				
Communications				
Plan B Media Public Company	520,000	382,890	499,673	3.69
Intouch Holdings Public Co. Ltd	35,000	313,657	352,805	2.60
		696,547	852,478	6.29
Consumer Discretionary				
Siam Wellness Group Plc	75,000	120,015	63,590	0.47
Consumer Staples				
Carabao Group Public Company Ltd	24,000	169,458	360,247	2.66
Financials				
Frasers Property Thailand Industrial REIT	80,000	163,304	126,614	0.94
Health Care				
Chularat Hospital PCL	1,100,000	378,992	505,703	3.73
Industrials				
Airports Of Thailand	65,000	557,079	498,041	3.68
Delta Electronics PCL Foreign	4,800	133,814	248,405	1.83
		690,893	746,446	5.51
Technology				
KCE Electronics PCL	65,000	350,415	718,485	5.30

Continued on next page.

10. NOTES TO THE FINANCIAL STATEMENTS (continued)

4. INVESTMENTS (continued)

2021	Quantity (Units)	Cost (RM)	Market Value (RM)	% of NAV
Philippines				
Consumer Discretionary				
Wilcon Depot, Inc	350,000	378,290	872,540	6.44
Consumer Staples				
D&L Industries Inc	500,000	428,734	386,206	2.85
Industrials				
Concepcion Industrial Corp	54,000	211,504	90,041	0.66
Materials				
Holcim Philippines Inc.	240,000	260,253	108,285	0.80
Utilities				
Manila Electric Co	18,000	374,402	434,316	3.21
Total Quoted Equity Securities		11,483,478	12,635,833	93.29

* These securities are Qualified Compliant¹ as of 31st December 2021.

¹ "Qualified Compliant" Shariah status refers to stocks which are reclassified as Shariah non-compliant (due to changes in financial position) and are out-of-the-money. The Fund Manager is allowed to hold the security on a temporary basis until breakeven.

Financial assets designated as FVTPL as at 31 December 2020 are as detailed below:

2020	Quantity (Units)	Cost (RM)	Market Value (RM)	% of NAV
Malaysia				
Communications				
Axiata Group Bhd*	39,000	255,601	145,860	1.15
Telekom Malaysia*	36,000	210,955	194,760	1.54
		466,556	340,620	2.69
Consumer Staples				
Nestle (Malaysia) Bhd	2,925	291,941	406,283	3.21
Financials				
Al-'Aqar Healthcare REIT	147,000	203,854	192,570	1.52
Axis Real Estate Investment Trust	200,000	350,801	406,000	3.21
BIMB Holdings Bhd	86,000	331,781	366,360	2.90
Syarikat Takaful Malaysia	105,000	262,937	508,200	4.02
		1,149,373	1,473,130	11.65
Health Care				
IHH Healthcare Bhd	62,000	266,968	341,000	2.70
KPJ Healthcare Bhd	280,000	249,886	280,000	2.21
		516,854	621,000	4.91
Industrials				
Gamuda Bhd*	40,000	190,038	155,600	1.23
Hartalega Holdings Bhd	18,000	39,886	218,520	1.73
		229,924	374,120	2.96

Continued on next page.

10. NOTES TO THE FINANCIAL STATEMENTS (continued)

4. INVESTMENTS (continued)

2020	Quantity (Units)	Cost (RM)	Market Value (RM)	% of NAV
Indonesia				
Communications				
Telekomunikasi Indonesia	370,000	256,085	353,949	2.80
Consumer Discretionary				
Ace Hardware Indonesia	1,000,000	445,082	495,650	3.92
Ramayana Lestari Sentosa Tbk	750,000	327,363	167,986	1.33
		772,445	663,636	5.25
Consumer Staples				
Indofood CBP Sukses Makmur	100,000	264,824	276,726	2.19
Unilever Indonesia	220,000	421,752	467,328	3.69
		686,576	744,054	5.88
Health Care				
Kalbe Farma	595,000	251,927	254,501	2.01
Singapore				
Communications				
Singapore Telecommunications*	38,000	355,308	267,296	2.11
Consumer Discretionary				
ComfortDelGro Corp Ltd	120,000	679,316	610,231	4.82
Industrials				
SATS Ltd	30,000	348,456	363,581	2.87
Technology				
UMS Holdings	110,000	371,706	361,754	2.86
Venture Corp Ltd.	9,000	470,817	532,217	4.21
		842,523	893,971	7.07
Thailand				
Communications				
Plan B Media Public Company	520,000	382,890	436,570	3.45
Intouch Holdings Public Co. Ltd	35,000	313,657	264,461	2.09
		696,547	701,031	5.54
Consumer Discretionary				
Siam Wellness Group Plc	75,000	120,015	70,019	0.55
Consumer Staples				
Carabao Group Public Company Ltd	30,000	211,822	461,421	3.65
Financials				
Frasers Property Thailand Industrial REIT	80,000	163,304	125,732	0.99
Health Care				
Chularat Hospital PCL	1,100,000	378,992	363,495	2.87
Industrials				
Airports Of Thailand	40,000	340,586	334,480	2.64
Delta Electronics (Thailand) PCL	4,800	133,814	313,363	2.48
		474,400	647,843	5.12

Continued on next page.

10. NOTES TO THE FINANCIAL STATEMENTS *(continued)*

4. INVESTMENTS *(continued)*

2020	Quantity (Units)	Cost (RM)	Market Value (RM)	% of NAV
Thailand <i>(continued)</i>				
Technology				
KCE Electronics PCL	78,000	420,498	434,824	3.44
Philippines				
Consumer Discretionary				
Jollibee Foods Corp	18,000	226,058	294,975	2.33
Wilcon Depot, Inc	350,000	378,290	496,579	3.92
		604,348	791,554	6.25
Consumer Staples				
D&L Industries Inc	500,000	428,734	323,217	2.55
Industrials				
Concepcion Industrial Corp	54,000	211,504	106,082	0.84
Materials				
Holcim Philippines Inc.	240,000	260,253	146,077	1.16
Utilities				
Manila Electric Co	18,000	374,402	441,254	3.49
Total Quoted Equity Securities		11,192,103	11,978,921	94.68

* These securities are Qualified Compliant² as of 31st December 2020.

² "Qualified Compliant" Shariah status refers to stocks which are reclassified as Shariah non-compliant (due to changes in financial position) and are out-of-the-money. The Fund Manager is allowed to hold the security on a temporary basis until breakeven.

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10. NOTES TO THE FINANCIAL STATEMENTS (continued)

5. SHORT-TERM SHARIAH-BASED DEPOSITS

Short-term deposits bore a weighted average effective profit rate of 1.63% (2020 – 1.65%) per annum at the end of the reporting period. The short-term Shariah-based deposits had maturity periods ranging from 7 to 31 days. (2020 - 14 to 29 days).

6. NET ASSET VALUE ATTRIBUTABLE TO UNITHOLDERS

	Note	2021 RM	2020 RM
Unitholders' contribution	(a)	12,184,672	11,529,270
Retained earnings			
Realised reserve	(b)	208,459	336,035
Unrealised reserve	(c)	1,152,355	786,818
		<u>13,545,486</u>	<u>12,652,123</u>

(a) Unitholders' Contribution

	2021		2020	
	No. of Units	RM	No. of Units	RM
At beginning of the financial year	11,486,835	11,529,270	10,913,276	10,959,965
Creation of units from applications	315,244	352,033	574,578	565,986
Creation of units from Distribution	367,287	409,782	403,835	448,660
Cancellation of units	(94,021)	(106,413)	(404,854)	(445,341)
At end of the financial year	<u>12,075,345</u>	<u>12,184,672</u>	<u>11,486,835</u>	<u>11,529,270</u>

(b) Realised Reserve - Distributable

	2021 RM	2020 RM
At beginning of the financial year	336,035	552,600
Net profit after tax	647,743	615,164
Net unrealised (gain)/loss transferred to unrealised reserve	(501,590)	164,400
Net increase in realised reserve for the financial year	146,153	779,564
Dividend distribution	(409,782)	(448,660)
Net unrealised gain/(loss) attributable to investments sold transferred to realised reserve	136,053	(547,469)
At end of the financial year	<u>208,459</u>	<u>336,035</u>

(c) Unrealised Reserve – Non-Distributable

	2021 RM	2020 RM
At beginning of the financial year	786,818	403,749
Net unrealised gain/(loss) transferred from realised reserve	501,590	(164,400)
Net unrealised (gain)/loss attributable to investments sold transferred to realised reserve	(136,053)	547,469
At end of the financial year	<u>1,152,355</u>	<u>786,818</u>

7. MANAGER'S FEE

The Manager is entitled to receive an administrative fee of 0.25% per annum of the NAV of the Fund. The fee is accrued daily and paid monthly out of the Fund.

The Manager is also entitled to a performance fee from the daily increase in the NAV of the Fund. The performance fee is 10% of the amount by which the NAV cumulatively increases or decreases each day in the calendar year.

The Fund reimburses the Manager up to 0.25% of the average Net Assets Value per year for its marketing and distribution expenses.

Continued on next page.

10. NOTES TO THE FINANCIAL STATEMENTS (continued)

8. TRUSTEE'S FEE

Trustee's fee is computed on a daily basis at 0.05% per annum of the NAV of the Fund.

9. INCOME TAX EXPENSE

	1 January 2021 to 31 December 2021	1 January 2020 to 31 December 2020
	RM	RM
Current tax expenses:		
Malaysian taxation	2,169	1,139
Foreign taxation	25,467	27,977
	<u>27,636</u>	<u>29,116</u>

A reconciliation of income tax expense applicable to the profit/(loss) before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Fund is as follows:

	1 January 2021 to 31 December 2021	1 January 2020 to 31 December 2020
	RM	RM
Profit before taxation	675,379	644,280
Tax at the Malaysian statutory tax rate of 24% (2020-24%)	162,091	154,627
Tax effects of:-		
Non-taxable income	(173,532)	(235,047)
Non-deductible expenses	46,996	6,420
Net non-deductible losses on equity investments	1,870	75,139
Foreign income subject to different tax rates	(9,789)	27,977
Tax expense for the financial year	<u>27,636</u>	<u>29,116</u>

10. DISTRIBUTION

Distribution declared on 29 December 2021 to members is distributed from the following sources:

2021	RM
Profit from Short-term Shariah-based deposits	11,336
Dividend income	305,718
Net realised gain on sale of investments	39,949
Net realised loss on foreign exchange	(2,587)
Prior financial year's realised income	<u>336,035</u>
	690,451
Less: Expenses	<u>(207,384)</u>
Realised income available for distribution	<u>483,067</u>
Distribution during the financial year	409,782
Gross distribution per unit	0.035
Net distribution per unit	<u>0.035</u>

Continued on next page.

10. NOTES TO THE FINANCIAL STATEMENTS (continued)

10. DISTRIBUTION (continued)

Distribution declared on 29 December 2020 to members is distributed from the following sources:

2020	RM
Profit from Short-term Shariah-based deposits	25,019
Dividend income	251,431
Net realised gain on sale of investments	459,582
Net realised loss on foreign exchange	(2,222)
Prior financial year's realised income	552,600
	1,286,410
Less: Expenses	(192,034)
Realised income available for distribution	1,094,376
Distribution during the financial year	448,660
Gross distribution per unit	0.040
Net distribution per unit	0.040

Gross distribution per unit is derived from distribution during the financial year divided by the number of units in circulation. Net distribution per unit is derived from distribution in the last financial year divided by the number of units in circulation.

11. UNITS HELD BY RELATED PARTIES

	2021		2020	
	No. of Units	RM	No. of Units	RM
Directors of the Manager	483,855	542,763	467,802	515,258
Related parties to the Director of the Manager	10,789,959	12,103,608	10,431,972	11,490,249
	11,273,814	12,646,371	10,899,774	12,005,507

12. TRANSACTIONS WITH INVESTMENT BANKS

Details of transactions with investment banks for the financial year from 1 January 2020 to 31 December 2021 are as follows:-

2021	Value of Trade	Percentage of Total Trade	Brokerage Fees	Percentage of Total Brokerage Fees
	RM	%	RM	%
CIMB Investment Bank Berhad	463,578	28.14	463	16.58
Maybank Investment Bank Berhad	769,529	46.71	1,500	53.73
RHB Investment Bank Berhad	414,362	25.15	829	29.69
	1,647,469	100.00	2,792	100.00

2020	Value of Trade	Percentage of Total Trade	Brokerage Fees	Percentage of Total Brokerage Fees
	RM	%	RM	%
CIMB Investment Bank Berhad	875,280	15.00	875	8.02
Maybank Investment Bank Berhad	2,757,054	47.24	5,630	51.59
RHB Investment Bank Berhad	2,203,322	37.76	4,407	40.39
	5,835,656	100.00	10,912	100.00

The above transactions were in respect of listed securities.

Continued on next page.

10. NOTES TO THE FINANCIAL STATEMENTS *(continued)*

13. SEGMENT INFORMATION

For management purposes, the Fund is organised into one main operating segment, which invests in quoted equities and the analysis of the Fund's investment income is as follows:

Regional Location	1 January 2021 to 31 December 2021	1 January 2020 to 31 December 2020
	RM	RM
Indonesia	(213,273)	(257,652)
Malaysia	(148,718)	712,814
Philippines	436,249	(194,314)
Singapore	202,440	(132,843)
Thailand	594,497	693,675
	871,195	821,680

14. FINANCIAL INSTRUMENTS

(a) Classification of Financial Instruments

The Fund's financial assets and financial liabilities are measured on an ongoing basis at either fair value or at amortised cost based on their respective classification. The significant policies in Note 3 describe how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the financial assets and liabilities of the Fund in the statement of financial position at the end of the reporting period by the class of financial instruments to which they are assigned, and therefore by the measurement basis.

	Financial Asset at FVTPL RM	Financial Asset At Amortised Cost RM	Financial Liabilities at Amortised Cost RM	Total RM
2021				
Assets				
Investments	12,635,833	-	-	12,635,833
Amount due from Manager/distributors	-	-	-	-
Sundry receivables	-	36,457	-	36,457
Short-term Shariah-based deposits	-	806,484	-	806,484
Cash at bank	-	237,161	-	237,161
Total financial assets	12,635,833	1,080,102	-	13,715,935
Liabilities				
Other payables and accruals	-	-	14,840	14,840
Amount owing to Unitholder Capital	-	-	-	-
Amount owing to Manager	-	-	155,021	155,021
Amount owing to Trustee	-	-	588	588
Total financial liabilities	-	-	170,449	170,449

Continued on next page.

10. NOTES TO THE FINANCIAL STATEMENTS (continued)

14. FINANCIAL INSTRUMENTS (continued)

(a) Classification of Financial Instruments (continued)

	Financial Asset at FVTPL	Financial Asset At Amortised Cost	Financial Liabilities at Amortised Cost	Total
2020	RM	RM	RM	RM
Assets				
Investments	11,978,921	-	-	11,978,921
Amount due from Manager/distributors	-	-	-	-
Sundry receivables	-	17,688	-	17,688
Short-term Shariah-based deposits	-	429,210	-	429,210
Cash at bank	-	361,018	-	361,018
Total financial assets	11,978,921	807,916	-	12,786,837
Liabilities				
Other payables and accruals	-	-	14,840	14,840
Amount owing to Unitholder Capital	-	-	-	-
Amount owing to Manager	-	-	119,318	119,318
Amount owing to Trustee	-	-	556	556
Total financial liabilities	-	-	134,714	134,714

	2021	2020
	Income, expense, gains, and losses	Income, expense, gains, and losses
	RM	RM
Net gain from financial assets at FVTPL	541,539	547,317
Gross dividend income from financial assets at FVTPL	320,762	251,431
Profit income derived from amortised cost	11,480	25,154

(b) Fair Value Measurements

As of end of the financial year, the Fund held the following financial assets carried at fair value:

2021	Financial Instruments Carried At Fair Value			Total Fair Value RM	Carrying Amount RM
	Level 1 RM	Level 2 RM	Level 3 RM		
Financial Asset					
Investments	12,635,833	-	-	12,635,833	12,635,833

2020	Financial Instruments Carried At Fair Value			Total Fair Value RM	Carrying Amount RM
	Level 1 RM	Level 2 RM	Level 3 RM		
Financial Asset					
Investments	11,978,921	-	-	11,978,921	11,978,921

The Fund's financial asset at FVTPL is carried at fair value. The fair value of this financial asset was determined using prices in active market for identical assets.

Quoted equity instruments

Fair value is determined by references to the last done price for all the investments and assets of the Fund quoted on the stock exchange on which they are listed.

Continued on next page.

10. NOTES TO THE FINANCIAL STATEMENTS *(continued)*

15. FINANCIAL RISK MANAGEMENT POLICIES

(a) Introduction

The Fund maintains investment portfolios in a variety of listed financial instruments as dictated by its Trust Deed and investment management strategy.

The Fund is exposed to a variety of financial risks, including market risks (which include profit rate risk, equity price risk and currency risk), credit risk and liquidity risk. While these are the most important types of financial risk inherent in each type of financial instruments, the Manager and the Trustee would like to highlight that this list does not purport to constitute an exhaustive list of all the risks inherent in an investment in the Fund.

The Fund's objective in managing risk is the creation and protection of Unitholders' value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring of risks. Financial risk management is also carried out through sound internal control systems and adherence to the investment restrictions as stipulated in the Trust Deed, the Securities Commission's Guidelines on Unit Trust Funds and the Capital Market and Services Act, 2007.

(b) Risk Management Structure

The Manager is responsible for identifying and controlling risks. The Board of Directors of the Manager is ultimately responsible for the overall risk management approach within the Fund.

The key feature in the Manager's approach is that tailoring of the level of portfolio risk taken is through Tactical Asset Allocation between liquid assets and equity. At least 70% of the Fund's NAV are to be allocated to Shariah-compliant equities in ASEAN countries and up to 30% of the Fund's NAV are allocated to Islamic liquid assets including Islamic money market instruments and Islamic deposits with Islamic financial institutions.

To achieve its objective, the Fund invests in a diversified portfolio of Shariah-compliant equities across the ASEAN region. Asset allocation decisions are made after a review based of macroeconomic and currency trends in the Southeast Asian economies.

The Fund generally follows a relative value investment style, favoring companies with potential for earnings growth. The Fund Manager analyses the direction of GDP growth, interest rates, inflation, currencies, and government policies. The Fund Manager will then assess the outlook for corporate earnings and determine if there are any predictable trends. The criteria for stock selection would include improving fundamentals and growth at reasonable valuations. Stock valuation fundamentals considered are sales growth, profit margin, cash generation, earnings per share, return on equity, price earnings ratio and net tangible asset multiplies.

The Fund's investments comply with Shariah requirements as prescribed by its Shariah Adviser.

The Fund generally invests for the long-term, with annual portfolio turnover not expected to exceed 30%. The Fund will not engage in short-term trading or speculative investments.

The Fund does not invest in debt instruments and investments that might be considered higher risk compared to equities, such as derivatives.

The Fund is allowed to hold cash at the discretion of the Fund Manager and/or for defensive purposes.

Continued on next page.

10. NOTES TO THE FINANCIAL STATEMENTS (continued)

15. FINANCIAL RISK MANAGEMENT POLICIES (continued)

(c) Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as profit rates, foreign exchange rates, and equity prices. The maximum risk resulting from financial instruments equals their fair value.

(i) Profit Rate Risk

Profit rates are inclined to fluctuate over time. A rise in the general level of profit rates may affect the short-term deposits.

Cash and short-term deposits are particularly sensitive to movements in profit rates. When profit rates rise, the return on cash will rise thus affecting the NAV of the Fund.

Profit rate risk sensitivity

The following table demonstrates the sensitivity of the Fund's profit for the period to a reasonably possible change in profit rates, with all other variables held constant.

The sensitivity is the effect of the assumed changes in profit rates on:

	Changes in Basis Points	Sensitivity of Profit Income and Profit Increase RM	Sensitivity of Changes in Fair Value of Investments Increase RM
2021	+10	+704	N/A

	Changes in Basis Points	Sensitivity of Profit Income and Profit Increase RM	Sensitivity of Changes in Fair Value of Investments Increase RM
2020	+10	+1,524	N/A

* The assumed movement in basis points for profit rate sensitivity analysis is based on the currently observable market environment.

An equivalent decrease in each of the indices shown above would have resulted in a similar, but opposite, impact.

Profit rate risk exposure

The following table analyses the Fund's profit rate risk exposure. The Fund's assets and liabilities are included at fair value and categorised by the earlier of contractual re-pricing or maturity dates.

2021 Assets	0 – 3 Months RM	3 Months – 5 Years RM	Total RM	Effective Profit Rate %
Short-term Shariah-based deposits	806,484	-	806,484	1.63

2020 Assets	0 – 3 Months RM	3 Months – 5 Years RM	Total RM	Effective Profit Rate %
Short-term Shariah-based deposits	429,210	-	429,210	1.65

* Computed based on profit-bearing assets only

Continued on next page.

10. NOTES TO THE FINANCIAL STATEMENTS *(continued)*

15. FINANCIAL RISK MANAGEMENT POLICIES *(continued)*

(c) Market Risk *(continued)*

(ii) Equity Price Risk

Equity price risk is the risk of unfavourable changes in the fair values of equities as the result of changes in the levels of equity indices and the value of individual shares. The equity price risk exposure arises from the Fund's investments in quoted equity securities.

Equity price risk sensitivity

The table below summarises the sensitivity of the Fund's net asset value and profit after tax to movements in prices of investments. The analysis is based on the assumption that the prices of the investments fluctuates by 5% with all other variables held constant.

2021	Changes in Equity Price%	Market Value RM	Impact on Profit After Tax and Net Asset Value RM
	-5	12,004,041	(631,792)
	0	12,635,833	-
	5	13,267,625	631,792

2020	Changes in Equity Price%	Market Value RM	Impact on Profit After Tax and Net Asset Value RM
	-5	11,379,975	(598,946)
	0	11,978,921	-
	5	12,577,867	598,946

In practice, the actual trading results may differ from the sensitivity analysis above and the difference could be material.

Equity price risk concentration

The Fund's concentration of equity price risk analysed by the Fund's equity instruments by geographic and sector is as per Note 4 in the financial statements.

Continued on next page.

10. NOTES TO THE FINANCIAL STATEMENTS (continued)

15. FINANCIAL RISK MANAGEMENT POLICIES (continued)

(c) Market Risk (continued)

(iii) Currency Risk

The Fund is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. The currencies giving rise to this risk are primarily Indonesian Rupiah (“IDR”), Philippine Peso (“PHP”), Singapore Dollar (“SGD”) and Thai Baht (“THB”). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

Foreign currency exposure

2021	Indonesian Rupiah RM	Ringgit Malaysia RM	Philippine Peso RM	Singapore Dollar RM	Thai Baht RM	Total RM
Financial Assets						
Investments	1,754,427	3,348,947	1,891,388	2,267,509	3,373,562	12,635,833
Amount due from Manager/Distributors	-	-	-	-	-	-
Sundry receivables	-	36,457	-	-	-	36,457
Short-term Shariah-based deposits	-	806,484	-	-	-	806,484
Cash at bank	-	237,161	-	-	-	237,161
	1,754,427	4,429,049	1,891,388	2,267,509	3,373,562	13,715,935

2020	Indonesian Rupiah RM	Ringgit Malaysia RM	Philippine Peso RM	Singapore Dollar RM	Thai Baht RM	Total RM
Financial Assets						
Investments	2,016,140	3,215,153	1,808,184	2,135,079	2,804,365	11,978,921
Amount due from Manager/Distributors	-	-	-	-	-	-
Sundry receivables	-	17,688	-	-	-	17,688
Short-term Shariah-based deposits	-	429,210	-	-	-	429,210
Cash at bank	-	361,018	-	-	-	361,018
	2,016,140	4,023,069	1,808,184	2,135,079	2,804,365	12,786,837

Foreign currency risk sensitivity analysis

2021	Changes in Foreign Currencies %	Effects on Profit For the Year Increase RM	Effects on Equity Increase RM
Foreign currencies			
IDR/RM	+10	+175,443	+175,443
PHP/RM	+10	+189,139	+189,139
SGD/RM	+10	+226,751	+226,751
THB/RM	+10	+337,356	+337,356

2020	Changes in Foreign Currencies %	Effects on Profit For the Year Increase RM	Effects on Equity Increase RM
Foreign currencies			
IDR/RM	+10	+201,614	+201,614
PHP/RM	+10	+180,819	+180,819
SGD/RM	+10	+213,508	+213,508
THB/RM	+10	+280,436	+280,436

An equivalent increase in each of the indices shown above would have resulted in a similar, but opposite, impact.

Continued on next page.

10. NOTES TO THE FINANCIAL STATEMENTS *(continued)*

15. FINANCIAL RISK MANAGEMENT POLICIES *(continued)*

(c) Market Risk *(continued)*

(iv) Counterparties Risk

The Fund will transact most of its investments through financial institutions including but not limited to banks, brokers and dealers. The risk is that a financial institution may default on its obligations.

The Manager manages the Fund's counterparties risk by undertaking credit evaluation and close monitoring of any changes to the issuer/counterparty's credit profile to minimise such risk. It is the Fund's policy to enter into financial instruments with reputable counterparties. The Manager also closely monitors the creditworthiness of the Fund's counterparties (e.g., brokers, custodian, banks, etc.).

Credit risk exposure

At the reporting date, the Fund's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position.

Assessment of Impairment Losses

The Fund's investment portfolio continues to be classified as fair value through profit or loss and other financial assets which are held for collection continue to be measured at amortised cost. The Fund measures credit risk and expected credit losses ("ECL") using probability of default, exposure at default and loss given default. The Manager considers both historical analysis and forward-looking information in determining any ECL. The Manager considers the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowances has been recognised based on the 12-month ECL as any such impairment would be wholly insignificant to the Fund.

(v) Liquidity Risk

Investments that are relatively less liquid in nature can cause their value and hence the value of the Fund to drop. The Fund may not be able to realise illiquid investments at the desired prices. The risk managed by careful stock or asset selection and portfolio diversification.

It is the Fund's policy that the Manager monitors the Fund's liquidity position on a regular basis. The Fund also manages its obligation to redeem units required to do so and its overall liquidity risk by requiring a maximum of 5 business days notice period before redemptions.

The Manager's policy is to always maintain a prudent and sufficient level of liquid assets so as to meet normal operating requirements and expected redemption requests by unitholders. Liquid assets comprise cash, deposits with financial institutions and other instruments which are capable of being converted into cash within 3 months.

Continued on next page.

10. NOTES TO THE FINANCIAL STATEMENTS (continued)

15. FINANCIAL RISK MANAGEMENT POLICIES (continued)

(c) Market Risk (continued)

(v) Liquidity Risk (continued)

The following table sets out the maturity profile of the Fund's issue (classified as equity instruments) and financial liabilities. Balances due within six months equal their carrying amounts, as the impact of discounting is insignificant. The table also analyses the maturity profile of the Fund's financial assets (undiscounted where appropriate) and equity in order to provide a complete view of the Fund's contractual commitments and liquidity.

2021	Less than 3 months RM	3 months – 1 year RM	Total RM
Financial assets:-			
Financial assets held at FVTPL	12,635,833	-	12,635,833
Short-term Shariah-based deposits	806,484	-	806,484
Cash at bank	237,161	-	237,161
Other assets	36,457	-	36,457
Total financial assets	13,715,935	-	13,715,935
Financial liability:-			
Other liabilities	170,449	-	170,449
Total net financial assets	13,545,486	-	13,545,486

2020	Less than 3 months RM	3 months – 1 year RM	Total RM
Financial assets			
Financial assets held at FVTPL	11,978,921	-	11,978,921
Short-term Shariah-based deposits	429,210	-	429,210
Cash at bank	361,018	-	361,018
Other assets	17,688	-	17,688
Total financial assets	12,786,837	-	12,786,837
Financial liability:-			
Other liabilities	134,714	-	134,714
Total net financial assets	12,652,123	-	12,652,123

16. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The COVID-19 pandemic and related lockdowns and movement restrictions have had, and will continue to have, a significant impact on global economic conditions and the environment in which the Fund operates. The Manager continues to closely monitor the macro-economic outlook as a result of COVID-19 pandemic and its impact to the Fund's performance and will be managing the risks to achieve the Fund's objective.

11. CORPORATE INFORMATION

The Fund Manager

Saturna Sdn Bhd 199501012969 (342171-V)

Registered Office

15-B, Jalan Tun Mohd Fuad 3
Taman Tun Dr. Ismail
60000 Kuala Lumpur
Tel: 03-77268128 Fax: 03-77279702

Business Office

Suite 5.03, 5th Floor, Menara Atlan
161B Jalan Ampang
50450 Kuala Lumpur
Tel: 03-21645303 Fax: 03-21645308

Board of Directors

Jane Carten (Chairperson)
Monem A. Salam
Dato' Dr. Lee Chee Kuon
Dato' Dr. Vaseehar Hassan Bin Abdul Razack
Md. Noor Bin Haji A.Rahman

Investment Committee

Jane Carten
Monem A. Salam
Dato' Dr. Vaseehar Hassan Bin Abdul Razack
Md. Noor Bin Haji A.Rahman
Zahid Siddique

The Trustee

SCBMB Trustee Berhad 201201021301 (1005793-T)

Shariah Advisor

Amanie Advisors Sdn Bhd 200501007003 (684050-H)

Company Secretarial

Fulcrum Management Sdn Bhd 199301021951 (276689-A)

Auditors & Reporting Accountants

Crowe Malaysia PLT 201906000005 (LLP0018817-LCA) & (AF 1018)

Tax Advisor

Crowe KL Tax Sdn Bhd 197101000345 (10709-X)

Solicitors

Wei Chien & Partners

Banker

Standard Chartered Saadiq Berhad 200801022118 (823437K)

