



ASEAN Equity Fund

Interim Report

30th June 2022
(Unaudited)

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 Southeast 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.

PERFORMANCE BENCHMARK

6% absolute return ("the Benchmark")

1. FUND MANAGER'S REPORT *(continued)*

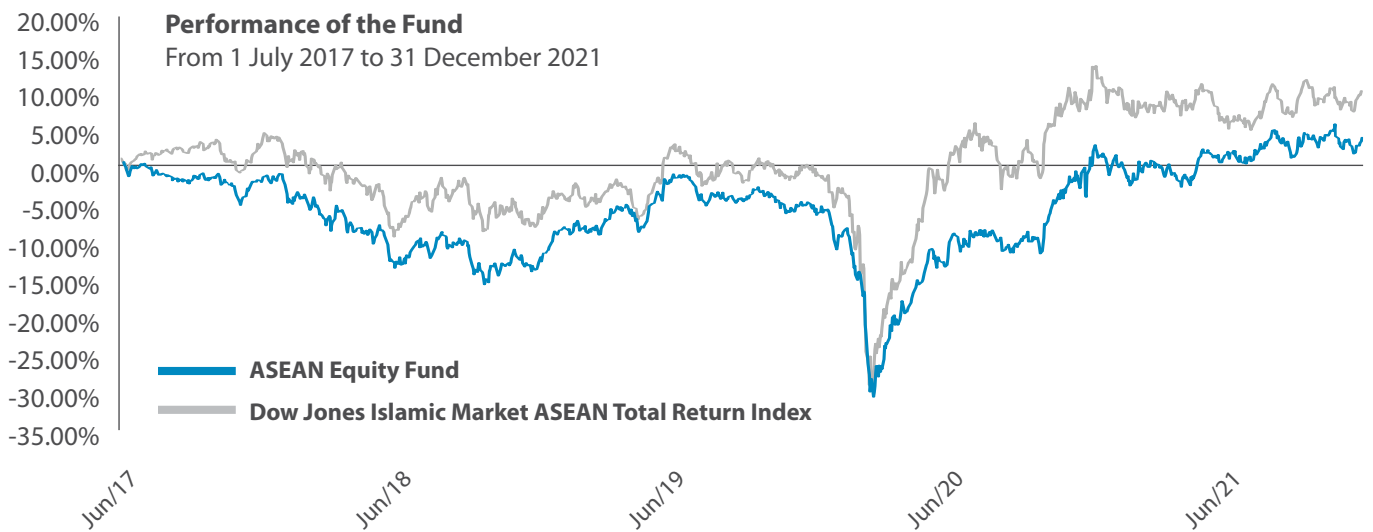
FUND PERFORMANCE

In the first half of 2022, the Fund registered a return of -7.92% compared to the benchmark's 3.00% (absolute return of 6% prorated for six months). In terms of stock holdings, Unilever Indonesia, Indofood, Siam Wellness, and Telkom Malaysia contributed meaningfully to returns, whereas Hartalega, Axiata, and Ace Hardware were among the detractors. Industrials and Consumer Staples performed well but Information Technology and Consumer Discretionary were weak.

We hold roughly 8.00% cash in the portfolio (as of June 30, 2022) compared with 6.60% at the end of 2021. We will continue to look for attractive investment opportunities to deploy the available cash over time.

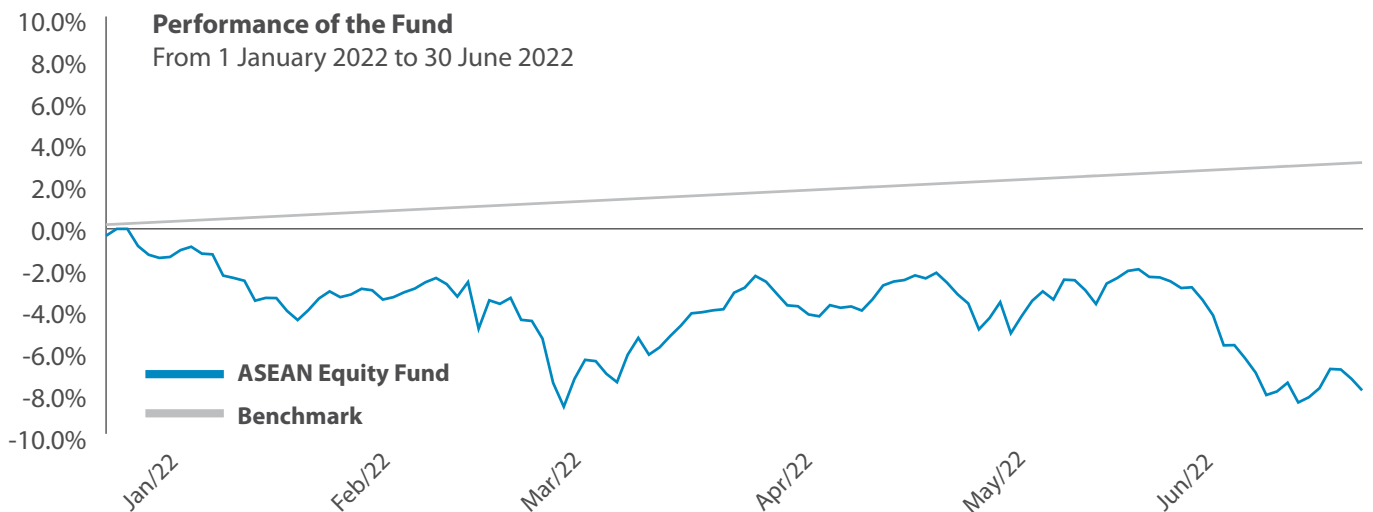
Lastly, the Manager strives to increase the value of the Fund over the long term.

The graph below compares the five-year performance of the Fund against its benchmark return.



Source : Bloomberg

Benchmark: Dow Jones Islamic Market ASEAN Total Return Index (DJIM ASEAN TRI)



Source : Bloomberg

Benchmark: 6% absolute return effective January 1, 2022

1. FUND MANAGER'S REPORT *(continued)*

FINANCIAL PERFORMANCE

	As at 30 June 2022	As at 30 June 2021	As at 30 June 2020
Net Asset Value (RM)	12,463,606	13,175,328	11,494,397
Units in Circulation (units)	12,066,181	11,691,630	11,351,985
Net Asset Value / unit (RM)	1.0329	1.1269	1.0125
Highest NAV (RM)	1.1197	1.1454	1.0938
Lowest NAV (RM)	1.0241	1.0836	0.7989
Total Return			
Capital growth	-7.92%	2.32%	-7.27%
Income distribution	-	-	-
Final Distribution			
Gross Distribution/unit	-	-	-
Net Distribution/unit	-	-	-
Date of Distribution	-	-	-
Portfolio Composition			
Quoted Equity Securities	92.00%	90.54%	88.17%
Other Liquid Assets	8.00%	9.46%	11.83%
Total Expense Ratio	0.36%	0.57%	0.40%
Total Expense Ratio (excluding Performance Fee)	0.36%	0.36%	0.40%
Portfolio Turnover Ratio	0.00 times	0.05 times	0.09 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

Total Expense Ratio

The total expense ratio for the financial period is 0.36%.

Total Expense Ratio is derived from the following calculation:

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

A = Administration Fee

B = Distribution Fee

C = Trustee Fee

D = Performance Fee

E = Audit Fee

F = Tax Agent's Fee

G = Other Expenses

H = Average NAV of the Fund, calculated on a daily basis

The average NAV of the Fund for the financial period calculated on a daily basis is RM12,989,848.91

Portfolio Turnover Ratio

The portfolio turnover ratio for the financial period is 0.00 times.

The portfolio turnover ratio is derived from the following calculation:

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

Where:

total acquisition for the financial period = RM0.00

total disposal for the financial period = RM0.00

1. FUND MANAGER'S REPORT (continued)

TOTAL RETURN (in %)

Total Return is based on NAV to NAV with distribution reinvested. Below is the total return of the Fund as at 30 June 2022.

	(1 Jan 22 – 30 June 22)	(1 Jan 21 – 30 June 21)	(1 Jan 20 – 30 June 20)	(1 Jan 19 – 30 June 19)	(1 Jan 18 – 30 June 18)
The Fund	-7.92%	2.32%	-7.27%	13.60%	-11.07%
Performance Benchmark	3.00%	-1.32%	-1.56%	10.38%	-11.13%

Note: Total Return of the Fund is derived by this formula:

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

The above calculation of returns is based on computation methods of Lipper.

AVERAGE TOTAL RETURN (in %)

Average Total Return is derived by the formula:

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

Average Total Return for the Following Periods Ended 30 June 2022:

	1-year (30 June 21 – 30 June 22)	3-year (30 June 19 – 30 June 22)	5-year (30 June 17 – 30 June 22)
The Fund	-5.47%	-0.72%	-0.87%
Performance Benchmark	6.80%	3.80%	2.67%

Unit prices and return may fluctuate, past performance is not necessarily indicative of future performance.

1. FUND MANAGER'S REPORT *(continued)*

STOCK MARKET REVIEW

Markets remained very soft in the second quarter of 2022, with the S&P 500 down -16.10% and MSCI All Country World Index down -15.53%. Already weak investor sentiment soured further as investors digested the news around accelerating US inflation and additional hikes. Meanwhile, the war in Ukraine raged on and a new COVID-19 outbreak in Shanghai spread to other parts of China.

In May 2022, the US Consumer Price Index (CPI) hit a four-decade high of 8.6%. Fears of further acceleration pushed the Fed to hike the federal funds rate by 50 basis points (bps) in early May and another 75 bps in mid-June. The first quarter 2022 further saw steep declines for eurozone shares as the war in Ukraine lingered on and concerns mounted over potential gas shortages. Higher inflation also hurt consumer confidence, with the European Central Bank (ECB) poised to raise interest rates in July. For most of the second quarter, several major Chinese cities including Shanghai and Beijing were subjected to strict COVID-19 related lockdowns, which hampered the flow of goods from China. This exacerbated global supply chain woes and further added to fears of higher-than-expected inflation and interest rate hikes.

Emerging markets were also weak in the second quarter, but outperformed against the S&P 500; the MSCI Emerging Markets Index was down -11.45%, the MSCI Asia Pacific Index declined -11.83% and the MSCI ASEAN Index fell -13.55%. The jury may still be out on prospects for emerging markets equities, but it does appear that investors are starting to give the asset class some credit for its exposure to a potential recovery in China growth and global commodity strength. Other emerging market supportive factors include lower valuations and relatively lower inflation, which leaves more room for growth-boosting policies. Compared with the more developed markets, emerging markets are also less exposed to the Technology sector, which has borne the brunt of market declines.

ASEAN Stock Market Review

Malaysia

The FTSE Bursa Malaysia KLCI Index (KLCI) enjoyed a solid start to the year and rose 2.81% in local currency terms in the first quarter of 2022. Investors bid up plantation shares on the back of record-high crude palm oil (CPO) prices with sentiment also lifted by the announcement of plans by the government to move the nation toward the COVID-19

endemic phase by April 1.

However, optimism turned into pessimism in the second quarter as fears over rising global inflation, rising interest rates, and the associated adverse impact on growth began to dominate. Additionally, the government's decision to raise the minimum wage to RM1,500 a month from RM1,200 effective May 1st (which could pressure corporate margins) and a sharp fall in CPO prices did not help. The relaxation of more COVID-19 restrictions and the announcement of better-than-expected first quarter 2022 gross domestic product (GDP) growth of 5% were largely ignored by investors. The second quarter saw the KLCI Index down -8.66% in local currency.

Market direction is likely to remain uncertain with positive sentiment on economic normalization counterbalanced by worries over rising inflation, prolonged war in Ukraine, and tightening global monetary policies. Investors will also be looking out for signs of an early general election, particularly given the supposed infighting within the United Malays National Organisation (UMNO), the ruling coalition's largest member.

Singapore

Investors cheered the government's decision to continue relaxing COVID-19 restrictions in the first quarter and bid the Straits Times Index up by 9.57%. However, the market was not spared the selling pressure which afflicted global equities in the second quarter and fell -7.49% between end-March and end-June. Investors also reacted negatively to reports of a deceleration in GDP growth from 6.1% year-over-year in the fourth quarter of 2021 to 3.7% year-over-year in the first quarter of 2022 as worries over supply chain backups, inflation, and interest rate hikes continued to persist. The announcement of weaker-than-expected non-oil domestic exports (NODX) data for April did not help, though NODX growth did quickly rebound to a four-month high of 12.4% year-over-year in May.

Like Malaysia, market direction is expected to be volatile with investors weighing the positive catalysts of continued post-COVID economic normalization against the possibility of higher-than-expected inflation and interest rates and a US/global recession. Amid a resurgence in COVID-19 cases, the authorities have also warned that a return to tighter, growth dampening COVID-19 rules is possible.

1. FUND MANAGER'S REPORT *(continued)*

ASEAN Stock Market Review *(continued)*

Thailand

The SET Index was up 3.19% in the first quarter 2022 in local currency but like other regional peers fell -6.81% in the second quarter 2022 over rising global inflation, interest rates, and growth fears. The Thai government has forecast GDP growth of 3.2% in 2022 and 4.4% in 2023, driven by a recovery in domestic demand and the tourism industry, offset by higher energy and commodity prices due to the conflict in Ukraine. Thailand recently fully reopened its borders to international travelers and relaxed pandemic-related measures.

Further, the tourism-dependent economy now expects 22 million tourist arrivals in 2023 (roughly 55% of pre-pandemic levels) according to Fitch Ratings, and expect those numbers to improve thereafter.

Philippines

The Philippines' economy grew 8.3% in the first quarter of 2022 while the Philippine Stock Exchange Index rose 2.02%. However, the Index fell -14.20% in the second quarter amid the global market sell-off. Domestic consumption declined as consumer purchasing power fell due to rising commodity prices and weakening currency. Philippines recently raised its minimum wage to PHP 570 (\$10) from PHP 537 (\$9.5) per day to keep up with the inflation rate of around 6%. In May, Ferdinand Marcos Jr. (the former dictator's son) was officially

sworn in as the 17th President, cementing his family's decades-long effort to re-establish itself after being ousted from power by a revolt in 1986. As the country transitions into a new administration, government policies could likely change with the caveat that some elements of the Duterte government still remain in power. The World Bank has kept the GDP growth target for 2022 between 6%-7% as it expects the domestic economy to sustain its strong recovery in the near to medium term.

Indonesia

Indonesia's economic growth held steady in the first quarter of 2022, driven by increased household consumption despite further travel restrictions due to the Omicron variant. The Jakarta Composite Index was up 8.36% in the first quarter 2022 but fell -1.04% in the second quarter as a result of the global sell-off. Indonesia is not significantly affected by the Russia-Ukraine war since its trade and investment relations with both are quite insignificant.

While higher crude oil prices are clearly a negative for Indonesia, a net oil importer, the ongoing commodity strength would be a net advantage for Indonesia as commodity exports contribute 20% towards Indonesia's GDP. Key risks for the country are global inflation, supply chain disruptions, lockdowns in China, and monetary tightening. Despite market volatility, Indonesia's GDP is projected to grow 5.1% in 2022 and 5.3% in 2023.

1. FUND MANAGER'S REPORT *(continued)*

MARKET OUTLOOK AND INVESTMENT STRATEGY

The S&P 500 and MSCI All Country World valuations are looking reasonably attractive at 16.7x P/E (against a five-year median of 19.0x) and 14.4x P/E (five-year median of 16.9x), respectively. That said, our outlook remains unchanged. Sentiment and stock prices are expected to remain volatile, and much will depend on what happens in Ukraine and China over the next few quarters. A resolution to the war in Ukraine and easing of sanctions on Russia would significantly ease global food and fuel inflation. That would likely boost global economic growth and market valuations, but a sudden end to war does not look likely at present. Separately, the ongoing easing of China's COVID-19 restrictions is growth-positive at least until another wave hits.

On balance, elevated inflation is likely here to stay over the near to medium term. Central banks will have to walk a tightrope in their efforts to prevent runaway inflation without stymying growth. In this type of environment, companies that succeed will be those with secular growth drivers who are best able to navigate higher inflation and interest rates. Stock selection will become even more important for the success of any equity portfolio.

This fits well with Saturna's bottom-up investing approach, which is focused on finding companies with solid fundamentals, strong competitive positions, positive free cash flows, sound growth prospects, and reasonable valuations. It is also worth noting that ASEAN valuations are not expensive, with the MSCI ASEAN Index trading at only 15.9x P/E compared with a five-year median of 16.1x. Additionally, our firm is a sustainability and *Shariah*-focused, which prioritizing companies with low debt and a penchant for doing right for their stakeholders. All these factors should facilitate resilient portfolio performance for the Fund.

SUSTAINABLE AND RESPONSIBLE INVESTMENT FUNDS ('SRI')

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

We consider issuers with sustainable characteristics to be those that are generally larger, more established, consistently profitable, and financially strong, with low exposure to environmental, social, and governance (ESG) risks.

1. FUND MANAGER'S REPORT *(continued)*

ASSET ALLOCATION OF THE FUND

	30 June 2022	30 June 2021	30 June 2020
	% of NAV	% of NAV	% of NAV
Malaysia			
Communications	4.83	5.27	2.50
Consumer Discretionary	-	-	-
Consumer Staples	2.77	2.63	3.56
Financials	9.58	10.33	11.08
Health Care	5.09	4.72	5.02
Industrials	1.84	2.51	9.19
Materials	-	-	-
Utilities	-	-	-
	24.11	25.46	31.35
Indonesia			
Communications	3.51	2.53	2.91
Consumer Discretionary	2.87	3.82	5.05
Consumer Staples	4.76	4.14	5.88
Health Care	2.35	1.81	2.24
Industrials	-	-	0.48
Materials	-	-	-
	13.49	12.30	16.56
Singapore			
Communications	2.44	2.04	2.50
Consumer Discretionary	3.55	3.84	2.52
Consumer Staples	1.33	-	-
Financials	-	-	-
Industrials	2.97	2.76	0.77
Technology	6.82	7.07	2.88
	17.11	15.71	8.67
Thailand			
Communications	5.81	5.41	6.15
Consumer Discretionary	0.65	0.57	1.16
Consumer Staples	2.56	3.34	7.25
Energy	-	-	-
Health Care	4.07	4.31	2.38
Materials	-	-	-
Industrial	7.08	6.26	-
Technology	3.91	4.92	1.05
	24.08	24.81	17.99

1. FUND MANAGER'S REPORT (continued)

ASSET ALLOCATION OF THE FUND (continued)

	30 June 2022	30 June 2021	30 June 2020
Philippines	% of NAV	% of NAV	% of NAV
Communications	-	-	-
Consumer Discretionary	5.36	4.56	5.95
Consumer Staples	2.20	2.64	1.87
Industrials	0.66	0.76	1.00
Materials	0.82	1.08	1.16
Utilities	4.17	3.22	3.62
	13.21	12.26	13.60
TOTAL	92.00	90.54	88.17
Cash & Other Liquid Assets	8.00	9.46	11.83
GRAND TOTAL	100.00	100.00	100.00

By Sector	30 June 2022	30 June 2021	30 June 2020		Sector Allocation as at 30 June 2022
	% of NAV	% of NAV	% of NAV		
Cash & Other Liquid Assets	8.00	9.46	11.83	■	
Communications	16.59	15.25	14.06	■	
Consumer Discretionary	12.43	12.79	14.68	■	
Consumer Staples	13.62	12.75	18.56	■	
Financials	9.58	10.33	11.08	■	
Health Care	11.51	10.84	9.64	■	
Industrials	12.55	12.29	11.44	■	
Materials	0.82	1.08	1.16	■	
Technology	10.73	11.99	3.93	■	
Utilities	4.17	3.22	3.62	■	
Total	100.00	100.00	100.00		

Fund performance from 30 June 2021 to 30 June 2022	30 June 22	30 June 21	% Change
	RM	RM	
Total NAV (Inclusive of Injection)	12,463,606	13,175,328	-5.40
NAV/unit	1.0329	1.1269	-8.34

NAV per unit at the end of 30 June 2022 decreased by -8.34% compared with 30 June 2021 due to high inflation rate and concerns over recession. The fund has a sustainability and *shariah*-focus, which prioritizes companies with low debt and a penchant for doing right for their stakeholders. All these factors should facilitate resilient portfolio performance across for AEF.

Top Five Investments as at 30 June 2022

Stock	Weight
WILCON DEPOT	5.36%
AIRPORTS OF THAILAND	4.61%
MANILA ELECTRIC	4.17%
CHULARAT HOSPITAL	4.07%
KCE ELECTRONICS	3.91%

1. FUND MANAGER'S REPORT *(continued)*

DETAILS OF DISTRIBUTION AND UNIT SPLIT

For the period under review, no distribution and unit split was made by the Fund.

CROSS TRADE TRANSACTION

Cross trade transactions occur when there are inter-fund transactions whereby an investment in one fund is bought by or sold to another fund simultaneously as both funds are managed by the same fund manager. There are no cross trade transactions undertaken for the Fund as this practice is disallowed by the Fund Manager.

SECURITIES FINANCING TRANSACTIONS

The Fund has not undertaken any securities lending or repurchase transactions since the securities financing transactions are not permitted.

DISCLOSURE OF CIRCUMSTANCES THAT MATERIALLY AFFECT THE INTEREST OF THE UNITHOLDER

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

CHANGES MADE TO THE FUND DURING THE FINANCIAL PERIOD

The Fund's performance benchmark has been changed from Dow Jones Islamic Market ASEAN Total Return Index to 6% absolute return. The change takes effect from 1 January 2022 onwards.

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. The Fund Manager may direct portfolio trades to Saturna Brokerage Services, Inc., an affiliated brokerage firm, provided, however, that the Fund pays no brokerage commission or other charges on such trades.

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 period ended 30 June 2022. 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 Deeds of the Fund and applicable regulatory requirements; and
- c) creation and cancellation of units for the Fund have been carried out in accordance with the Deeds of the Fund and applicable regulatory requirements.

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

Lor Yuen Ching

Trustee Services Manager

Kuala Lumpur, Malaysia
25 August 2022

Lee Kam Weng

Trustee Services Manager

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 30 June 2022 and of its financial performance and cash flows for the financial period then ended on that date and comply with the requirements of the Deed.

For and on behalf of the Manager



Monem Salam

Director, Saturna Sdn Bhd



Dato' Dr. Lee Chee Kuon

Director, Saturna Sdn Bhd

25 August 2022

4. SHARIAH ADVISOR'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.

For **AMANIE ADVISORS SDN BHD**

TAN SRI DR MOHD DAUD BAKAR

Executive Chairman

Kuala Lumpur
25 August 2022

5. UNAUDITED 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 30 June 2022 and of its financial performance, the changes in net asset value, and the cash flows of the Fund for the period then ended.

	Note	As at 30 June 22 RM	As at 31 December 21 RM
Investments			
Quoted Equity Securities	4	11,465,456	12,635,833
Short-term <i>Shariah</i> -based deposits	5	813,274	806,484
		12,278,730	13,442,317
Other Assets			
Amount due from stockbrokers		-	-
Amount due from manager		-	-
Amount due from distributors		-	-
Cash at bank		268,067	237,161
Other receivable		33,167	36,457
		301,234	273,618
Total Assets		12,579,964	13,715,935
Liabilities			
Amount due to manager		104,854	155,021
Amount due to trustee		525	588
Amount due to Unitholder Capital		-	-
Tax Payable		3,620	-
Other payables		7,359	14,840
		116,358	170,449
Net asset value attributable to Unitholders	6	12,463,606	13,545,486
Total equity and liabilities		12,579,964	13,715,935
Number of units in circulation	6	12,066,181	12,075,345
Net asset value per unit		1.0329	1.1217

6. UNAUDITED STATEMENT OF COMPREHENSIVE INCOME

For the financial period ended 30 June 2022

		1 January 2022 to 30 June 2022	1 January 2021 to 30 June 2021
	Note	RM	RM
Income			
Profit from short-term <i>Shariah</i> -based deposits		6,780	4,572
Gross Dividends Income		188,092	159,113
Gross Dividend income from non-permissible securities		4,545	13,673
Net loss on foreign exchange		(638)	(918)
Net (loss)/gain on financial assets at fair value through profit or loss	4	(1,170,915)	249,442
		(972,136)	425,882
Less: Expenses			
Administration fee	7	16,036	15,971
Distribution fee	7	16,036	15,971
Performance fee	7	-	26,627
Trustee's fee	8	3,207	3,194
Auditors' fee		5,455	5,455
Tax agent's fee		1,488	1,484
Other expenses		3,931	4,840
		46,153	73,542
Net (loss)/profit before taxation & purification			
		(1,018,289)	352,340
Purification		(28,023)	(36,060)
Net (loss)/profit before taxation & after purification		(1,046,312)	316,280
Taxation		(25,522)	(20,583)
Net (loss)/profit after taxation & purification		(1,071,834)	295,697
Net (loss)/profit after taxation is made up as follows:			
Realised gain/(loss)		99,081	86,204
Unrealised (loss)/income net		(1,170,915)	209,493

7. UNAUDITED STATEMENT OF CHANGES IN NET ASSET VALUE

For the financial period ended 30 June 2022

	Unitholders' Capital RM	Retained Earnings RM	Total Net Asset Value RM
Net asset value as at 1 January 2022	12,184,672	1,360,814	13,545,486
Movement due to creation / (cancellation) of units during the period:			
Creation of units	78,707	-	78,707
Cancellation of units	(88,753)	-	(88,753)
Total comprehensive Income for the financial period	-	(1,071,834)	(1,071,834)
Net asset value as at 30 June 2022	12,174,626	288,980	12,463,606
Net asset value as at 1 January 2021	11,529,270	1,122,853	12,652,123
Movement due to creation / (cancellation) of units during the period:			
Creation of units	279,034	-	279,034
Cancellation of units	(51,526)	-	(51,526)
Total comprehensive Income for the financial period	-	295,697	295,697
Net asset value as at 30 June 2021	11,756,778	1,418,550	13,175,328

8. UNAUDITED STATEMENT OF CASH FLOWS

For the financial period ended 30 June 2022

	1 January 2022 to 30 June 2022	1 January 2021 to 30 June 2021
	RM	RM
Cash flows from/(for) operating and Investing activities		
Proceeds from sale of quoted investments	-	764,797
Purchase of quoted investments	-	(464,675)
Dividend received	172,839	127,701
Profit Murabahah received	6,790	4,541
Administration fee paid	(16,349)	(16,035)
Audit fee paid	(13,041)	(13,041)
Performance fee paid	(65,890)	(60,567)
Purification paid	-	(36,060)
Distribution fee paid	-	(2,734)
Trustee's fee paid	(3,270)	(3,207)
Tax Agent fee paid	(3,392)	(3,392)
Payment for other fees and expenses	(1,922)	(2,831)
Tax Recoverable	-	-
Net cash generated from/(for) operating and investing activities	75,765	294,497
Cash flows from financing activities		
Proceeds from issuance of units	50,684	279,034
Payments for cancellation of units	(88,753)	(51,526)
Net cash from financing activities	(38,069)	227,508
Net increase / (decrease) In cash and cash equivalents	37,696	522,005
Cash and cash equivalents at beginning of the period	1,043,645	790,228
Cash and cash equivalents at end of the period	1,081,341	1,312,233
Cash and cash equivalents Comprise:		
Cash at bank	268,067	462,617
Short-term <i>Shariah</i> -based deposits	813,274	849,616
	1,081,341	1,312,233

9. NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2022

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 and current income. 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 activity. The Manager is incorporated in Malaysia.

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 all the 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 beyond 30 June 2021

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.

9. 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 period:-

MFRSs and/or 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 17 Insurance Contracts	1 January 2023
Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 - Comparative Information	1 January 2023
Amendment 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.

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

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.

(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.

Continued on next page.

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.1 FINANCIAL INSTRUMENTS *(continued)*

(a) Financial Assets (continued)

(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 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 Company 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.

(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).

Continued on next page.

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.1 FINANCIAL INSTRUMENTS *(continued)*

(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

(a) 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.

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 period'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, or cash payments or receipts made on derivative contracts (excluding payments or receipts on collateral margin account for such instruments).

Continued on next page.

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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 (“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.

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.

Continued on next page.

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.10 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Fund's financial statements requires the Manager of the Fund to make judgement, 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 non-financial asset, the fair value measurement takes into account a market's 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.

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9. NOTES TO THE FINANCIAL STATEMENTS (continued)

4. INVESTMENTS

	2022 RM	2021 RM
Quoted Equity Securities	11,465,456	11,928,633

All of the investments of the Fund are classified as Quoted Equity Securities.

	2022 RM	2021 RM
Net (loss)/gain on financial assets at FVTPL comprised: -		
Realized gain/(loss) on disposals	-	39,949
Unrealized changes in fair value	(1,170,915)	209,493
	(1,170,915)	249,442

Quoted Equity Securities as at 30 June 2022 are as detailed below:

2022	Quantity (Units)	Cost (RM)	Market Value (RM)	% of NAV
Malaysia				
Communications				
Axiata Group Bhd*	39,000	255,601	110,370	0.89
Telkom Malaysia	51,000	309,287	267,750	2.15
TIME dotCom Bhd	51,000	240,846	223,380	1.79
		805,734	601,500	4.83
Consumer Staples				
Nestle (Malaysia) Bhd	2,600	259,503	344,760	2.77
Financials				
Al-'Aqar Healthcare REIT	147,000	203,854	174,930	1.40
Axis Real Estate Investment Trust	200,000	350,802	384,000	3.08
Bank Islam Malaysia Bhd	86,000	251,324	230,480	1.85
Syarikat Takaful Malaysia Keluarga	125,364	343,394	404,926	3.25
		1,149,374	1,194,336	9.58
Health Care				
IHH Healthcare Bhd	62,000	266,968	399,900	3.21
KPJ Healthcare Bhd	280,000	249,886	233,800	1.88
		516,854	633,700	5.09
Industrials				
Gamuda Bhd*	40,000	190,038	143,200	1.15
Hartalega Holdings Bhd	28,000	165,382	85,680	0.69
		355,420	228,880	1.84

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9. NOTES TO THE FINANCIAL STATEMENTS (continued)

4. INVESTMENTS (continued)

2022	Quantity (Units)	Cost (RM)	Market Value (RM)	% of NAV
Indonesia				
Communications				
Telkom Indonesia	370,000	256,085	438,029	3.51
Consumer Discretionary				
Ace Hardware Indonesia	1,000,000	445,082	227,894	1.83
Ramayana Lestari Sentosa Tbk	750,000	327,363	129,855	1.04
		772,445	357,749	2.87
Consumer Staples				
Indofood CBP Sukses Makmur	100,000	264,824	282,647	2.27
Unilever Indonesia	220,000	421,752	310,586	2.49
		686,576	593,233	4.76
Health Care				
Kalbe Farma	595,000	251,927	292,325	2.35
Singapore				
Communications				
Singapore Telecommunications	38,000	355,308	304,048	2.44
Consumer Discretionary				
ComfortDelGro Corp. Ltd	100,000	566,097	442,758	3.55
Consumer Staples				
Delfi Ltd	70,000	198,996	166,034	1.33
Industrials				
SATS Ltd	30,000	348,455	370,019	2.97
Technology				
UMS Holdings	137,500	371,706	482,685	3.87
Venture Corp	7,000	366,191	368,153	2.95
		737,897	850,838	6.82
Thailand				
Communications				
Plan B Media Public Foreign	520,000	382,890	424,482	3.41
Intouch Holdings Public Co. Ltd	35,000	313,657	298,795	2.40
		696,547	723,277	5.81
Consumer Discretionary				
Siam Wellness Group Pcl	75,000	120,015	80,852	0.65
Consumer Staples				
Carabao Group Company Ltd	24,000	169,458	318,548	2.56
Health Care				
Chularat Hospital PCL-Foreign	1,100,000	378,992	507,235	4.07
Technology				
KCE Electronics PCL - Foreign	65,000	350,415	488,073	3.91

Continued on next page.

9. NOTES TO THE FINANCIAL STATEMENTS (continued)

4. INVESTMENTS (continued)

Quoted Equity Securities as at 30th June 2022 are as detailed below:

2022	Quantity (Units)	Cost (RM)	Market Value (RM)	% of NAV
Thailand (continued)				
Industrials				
Airports Of Thailand	65,000	557,079	575,157	4.61
Delta Electronics PCL Foreign	4,800	133,814	199,205	1.60
Frasers Property Thailand Foreign Industrial REIT	80,000	163,304	108,675	0.87
		854,197	883,037	7.08
Philippines				
Consumer Discretionary				
Wilcon Depot, Inc	350,000	378,290	668,534	5.36
Consumer Staples				
D&L Industries Inc.	500,000	428,734	273,674	2.20
Industrials				
Concepcion Industrial Corp.	54,000	211,504	82,256	0.66
Materials				
Holcim Philippines Inc.	240,000	260,253	101,701	0.82
Utilities				
Manila Electric Co	18,000	374,403	520,060	4.17
Total Quoted Equity Securities		11,483,479	11,465,456	92.00

* These securities are Shariah-Qualified Compliant¹ as of 30th June 2022.

¹ "Shariah-Qualified Compliant" 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.

Quoted Equity Securities as at 30th June 2021 are as detailed below:

2021	Quantity (Units)	Cost (RM)	Market Value (RM)	% of NAV
Malaysia				
Communications				
Axiata Group Bhd*	39,000	255,601	145,860	1.11
Telkom Malaysia	51,000	309,287	309,570	2.35
TIME dotCom Bhd	51,000	240,846	239,020	1.81
		805,734	694,450	5.27
Consumer Staples				
Nestle (Malaysia) Bhd	2,600	259,503	346,580	2.63
Financials				
Al-'Aqar Healthcare REIT	147,000	203,854	188,160	1.43
Axis Real Estate Investment Trust	200,000	350,802	382,000	2.90
BIMB Holdings Bhd	86,000	331,781	333,680	2.53
Syarikat Takaful Malaysia	105,000	262,937	456,750	3.47
		1,149,374	1,360,590	10.33

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

4. INVESTMENTS *(continued)*

Quoted Equity Securities as at 30th June 2021 are as detailed below:

2021	Quantity (Units)	Cost (RM)	Market Value (RM)	% of NAV
Malaysia <i>(continued)</i>				
Health Care				
IHH Healthcare Bhd	62,000	266,968	339,140	2.57
KPJ Healthcare Bhd	280,000	249,886	282,800	2.15
		516,854	621,940	4.72
Industrials				
Gamuda Bhd*	40,000	190,038	125,200	0.95
Hartalega Holdings Bhd	28,000	165,382	205,800	1.56
		355,420	331,000	2.51
Indonesia				
Communications				
Telekomunikasi Indonesia	370,000	256,085	333,689	2.53
Consumer Discretionary				
Ace Hardware Indonesia	1,000,000	445,082	357,882	2.72
Ramayana Lestari Sentosa Tbk	750,000	327,363	144,942	1.10
		772,445	502,824	3.82
Consumer Staples				
Indofood CBP Sukses Makmur	100,000	264,824	233,339	1.77
Unilever Indonesia	220,000	421,752	311,787	2.37
		686,576	545,126	4.14
Health Care				
Kalbe Farma	595,000	251,927	238,493	1.81
Singapore				
Communications				
Singapore Telecommunications	38,000	355,308	268,663	2.04
Consumer Discretionary				
ComfortDelGro Corp Ltd	100,000	566,097	506,329	3.84
Industrials				
SATS Ltd	30,000	348,455	364,001	2.76
Technology				
UMS Holdings	110,000	371,706	516,209	3.92
Venture Corp Ltd.	7,000	366,191	415,159	3.15
		737,897	931,368	7.07

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

4. INVESTMENTS *(continued)*

Quoted Equity Securities as at 30th June 2021 are as detailed below:

2021	Quantity (Units)	Cost (RM)	Market Value (RM)	% of NAV
Thailand				
Communications				
Plan B Media Public Foreign	520,000	382,890	417,822	3.17
Intouch Holdings Public Co. Ltd	35,000	313,657	294,834	2.24
		696,547	712,656	5.41
Consumer Discretionary				
Siam Wellness Group PCL	75,000	120,015	75,329	0.57
Consumer Staples				
Carabao Group Company Ltd	24,000	169,458	440,113	3.34
Health Care				
Chularat Hospital PCL-Foreign	1,100,000	378,992	567,378	4.31
Industrials				
Airports Of Thailand	40,000	340,586	321,402	2.44
Delta Electronics PCL Foreign	4,800	133,814	359,555	2.73
Frasers Property Thailand Foreign Industrial REIT	80,000	163,304	143,076	1.09
		637,704	824,033	6.26
Technology				
KCE Electronics PCL-Foreign	65,000	350,415	648,635	4.92
Philippines				
Consumer Discretionary				
Wilcon Depot, Inc	350,000	378,290	600,177	4.56
Consumer Staples				
D&L Industries Inc	500,000	428,734	347,639	2.64
Industrials				
Concepcion Industrial Corp.	54,000	211,504	100,641	0.76
Materials				
Holcim Philippines Inc.	240,000	260,253	142,357	1.08
Utilities				
Manila Electric Co	18,000	374,403	424,622	3.22
Total Quoted Equity Securities		11,067,990	11,928,633	90.54

* These securities are Shariah-Qualified Compliant¹ as of 30th June 2021.

¹ "Shariah-Qualified Compliant" 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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9. NOTES TO THE FINANCIAL STATEMENTS (continued)

5. SHORT-TERM SHARIAH-BASED DEPOSITS

Short-term deposits bore a weighted average effective profit rate of 1.86% (2021 : 1.63%) per annum at the end of the previous reporting period. The short-term *Shariah*-based deposits had maturity periods ranging from 7 to 29 days. (2021 : 7 to 30 days)

6. NET ASSET VALUE ATTRIBUTABLE TO UNITHOLDERS

	2022 RM	2021 RM
Unitholders' contribution	12,174,626	11,756,778
Retained earnings		
Realised reserve	307,540	422,239
Unrealised reserve	(18,560)	996,311
	12,463,606	13,175,328

Unitholders Contribution

	2022		2021	
	Number of Units	RM	Number of Units	RM
At beginning of the financial year	12,075,345	12,184,672	11,486,835	11,529,270
Creation of units	73,284	78,707	250,981	279,034
Cancellation of units	(82,448)	(88,753)	(46,186)	(51,526)
At end of the financial period	12,066,181	12,174,626	11,691,630	11,756,778

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.

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. UNITS HELD BY DIRECTORS OF THE MANAGER AND RELATED PARTIES

	2022		2021	
	Number of Units	RM	Number of Units	RM
Director of the Manager	484,891	500,862	469,138	528,673
Related party to the Director of the Manager	10,813,068	11,169,219	10,461,769	11,789,394
	11,297,959	11,670,081	10,930,907	12,318,067

Continued on next page.

9. NOTES TO THE FINANCIAL STATEMENTS (continued)

10. TRANSACTIONS WITH INVESTMENT BANKS

Details of transactions with investment banks for the financial period from 1 January 2022 to 30 June 2022 are as follows: -

2022	Value of Trade	Percentage of Total Trade	Brokerage Fees	Percentage of Total Brokerage Fees
	RM	%	RM	%
CIMB Investment Bank Berhad	-	-	-	-
Maybank Investment Bank Berhad	-	-	-	-
RHB Investment Bank Berhad	-	-	-	-
	-	-	-	-
2021	Value of Trade	Percentage of Total Trade	Brokerage Fees	Percentage of Total Brokerage Fees
	RM	%	RM	%
CIMB Investment Bank Berhad	463,578	37.61	463	21.25
Maybank Investment Bank Berhad	354,721	28.78	887	40.71
RHB Investment Bank Berhad	414,362	33.61	829	38.04
	1,232,661	100.00	2,179	100.00

The above transactions were in respect of listed securities.

11. 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 amortized 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 recognized. 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.

2022	Financial Asset at FVTPL	Financial Asset at Amortised Cost	Financial Liabilities at Amortised Cost	Total
	RM	RM	RM	RM
Assets				
Quoted Equity Securities	11,465,456	-	-	11,465,456
Amount owing from Manager	-	-	-	-
Amount owing from distributor	-	-	-	-
Sundry receivables	-	33,167	-	33,167
Short-term <i>Shariah</i> -based deposits	-	813,274	-	813,274
Cash at bank	-	268,067	-	268,067
Total financial assets	11,465,456	1,114,508	-	12,579,964
Liabilities				
Other payables and accruals	-	-	7,359	7,359
Amount owing to Unitholder Capital	-	-	-	-
Amount owing to Manager	-	-	104,854	104,854
Amount owing to Trustee	-	-	525	525
Tax Payable	-	-	3,620	3,620
Total financial liabilities	-	-	116,358	116,358

Continued on next page.

9. NOTES TO THE FINANCIAL STATEMENTS (continued)

11. FINANCIAL INSTRUMENTS (continued)

(a) Classification of Financial Instruments (continued)

	Financial Asset at FVTPL	Financial Asset at Amortised Cost	Financial Liabilities at Amortised Cost	Total
2021	RM	RM	RM	RM
Assets				
Quoted Equity Securities	11,928,633	-	-	11,928,633
Amount owing from Manager	-	-	-	-
Amount owing from distributor	-	-	-	-
Sundry receivables	-	40,910	-	40,910
Short-term <i>Shariah</i> -based deposits	-	849,616	-	849,616
Cash at bank	-	462,617	-	462,617
Total financial assets	11,928,633	1,353,143	-	13,281,776
Liabilities				
Other payables and accruals	-	-	7,356	7,356
Amount owing to Unitholder Capital	-	-	-	-
Amount owing to Manager	-	-	98,549	98,549
Amount owing to Trustee	-	-	543	543
Total financial liabilities	-	-	106,448	106,448

	2022	2021
	Income, expense, gains and losses	Income, expense, gains and losses
	RM	RM
Net losses and gains from financial assets at FVTPL	(1,170,915)	209,493
Profit from short-term <i>Shariah</i> -based deposits	6,780	4,572

(b) Fair Value Measurements

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

2022	Financial Instruments Carried At Fair Value			Total Fair Value	Carrying Amount
	Level 1	Level 2	Level 3		
	RM	RM	RM	RM	RM
Financial Asset					
Quoted Equity Securities	11,465,456	-	-	11,465,456	11,465,456

2021	Financial Instruments Carried At Fair Value			Total Fair Value	Carrying Amount
	Level 1	Level 2	Level 3		
	RM	RM	RM	RM	RM
Financial Asset					
Quoted Equity Securities	11,928,633	-	-	11,928,633	11,928,633

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.

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

12. 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. Whilst 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 liquid assets including 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 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* Advisor.

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.

(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.

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

12. FINANCIAL RISK MANAGEMENT POLICIES *(continued)*

(c) Market Risk (continued)

(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.

(ii) Equity Price Risk

Equity price risk is the risk of unfavorable 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.

(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.

(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 credit risk by undertaking credit evaluation and close monitoring of any changes to the issuer/counterparty's credit profile to minimize 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 recognized 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 consider both historical analysis and forward looking information in determining any ECL. The Manager consider 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.

Continued on next page.

9. NOTES TO THE FINANCIAL STATEMENTS (continued)

12. FINANCIAL RISK MANAGEMENT POLICIES (continued)

(c) Market Risk (continued)

(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 realize 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.

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.

2022	Less than 3 months RM	3 months – 1 year RM	Total RM
Financial assets:-			
Quoted Equity Securities	11,465,456	-	11,465,456
Short-term <i>Shariah</i> -based deposits	813,274	-	813,274
Cash at bank	268,067	-	268,067
Other assets	33,167	-	33,167
Total financial assets	12,579,964	-	12,579,964
Financial liability:-			
Other liabilities	116,358	-	116,358
Total net financial assets	12,463,606	-	12,463,606

2021	Less than 3 months RM	3 months – 1 year RM	Total RM
Financial assets:-			
Quoted Equity Securities	11,928,633	-	11,928,633
Short-term <i>Shariah</i> -based deposits	849,616	-	849,616
Cash at bank	462,617	-	462,617
Other assets	40,910	-	40,910
Total financial assets	13,281,776	-	13,281,776
Financial liability:-			
Other liabilities	106,448	-	106,448
Total net financial assets	13,175,328	-	13,175,328

10. 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 No. : 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

Shahariah Binti Shahrudin

Investment Committee

Jane Carten

Monem A. Salam

Dato' Dr. Vaseehar Hassan Bin Abdul Razack

Md. Noor Bin Haji A.Rahman

Zahid Siddique

Shahariah Binti Shahrudin

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)

