



ASEAN Equity Fund

Annual Report

For the Financial Year Ended
31 December 2022

A Qualified Sustainable & Responsible Investment Fund

Fund Manager

SATURNA SDN BHD 199501012969 (342171-V)

Suite 5-03, 5th Floor, Menara Atlan

161B Jalan Ampang, 50450 Kuala Lumpur

Tel: (603)2164 5303 Fax: (603)2164 5308

Email: info@saturna.com.my

Website: www.saturna.com.my

Trustee

SCBMB TRUSTEE BERHAD 201201021301 (1005793-T)

CONTENTS

1. FUND MANAGER'S REPORT	3
Fund Name	3
Type of Fund	3
Category of Fund	3
Investment Objective	3
Distribution Policy	3
Performance Benchmark	3
Fund Performance	4
Financial Performance	5
Average Total Return	6
Stock Market Review	7-8
Market Outlook and Investment Strategy	9
Sustainable and Reponsible Investment Funds ("SRI")	9
Asset Allocation of The Fund	10-11
Details of Distribution and Unit Split	12
Cross Trade Transaction and Securities Financing Transactions	12
Disclosure of Circumstances That Materially Affect the Interest of the Unitholder	12
Changes Made to the Fund During the Financial Year	12
Policy on Stockbroking, Rebates, and Soft Commission Purification	12
2. TRUSTEE'S REPORT	13
3. STATEMENT BY MANAGER	14
4. INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF ASEAN EQUITY FUND	15-16
5. SHARIAH ADVISER'S REPORT	17
6. STATEMENT OF FINANCIAL POSITION	18
7. STATEMENT OF COMPREHENSIVE INCOME	19
8. STATEMENT OF CHANGES IN NET ASSET VALUE	20
9. STATEMENT OF CASH FLOWS	21
10. NOTES TO THE FINANCIAL STATEMENTS	22-43
11. CORPORATE INFORMATION	44

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.

PERFORMANCE BENCHMARK

6% absolute return ("the Benchmark").

Continued on next page.

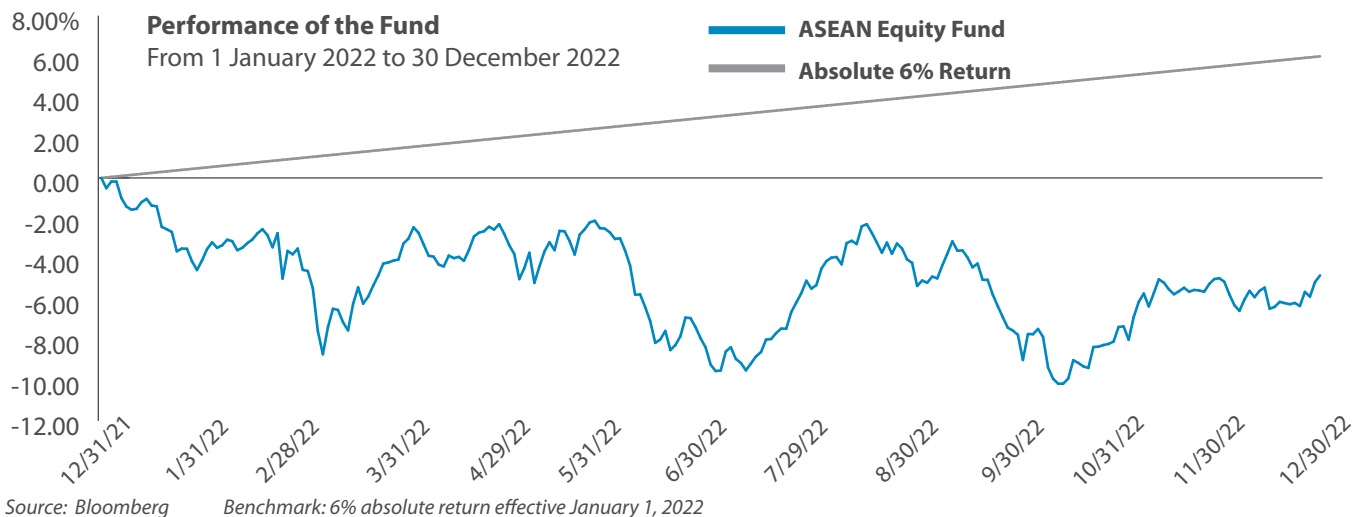
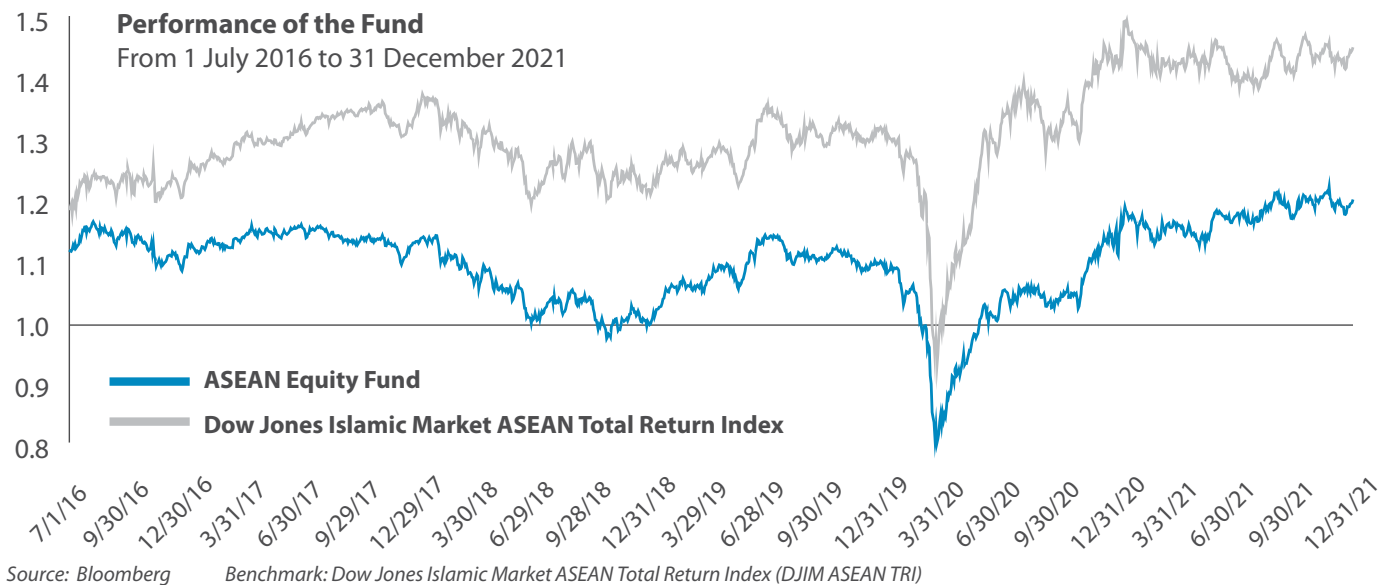
1. FUND MANAGER'S REPORT *(continued)*

FUND PERFORMANCE

In 2022, the ASEAN Equity Fund registered a return of -4.81% while the Dow Jones Islamic Market ASEAN Index returned -5.10%. The Fund's performance was due to general market weakness from high inflation, rising interest rates, and supply chain disruptions.

Given our long-term perspective and fundamentals-driven investment strategy, we are committed to meeting the investment objective of the ASEAN Equity Fund. 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. The graph below compares the 5-year performance of the Fund against its benchmark return.



Continued on next page.

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

FINANCIAL PERFORMANCE

	As at 31 Dec 2022	As at 31 Dec 2021	As at 31 Dec 2020
Net Asset Value (RM)	16,462,314	13,545,486	12,652,123
Units in Circulation (units)	15,716,336	12,075,345	11,486,835
Net Asset Value / unit (RM)	1.0475	1.1217	1.1014
Highest NAV / unit (RM)	1.1197	1.1771	1.1520
Lowest NAV / unit (RM)	1.0078	1.0836	0.7989
Total Return			
Capital growth	-6.61%	1.90%	0.90%
Income distribution	1.80%	3.14%	3.63%
Final Distribution			
Gross Distribution/unit	0.020	0.035	0.04
Net Distribution/unit	0.020	0.035	0.04
Date of Distribution	28 December 2022	29 December 2021	29 December 2020
Portfolio Composition			
Quoted Equity Securities	75.36%	93.29%	94.68%
Other Liquid Assets	24.64%	6.71%	5.32%
Total Expense Ratio	0.72%	1.21%	1.30%
Total Expense Ratio (excluding Performance Fee)	0.72%	0.71%	0.77%
Portfolio Turnover Ratio	0.06 times	0.06 times	0.06 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 year is 0.72%.

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	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 RM13,016,870.02.

During the current financial year, the decrease in TER is due to no performance fee incurred.

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:

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

Where:

total acquisition for the financial year = RM 1,052,547.16

total disposal for the financial year = RM 465,269.06

Continued on next page.

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 31 December 2022 since inception.

	(1 Jan 22 – 31 Dec 22)	(1 Jan 21 – 31 Dec 21)	(1 Jan 20 – 31 Dec 20)	(1 Jan 19 – 31 Dec 19)	Since Inception (7 Feb 14 - 31 Dec 22)
The Fund	-4.81%	5.04%	4.53%	9.93%	14.12%
Absolute 6% Return/ DJIASNT	6.00%	2.33%	8.18%	7.71%	50.87%

* Effective January 1st, 2022, the benchmark was changed to 6% absolute annual return. We will adjust the performance results going forward only from that date. Prior to 2022, The Dow Jones ASEAN Total Return Index was used.

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 22 – 31 Dec 22)	3-year (1 Jan 20 - 31 Dec 22)	5-year (1 Jan 18 - 31 Dec 22)	Since Inception (7 Feb 14 - 31 Dec 22)
The Fund	-4.81%	1.51%	0.19%	1.59%
Absolute 6% Return / Dow Jones ASEAN TR	6.00%	5.56%	2.62%	5.72%

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

Continued on next page.

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

STOCK MARKET REVIEW

The markets started 2022 on a very weak note. In the first quarter, the S&P 500 was down -4.60%, the MSCI All Country World Index was down -5.26%, and the MSCI Emerging Markets Index was down -6.97%. Rising inflation in the US and impending interest rate hikes by the Federal Reserve clouded the global growth outlook, especially in the Technology sector. As hostilities broke out between Russia and Ukraine in late February, investor sentiment further dampened amid worries over global energy and food supply disruptions. Markets remained very soft in the second quarter as US inflation accelerated and the Fed increased interest rates at its fastest clip in more than 40 years. A COVID-19 outbreak in Shanghai soon spread to other parts of China, exacerbating global supply chain woes. The S&P 500 and MSCI All Country World both finished the first half of 2022 down almost -20%. The MSCI Emerging Markets Index outperformed the others but was also very weak, down -17.63%.

The third quarter was all about investors trying to read the interest rate tea leaves. Markets rallied early on stronger than expected corporate earnings and what were perceived to be less hawkish monetary policy comments made by Fed Chairman Jerome Powell. However, any optimism subsequently dissipated as the Fed continued to hike interest rates and warned of a prolonged period of tight monetary conditions to combat inflation. The S&P 500 finished the quarter down -4.88%, MSCI All Country World was down -6.71%, and MSCI Emerging Markets fell -11.57%.

The fourth quarter of 2022 saw markets rebounding, though with significant volatility. In October, investors were still fretting over how high interest rates could go and the severity of a potential global recession. But with the overall economic outlook darkening, markets rallied as investors hoped for a premature end to monetary tightening. S&P 500 and MSCI All Country World finished the quarter up 7.56% and 9.88% respectively while MSCI Emerging Markets rose 9.70%. ASEAN markets were also strong in the fourth quarter, with the MSCI ASEAN Index up 9.87%.

For the calendar year of 2022, the S&P 500 was down 18.11%, MSCI All Country World fell -17.96%, and MSCI Emerging Markets declined -20.09%. ASEAN markets were not spared from the tumultuous market conditions, but the region was a solid outperformer with MSCI ASEAN down by only -4.11%. This could be attributed to its exposure to global commodities and high commodity prices during the year, the successful execution of the region's post-COVID reopening, its status as a direct beneficiary of continuing US-China tensions, and China's post-COVID reopening.

ASEAN Stock Market Review

Malaysia

The FTSE Bursa Malaysia KLCI Index was generally soft in 2022. For the calendar year, the Index fell by -0.65% in local currency terms and by -6.22% in USD terms.

The year started off strong; investors bid up plantation shares on the back of record-high crude palm oil prices, and the government announced its plan to enter its COVID-19 endemic phase by April 1. However, fears over rising global inflation, higher interest rates, and the possibility of a global recession soon began to dominate. The Index fell by -10.38% between March 31 and September 30.

That said, the Index ended 2022 as strongly as it began. Investors rode on an emerging consensus that central bankers could soon slow the pace of monetary tightening in the face of rising recession fears. This pushed the Index up by 7.82% in the fourth quarter. Additionally, the successful conclusion of Malaysia's 14th General Election, which resulted in the formation of a united government by the reformist Prime Minister Anwar Ibrahim, boosted market sentiment.

Market direction is likely to remain uncertain in 2023. On the domestic front, things could finally be looking up. After undergoing three prime ministers in four years, investors are likely to react positively to the new government, which seems to enjoy very strong Parliamentary support and a somewhat stable policy agenda.

Singapore

Unlike the FTSE Bursa Malaysia KLCI Index, Singapore's Strait Times Index finished 2022 in the black, rising 8.36% in local currency terms and 15.53% in Malaysian ringgit.

While the market was adversely affected by many of the same negative factors impacting global markets, investors generally cheered the post-COVID reopening of the economy. This accelerated returns in the second quarter and resulted in gross domestic product (GDP) growth of 3.8% in 2022, beating the government's projection of 3.5%. Later in the year, the Index was boosted by the emerging global sentiment that inflation may have peaked. Corporate results in the third quarter saw positive earnings surprises outnumbering disappointments by a factor of 2.4 to 1. The market is also likely pricing in the potential boost to Singapore's economy from China's recent post-COVID reopening.

Like Malaysia, market direction in Singapore is likely to continue to be influenced by movements in global inflation, interest rates, and economic growth. Any resolution to the conflict in Ukraine will also affect sentiment, as would the successful execution of China's post-COVID economic reopening.

Continued on next page.

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

ASEAN Stock Market Review *(continued)*

Thailand

The Stock Exchange of Thailand Index finished 2022 up 3.51% in local currency terms and was up 5.01% in Malaysian ringgit.

The market trended up in the first quarter as investors reacted positively to the government's solid 2022 and 2023 GDP growth forecasts. However, the Thai market followed global markets down over the second and third quarters, despite the reopening of its borders to international travelers on July 1 and the relaxation of other pandemic-related measures to boost tourism and support GDP expansion. The Thai baht was also the weakest ASEAN currency in the second and third quarters, which dragged on Index performance in USD terms. In the fourth quarter, the market rode the recovery in global investor sentiment and upbeat GDP projections by the Bank of Thailand. The Index finished the quarter up 5.19% in local currency terms and 14.84% in USD terms.

Going forward, the general election in May 2023 could move the market. The Thai economy is likely to be one of the biggest regional beneficiaries of China's recent reopening, given the importance of the tourism industry for the nation.

Indonesia

The Jakarta Composite Index finished 2022 up 6.97% in local currency terms and 3.80% in Malaysian ringgit.

The Indonesian stock market has remained resilient, with help from the post-pandemic economic rebound and the windfall benefits of the commodity boom.

In December of 2022, Indonesia reported inflation at 5.51%, exceeding the 3.0% target, primarily impacted by the knock-on effect of the subsidized fuel price adjustments in September. In the fourth quarter, the market declined -2.2% as the Indonesian Central Bank raised rates to 5.5%. The Bank is expected to increase rates to 6.0-6.25% in the first half of 2023.

On the political front, the next presidential election will be held in February 2024. Bank Indonesia projects solid national economic growth in 2023 between 4.5-5.3%, underpinned by private consumption, investment, and positive export performance against a backdrop of global economic moderation. From a valuation standpoint, the Index trades at 14.2x consensus 12-month forward earnings, compared with the 10-year historic average of 15.1x.

Philippines

The Philippines Composite Index finished 2022 down -5.91% in local currency terms and returned -8.28% in Malaysian ringgit.

The Philippines economy faced challenges in 2022 due to inflationary pressures coming from elevated global commodity and energy prices, disruptions in international supply chains and logistics, depreciation of its currency, domestic supply constraints due to low farm productivity, and recent floods and typhoons. The Index recovered in the fourth quarter, rising 14.8% in local currency terms.

The silver lining of the weaker peso is that it boosts demand from the two most important sources of domestic purchasing power in the economy: remittances and revenues from the business outsourcing industry. For 2023, the World Bank raised the Philippines' GDP forecast to 5.7%.

Continued on next page.

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

MARKET OUTLOOK AND INVESTMENT STRATEGY

Global equity valuations seem to have stabilized over the past six months. As of writing, S&P 500 and MSCI All Country World Index valuations remain reasonably attractive at 17.5 times price/earnings (against a five-year median of 18.4 times) and 14.7 times price/earnings (against a five-year median of 16.3x), respectively. That said, sentiment and stock prices are likely to remain volatile with a downward bias, as global economies begin to contract and corporate earnings begin to soften. Europe is likely in a recession already and the US could land in one, though it remains to be seen whether that would be a hard or soft landing. Our bias is toward a soft landing, as we believe the Fed and other central banks may signal an easing of monetary policies if economic conditions get considerably worse.

Inflation will likely moderate but stay at elevated levels in 2023. For instance, housing and energy prices are coming off in the US and are a key component of the Consumer Price Index (CPI). Core CPI, excluding energy and food, remains high, and wage growth is more persistent. Interest rate paths would depend on inflationary paths, with the Fed signaling for more increases to come in 2023. The Ukraine-Russia conflict remains a significant wild card. More positive is the recent reopening of China's economy and borders, which is expected to boost global economic growth in the mid- to long-term, albeit with some short-term hiccups as COVID cases in China spike.

In this type of environment, companies that could do well are those with secular growth drivers and the ability to navigate higher inflation, interest rates, and potentially

recessionary conditions. 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. Our firm has a sustainability and Shariah-focus, which prioritizes companies with low debt and a penchant for doing right for their stakeholders. These characteristics should enhance portfolio resilience under most market conditions. Due to Shariah and environmental, social, and governance (ESG) limitations, the investible universe for the Fund is smaller than the MSCI All Country World Index.

It is also worth noting that ASEAN region valuations seem to be particularly cheap, with the MSCI ASEAN Index trading at only 14.2 times price/earnings compared with a five-year median of 15.9 times. We will therefore deploy the available cash as opportunities arise.

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 area of ESG.

Continued on next page.

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

ASSET ALLOCATION OF THE FUND

By Country	31 December 2022	31 December 2021	31 December 2020
<i>Malaysia</i>	% of NAV	% of NAV	% of NAV
Communications	5.38	5.00	2.69
Consumer Discretionary	-	-	-
Consumer Staples	3.06	2.58	3.21
Financials	7.31	9.45	11.65
Health Care	4.06	5.65	4.91
Industrials	1.20	2.04	2.96
Materials	-	-	-
	21.01	24.72	25.42
<i>Indonesia</i>			
Communications	2.39	3.23	2.80
Consumer Discretionary	1.59	3.82	5.25
Consumer Staples	2.67	3.83	5.88
Health Care	2.14	2.07	2.01
Industrials	-	-	-
Materials	-	-	-
	8.79	12.95	15.94
<i>Singapore</i>			
Communications	2.72	2.01	2.11
Consumer Discretionary	2.46	3.19	4.82
Consumer Staples	1.86	1.22	-
Financials	-	-	-
Industrials	1.70	2.66	2.87
Technology	5.63	7.68	7.07
	14.37	16.76	16.87
<i>Thailand</i>			
Communications	5.16	6.29	5.54
Consumer Discretionary	0.69	0.47	0.55
Consumer Staples	1.80	2.66	3.65
Energy	-	-	-
Financial	0.65	0.94	0.99
Health Care	4.71	3.73	2.87
Materials	-	-	-
Industrials	6.87	5.51	5.12
Technology	2.34	5.30	3.44
	22.22	24.90	22.16
<i>Philippines</i>			
Communications	-	-	-
Consumer Discretionary	3.56	6.44	6.25
Consumer Staples	1.91	2.85	2.55
Industrials	0.45	0.66	0.84
Materials	0.45	0.80	1.16
Utilities	2.60	3.21	3.49
	8.97	13.96	14.29
TOTAL	75.36	93.29	94.68
Cash & Other Liquid Assets	24.64	6.71	5.32
GRAND TOTAL	100.00	100.00	100.00

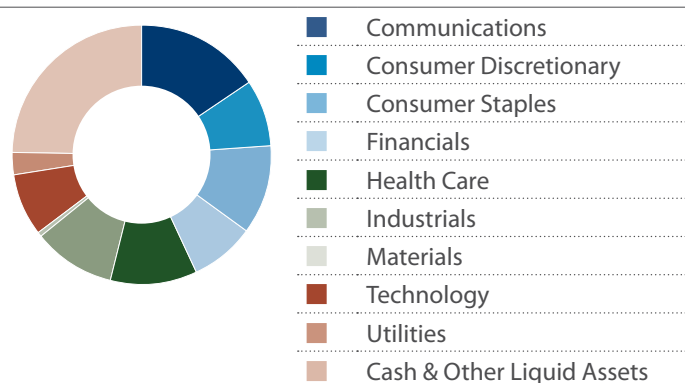
Continued on next page.

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

ASSET ALLOCATION OF THE FUND *(continued)*

Sector	31 December 2022 % of NAV	31 December 2021 % of NAV	31 December 2020 % of NAV
Communications	15.65	16.53	13.14
Consumer Discretionary	8.30	13.92	16.87
Consumer Staples	11.30	13.14	15.29
Energy	-	-	-
Financials	7.96	10.39	12.64
Health Care	10.91	11.45	9.79
Industrials	10.22	10.87	11.79
Materials	0.45	0.80	1.16
Technology	7.97	12.98	10.51
Utilities	2.60	3.21	3.49
Cash & Other Liquid Assets	24.64	6.71	5.32
Total	100.00	100.00	100.00

Sector Allocation as at 31 December 2022



Fund performance from 1 January 2022 to 31 December 2022

	31 December 22 RM	31 December 21 RM	% Change
Total NAV (Inclusive of Injection)	16,462,314	13,545,486	21.53
NAV/unit	1.0475	1.1217	-6.61

NAV per unit at the end of 31 December 2022 decreased by 6.61% compared with 31 December 2021. The Dow Jones Islamic Market ASEAN index fell by 4.89% over the same period. The markets started 2022 on a very weak note with the MSCI Emerging Markets Index (NDUEEGF) down 6.3% in Q1 2022 as rising inflation and impending interest rate hikes clouded the global growth outlook. As hostilities broke out between Russia and Ukraine in late February, investor sentiment further dampened amidst worries over global energy and food supply disruptions.

Top Five Investments as at 31 December 2022

Stock	% of NAV
Airports Of Thailand	3.78
Wilcon Depot	3.56
UMS Holdings	3.24
Chularat Hospital	3.14
Delta Electronics	3.09

Continued on next page.

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

DETAILS OF DISTRIBUTION AND UNIT SPLIT

Financial Year	31 December 2022	31 December 2021
Date of Distribution	28 December 2022	29 December 2021
Distribution per unit		
Gross (RM)	0.020	0.035
Net (RM)	0.020	0.035
Net Asset Value before distribution (RM)	1.0560	1.1507
Less : distribution (RM)	(0.020)	(0.035)
Net Asset Value after distribution (RM)	1.0360	1.1157

The gross distribution per unit of 2.0 cents (net distribution of 2.0 cents) for the financial year ended 31 December 2022 had the effect of reducing the Net Asset Value (NAV) per unit before distribution of RM 1.0560 to a Net Asset Value per unit after distribution of RM 1.0360 on the distribution date of 28 December 2022.

No unit split was declared for the financial year ended 31 December 2022.

CROSS TRADE TRANSACTIONS

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 ANY INTEREST OF THE UNITHOLDER

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

CHANGES MADE TO THE FUND DURING THE FINANCIAL YEAR

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.

PURIFICATION

This is a voluntary provision due to non Shariah-compliant income generated by the companies i.e. riba-based loans and interest income. According to purification guidelines, as stipulated in the Prospectus, per unit amount comes to RM 0.0037316, if you owned units from 1 January 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 2022, the calculation of amount to be purified as of 31 December 2022 would be 100,000 units x RM 0.0037316/ unit = RM 373.16.

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 2022 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, **Saturna Sdn. Bhd.** ("the Manager") has operated and managed the Fund during the year covered by these financial statements in accordance with the following:

- a) Limitations imposed on the investment powers of the management company under the deeds, securities laws and the Guidelines on Unit Trust Funds;
- b) Valuation and pricing is carried out in accordance with the deeds; and
- c) Any creation and cancellation of units are carried out in accordance with the deeds and any regulatory requirement.

We are of the opinion that the distribution of income by the Fund is appropriate and reflect the investment objective of the Fund.

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

Lor Yuen Ching
Trustee Services Manager

Lee Kam Weng
Trustee Services Manager

Kuala Lumpur, Malaysia
23 February 2023

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 2022 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

23 February 2023

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 2022, 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 2022, 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 Manager and Trustee 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.

Continued on next page.

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.
- 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
23 February 2023

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

23 February 2023

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 2022 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 2022	As at 31 December 2021
	Note	RM	RM
Investments			
Quoted Equity Securities	4	12,403,875	12,635,833
Short-term Shariah-based deposits	5	723,012	806,484
		13,126,887	13,442,317
Other Assets			
Amount due from stockbrokers		-	-
Amount due from manager		-	-
Amount due from Distributors		48,755	-
Cash at bank		3,392,685	237,161
Other receivable		40,342	36,457
		3,481,782	273,618
Total Assets		16,608,669	13,715,935
Liabilities			
Amount due to manager		121,843	155,021
Amount due to trustee		624	588
Amount due to Unitholder Capital		200	-
Other payables		16,960	14,840
Current Tax Liabilities		6,728	-
		146,355	170,449
Net asset value attributable to unit holders	6	16,462,314	13,545,486
Total equity and liabilities		16,608,669	13,715,935
Number of units in circulation	6	15,716,336	12,075,345
NAV per unit, ex-distribution		1.0475	1.1217

7. STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2022

		1 January 2022 to 31 December 2022	1 January 2021 to 31 December 2021
	Note	RM	RM
Income			
Profit from short-term Shariah-based deposits		16,573	11,480
Gross dividend income		365,271	317,252
Gross dividend income from non-permissible securities		25,655	3,510
Net (loss)/gain on financial assets at fair value through profit or loss	4	(807,787)	528,903
Net (loss)/gain from non-permissible securities	4	(11,436)	12,636
Net loss on foreign exchange		(2,831)	(2,587)
		(414,555)	871,194
Less: Expenses			
Administration fee	7	32,532	32,956
Distribution fee	7	32,532	32,956
Performance fee	7	0	65,890
Trustee's fee	8	6,506	6,591
Safe Custody fee		3,262	3,273
Transaction Fee		220	763
Auditors' fee		13,000	11,000
Tax agent's fee		3,000	3,000
Other expenses		2,991	3,325
		94,043	159,754
Net (loss)/profit before taxation & purification			
		(508,598)	711,440
Purification		(28,023)	(36,061)
Net (loss)/profit before taxation & after purification			
		(536,621)	675,379
Taxation	9	(68,322)	(27,636)
Net (loss)/profit after taxation & purification			
		(604,943)	647,743
Net profit/(loss) after taxation is made up as follows:			
Realised Income		175,910	146,153
Unrealised (loss)/income, net		(780,853)	501,590
Distribution during the financial year			
	10	307,470	409,782
Gross distribution per unit		0.020	0.035
Net distribution per unit		0.020	0.035

8. STATEMENT OF CHANGES IN NET ASSET VALUE

For the financial year ended 31 December 2022

	Unitholders' Capital RM	Retained Earnings RM	Total Net Asset Value RM
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
Net asset value as at 1st January 2022	12,184,672	1,360,814	13,545,486
Movement due to creation / (cancellation) of units during the year:			
Creation of units from applications	3,861,257	-	3,861,257
Creation of units from distribution	307,470	-	307,470
Cancellation of units	(339,486)	-	(339,486)
Total comprehensive income for the financial year	-	(604,943)	(604,943)
Distribution	-	(307,470)	(307,470)
Net asset value as at 31st December 2022	16,013,913	448,401	16,462,314

9. STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2022

	1 January 2022 to 31 December 2022	1 January 2021 to 31 December 2021
	RM	RM
Cash flows from/(for) operating and Investing activities		
Proceeds from sale of quoted investments	465,269	764,798
Purchase of quoted investments	(1,052,547)	(880,163)
Dividend received	353,275	271,834
Profit Murabahah received	16,528	11,409
Administration fee paid	(32,352)	(32,798)
Audit fee paid	(13,041)	(13,041)
Performance fee paid	(65,891)	(60,567)
Purification Paid	-	(36,061)
Distribution fee paid	-	(2,734)
Trustee's fee paid	(6,470)	(6,560)
Tax Agent fee paid	(3,392)	(3,392)
Payment for other fees and expenses	(3,920)	(4,928)
Income Tax Paid	(30,600)	-
Net cash generated (for)/from operating and investing activities	(373,141)	7,797
Cash flows from/(for) financing activities		
Proceeds from issuance of units	3,784,679	352,033
Payments for cancellation of units	(339,486)	(106,413)
Net cash generated from/(used in) financing activities	3,445,193	245,620
Net increase/(decrease) In cash and cash equivalents	3,072,052	253,417
Cash and cash equivalents at beginning of the year	1,043,645	790,228
Cash and cash equivalents at end of the year	4,115,697	1,043,645
Cash and cash equivalents comprise:		
Cash at bank	3,392,685	237,161
Short-term Shariah-based deposits	723,012	806,484
	4,115,697	1,043,645

10. NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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. 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 23 February 2023.

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)

Amendments to MFRS 3: Reference to the Conceptual Framework

Amendment to MFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021

Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use

Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract

Annual Improvements to MFRS Standards 2018 – 2020

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/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 17 Insurance Contracts	1 January 2023
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: Lease Liability in a Sale and Leaseback	1 January 2024
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: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024
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

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

	2022 RM	2021 RM
Quoted Equity Securities	12,403,875	12,635,833

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

	2022 RM	2021 RM
Net gain/(loss) on financial assets at FVTPL comprised:-		
Realised (loss)/gain on disposals	(38,370)	39,949
Unrealised changes in fair value	(780,853)	501,590
	(819,223)	541,539

Quoted Equity Securities as at 31 December 2022 are as detailed below:

2022	Quantity (Units)	Cost (RM)	Market Value (RM)	% of NAV
Malaysia				
Communications				
Axiata Group Bhd *	39,000	255,601	120,510	0.73
Telekom Malaysia	51,000	309,287	275,400	1.67
TIME dotCom Bhd	100,000	474,740	490,000	2.98
		1,039,628	885,910	5.38
Consumer Staples				
Nestle (Malaysia) Bhd	3,600	397,489	504,000	3.06
Financials				
Al-'Aqar Healthcare REIT	147,000	203,854	179,340	1.09
Axis Real Estate Investment Trust	200,000	350,802	358,000	2.17
Bank Islam Malaysia Bhd	86,000	251,324	234,780	1.43
Syarikat Takaful Malaysia Keluarga Bhd	125,364	343,394	431,252	2.62
		1,149,374	1,203,372	7.31
Health Care				
IHH Healthcare Bhd	62,000	266,968	385,640	2.34
KPJ Healthcare Bhd	280,000	249,886	282,800	1.72
		516,854	668,440	4.06
Industrials				
Gamuda Bhd *	40,000	190,038	150,000	0.91
Hartalega Holdings Bhd	28,000	165,382	47,600	0.29
		355,420	197,600	1.20
Indonesia				
Communications				
Telkom Indonesia	370,000	256,085	393,448	2.39
Consumer Discretionary				
Ace Hardware Indonesia	1,000,000	445,082	140,649	0.85
Ramayana Lestari Sentosa Tbk	750,000	327,363	121,225	0.74
		772,445	261,874	1.59
Consumer Staples				
Unilever Indonesia	330,000	571,732	439,812	2.67

Continued on next page.

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

4. INVESTMENTS *(continued)*

2022	Quantity (Units)	Cost (RM)	Market Value (RM)	% of NAV
Indonesia <i>(continued)</i>				
Health Care				
Kalbe Farma	595,000	251,927	352,629	2.14
Singapore				
Communications				
Singapore Telecommunications	53,000	487,872	448,059	2.72
Consumer Discretionary				
ComfortDelGro Corp. Ltd	100,000	566,097	404,605	2.46
Consumer Staples				
Delfi Ltd	120,000	329,588	305,921	1.86
Industrials				
SATS LTD	30,000	348,456	280,263	1.70
Technology				
UMS Holdings	137,500	371,706	533,717	3.24
Venture Corp	7,000	366,191	392,829	2.39
		737,897	926,546	5.63
Thailand				
Communications				
Plan B Media Public Foreign	520,000	382,890	504,410	3.06
Intouch Holdings Public Co. Ltd	35,000	313,657	345,091	2.10
		696,547	849,501	5.16
Consumer Discretionary				
Siam Wellness Group Pcl	75,000	120,015	112,956	0.69
Consumer Staples				
Carabao Group Company Ltd	24,000	169,458	296,366	1.80
Financial				
Frasers Property Thailand Foreign Industrial REIT	80,000	163,304	105,171	0.65
Health Care				
Bangkok Dusit Medical Services PCL	70,000	267,531	259,097	1.57
Chularat Hospital PCL-Foreign	1,100,000	378,992	516,662	3.14
		646,523	775,759	4.71
Industrials				
Airports Of Thailand	65,000	557,079	622,216	3.78
Delta Electronics PCL Foreign	4,800	133,814	508,494	3.09
		690,893	1,130,710	6.87
Technology				
KCE Electronics PCL	65,000	350,415	385,774	2.34

Continued on next page.

10. NOTES TO THE FINANCIAL STATEMENTS (continued)

4. INVESTMENTS (continued)

2022	Quantity (Units)	Cost (RM)	Market Value (RM)	% of NAV
Philippines				
Consumer Discretionary				
Wilcon Depot, Inc	250,000	270,207	586,080	3.56
Consumer Staples				
D&L Industries Inc.	500,000	428,734	313,901	1.91
Industrials				
Concepcion Industrial Corp.	54,000	211,504	73,381	0.45
Materials				
Holcim Philippines Inc.	240,000	260,253	74,383	0.45
Utilities				
Manila Electric Co	18,000	374,402	427,414	2.6
Total Quoted Equity Securities		12,163,119	12,403,875	75.36

* These securities are Shariah-Qualified Compliant as of 31st December 2022

² "Shariah-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.

Quoted Equity Securities 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

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				
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
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	7,000	366,191	395,099	2.92
		737,897	1,039,365	7.68
Thailand				
Communications				
Plan B Media Public Foreign	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 Pcl	75,000	120,015	63,590	0.47
Consumer Staples				
Carabao Group Company Ltd	24,000	169,458	360,247	2.66
Financials				
Frasers Property Thailand Foreign Industrial REIT	80,000	163,304	126,614	0.94
Health Care				
Chularat Hospital PCL-Foreign	1,100,000	378,992	505,703	3.73

Continued on next page.

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

4. INVESTMENTS *(continued)*

2021	Quantity (Units)	Cost (RM)	Market Value (RM)	% of NAV
Thailand <i>(continued)</i>				
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
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 Shariah-Qualified Compliant as of 31st December 2021.

² "Shariah-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.

Continued on next page.

10. NOTES TO THE FINANCIAL STATEMENTS (continued)

5. SHORT-TERM SHARIAH-BASED DEPOSITS

Short-term deposits bore a weighted average effective profit rate of 2.73% (2021 – 1.63%) per annum at the end of the reporting period. The short-term Shariah-based deposits had maturity periods ranging from 14 to 32 days. (2021 - 7 to 31 days).

6. NET ASSET VALUE ATTRIBUTABLE TO UNITHOLDERS

	Note	2022 RM	2021 RM
Unitholders' contribution	(a)	16,013,913	12,184,672
Retained earnings			
Realised reserve	(b)	207,645	208,459
Unrealised reserve	(c)	240,756	1,152,355
		<u>16,462,314</u>	<u>13,545,486</u>

(a) Unitholders' Contribution

	2022		2021	
	No. of Units	RM	No. of Units	RM
At beginning of the financial year	12,075,345	12,184,672	11,486,835	11,529,270
Creation of units from applications	3,663,840	3,861,257	315,244	352,033
Creation of units from Distribution	296,786	307,470	367,287	409,782
Cancellation of units	(319,635)	(339,486)	(94,021)	(106,413)
At end of the financial year	<u>15,716,336</u>	<u>16,013,913</u>	<u>12,075,345</u>	<u>12,184,672</u>

(b) Realised Reserve - Distributable

	2022 RM	2021 RM
At beginning of the financial year	208,459	336,035
Net (loss)/profit after tax	(604,943)	647,743
Net unrealised loss/(gain) transferred to unrealised reserve	780,853	(501,590)
Net increase in realised reserve for the financial year	175,910	146,153
Dividend distribution	(307,470)	(409,782)
Net unrealised gain/(loss) attributable to investments sold transferred to realised reserve	130,746	136,053
At end of the financial year	<u>207,645</u>	<u>208,459</u>

(c) Unrealised Reserve – Non-Distributable

	2021 RM	2021 RM
At beginning of the financial year	1,152,355	786,818
Net unrealised (loss)/gain transferred from realised reserve	(780,853)	501,590
Net unrealised gain/(loss) attributable to investments sold transferred to realised reserve	(130,746)	(136,053)
At end of the financial year	<u>240,756</u>	<u>1,152,355</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 2022 to 31 December 2022	1 January 2021 to 31 December 2021
	RM	RM
Current tax expenses:		
Malaysian taxation	2,078	2,169
Foreign taxation	28,916	25,467
Foreign-sourced Income	37,328	-
	<u>68,322</u>	<u>27,636</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 2022 to 31 December 2022	1 January 2021 to 31 December 2021
	RM	RM
(Loss)/Profit before taxation	<u>(536,621)</u>	<u>675,379</u>
Tax at the Malaysian statutory tax rate of 24% (2021-24%)	(128,789)	162,091
Tax effects of:-		
Non-taxable income	(51,569)	(173,532)
Non-deductible expenses	29,296	46,996
Net non-deductible losses on equity investments	197,293	1,870
Foreign income subject to different tax rates	22,091	(9,789)
Tax expense for the financial year	<u>68,322</u>	<u>27,636</u>

10. DISTRIBUTION

Distribution declared on 28 December 2022 to members is distributed from the following sources:

2022	RM
Profit from Short-term Shariah-based deposits	16,411
Dividend income	352,716
Net realised loss on sale of investments	(38,370)
Net realised loss on foreign exchange	(2,831)
Prior financial year's realised income	<u>208,459</u>
	536,385
Less: Expenses	<u>(186,061)</u>
Realised income available for distribution	<u>350,324</u>
Distribution during the financial year	307,470
Gross distribution per unit	0.020
Net distribution per unit	<u>0.020</u>

Continued on next page.

10. NOTES TO THE FINANCIAL STATEMENTS (continued)

10. DISTRIBUTION (continued)

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	336,035
	690,451
Less: Expenses	(207,384)
Realised income available for distribution	483,067
Distribution during the financial year	409,782
Gross distribution per unit	0.035
Net distribution per unit	0.035

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

	2022		2021	
	No. of Units	RM	No. of Units	RM
Directors of the Manager	494,845	518,332	483,855	542,763
Related parties to the Director of the Manager	11,021,814	11,544,967	10,789,959	12,103,608
	11,516,659	12,063,299	11,273,814	12,646,371

12. TRANSACTIONS WITH INVESTMENT BANKS

Details of transactions with investment banks for the financial year from 1 January 2021 to 31 December 2022 are as follows:-

2022	Value of Trade	Percentage of	Brokerage Fees	Percentage of Total
	RM	Total Trade		Brokerage Fees
		%	RM	%
Maybank Investment Bank Berhad	1,274,691	83.93	1,275	72.32
RHB Investment Bank Berhad	244,121	16.07	488	27.68
	1,518,812	100.00	1,763	100.00

2021	Value of Trade	Percentage of	Brokerage Fees	Percentage of Total
	RM	Total Trade		Brokerage Fees
		%	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

The above transactions were in respect of listed securities.

Continued on next page.

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

13. TOTAL EXPENSE RATIO

The total expense ratio for the financial year is 0.72%.

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	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 RM13,016,870.02.

14. 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:

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

Where:

total acquisition for the financial year = RM 1,052,547.16

total disposal for the financial year = RM 465,269.06

15. 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 2022 to	1 January 2021 to
	31 December 2022	31 December 2021
	RM	RM
Indonesia	(162,428)	(213,273)
Malaysia	(117,757)	(148,718)
Philippines	(150,687)	436,249
Singapore	(82,352)	202,440
Thailand	98,669	594,497
	(414,555)	871,195

Continued on next page.

10. NOTES TO THE FINANCIAL STATEMENTS (continued)

16. 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	Financial Asset At Amortised Cost	Financial Liabilities at Amortised Cost	Total
	RM	RM	RM	RM
2022				
Assets				
Quoted Equity Securities	12,403,875	-	-	12,403,875
Amount due from Manager/distributors	-	48,755	-	48,755
Sundry receivables	-	40,342	-	40,342
Short-term Shariah-based deposits	-	723,012	-	723,012
Cash at bank	-	3,392,685	-	3,392,685
Total financial assets	12,403,875	4,204,794	-	16,608,669
Liabilities				
Other payables and accruals	-	-	16,960	16,960
Amount owing to Unitholder Capital	-	-	200	200
Amount owing to Manager	-	-	121,843	121,843
Amount owing to Trustee	-	-	624	624
Total financial liabilities	-	-	139,627	139,627
2021				
Assets				
Quoted Equity Securities	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

	2022	2021
	Income, expense, gains, and losses	Income, expense, gains, and losses
	RM	RM
Net (loss)/gain from financial assets at FVTPL	(819,223)	541,539
Gross dividend income from financial assets at FVTPL	390,926	320,762
Profit income derived from amortised cost	16,573	11,480

Continued on next page.

10. NOTES TO THE FINANCIAL STATEMENTS (continued)

16. FINANCIAL INSTRUMENTS (continued)

(b) Fair Value Measurements

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

2022	Financial Instruments Carried At Fair Value				Total Fair Value RM	Carrying Amount RM
	Level 1 RM	Level 2 RM	Level 3 RM			
Financial Asset						
Quoted Equity Securities	12,403,875	-	-	12,403,875	12,403,875	

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						
Quoted Equity Securities	12,635,833	-	-	12,635,833	12,635,833	

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.

17. 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 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.

Continued on next page.

10. NOTES TO THE FINANCIAL STATEMENTS (continued)

17. FINANCIAL RISK MANAGEMENT POLICIES (continued)

(b) Risk Management Structure (continued)

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 multipliers.

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.

(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
2022	+10	+607	N/A

	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

* 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.

Continued on next page.

10. NOTES TO THE FINANCIAL STATEMENTS (continued)

17. FINANCIAL RISK MANAGEMENT POLICIES (continued)

(c) Market Risk (continued)

(i) Profit Rate Risk (continued)

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.

2022	0 – 3 Months	3 Months – 5 Years	Total	Effective Profit Rate
Assets	RM	RM	RM	%
Short-term Shariah-based deposits	723,012	-	723,012	2.73

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

* Computed based on profit rate bearing assets only.

(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.

2022	Changes in Equity Price%	Market Value RM	Impact on Profit After Tax and Net Asset Value RM
	-5	11,783,681	(620,194)
	0	12,403,875	-
	5	13,024,069	620,194

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

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)

17. 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

2022	Indonesian Rupiah RM	Ringgit Malaysia RM	Philippine Peso RM	Singapore Dollar RM	Thai Baht RM	Total RM
Financial Assets						
Quoted Equity Securities	1,447,763	3,459,322	1,475,159	2,365,394	3,656,237	12,403,875
Amount due from Manager/Distributors	-	48,755	-	-	-	48,755
Sundry receivables	-	40,342	-	-	-	40,342
Short-term Shariah-based deposits	-	723,012	-	-	-	723,012
Cash at bank	-	3,392,685	-	-	-	3,392,685
	1,447,763	7,664,116	1,475,159	2,365,394	3,656,237	16,608,669
2021						
Financial Assets						
Quoted Equity Securities	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

Foreign currency risk sensitivity analysis

2022	Changes in Foreign Currencies %	Effects on Profit For the Year Increase RM	Effects on Equity Increase RM
Foreign currencies			
IDR/RM	+10	+144,776	+144,776
PHP/RM	+10	+147,516	+147,516
SGD/RM	+10	+236,539	+236,539
THB/RM	+10	+365,624	+365,624
2021			
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

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)*

17. 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)*

17. 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.

2022	Less than 3 months RM	3 months – 1 year RM	Total RM
Financial assets:-			
Quoted Equity Securities	12,403,875	-	12,403,875
Short-term Shariah-based deposits	723,012	-	723,012
Cash at bank	3,392,685	-	3,392,685
Other assets	89,097	-	89,097
Total financial assets	16,608,669	-	16,608,669
Financial liability:-			
Other liabilities	139,627	-	139,627
Total net financial assets	16,469,042	-	16,469,042
<hr/>			
2021	Less than 3 months RM	3 months – 1 year RM	Total RM
Financial assets:-			
Quoted Equity Securities	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

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

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)

