

## PRODUCT HIGHLIGHTS SHEET

# ASEAN EQUITY FUND ("The Fund")



**DATE OF ISSUANCE: 12 FEBRUARY 2018**

## RESPONSIBILITY STATEMENT

This Product Highlights Sheet has been reviewed and approved by the directors and/or authorised persons approved by the Board of Saturna Sdn Bhd and they collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable enquiries, they confirm to the best of their knowledge and belief, there are no false or misleading statements or omission of other facts which would make any statement in the Product Highlights Sheet false or misleading.

## DISCLAIMER STATEMENTS

The Securities Commission Malaysia has authorized the issuance of ASEAN EQUITY FUND and a copy of this Product Highlights Sheet has been lodged with the Securities Commission Malaysia.

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

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

**This Product Highlights Sheet only highlights the key features and risks of the Fund. Investors are advised to request, read and understand the Prospectus of the Fund before deciding to invest.**



# ASEAN EQUITY FUND – PRODUCT HIGHLIGHTS SHEET

## BRIEF INFORMATION ON THE PRODUCT

**ISIN Code:** MYU9200AA005

**Bloomberg Ticker:** SSBWAEF MK

**Type of Product:** Unit Trust Fund

**Fund Category:** Shariah-compliant Equity

**Fund Type:** Growth

**Manager:** Saturna Sdn Bhd

**Launch Date:** 25 January 2017

## PRODUCT SUITABILITY

The Fund is suitable for investors who:

- Are looking for an ASEAN Shariah-compliant equity portfolio;
- Are looking for capital gains of the units;
- Are looking for diversification and exposure to the ASEAN equity markets;
- Have a long-term investment outlook.

## KEY PRODUCT FEATURES

*What are you investing in?*

You are investing in a Shariah equity fund that seeks to provide long-term capital growth by investing in Shariah-compliant equity securities with exposure to ASEAN markets

<b>Investment Objective</b>	The Fund seeks to provide long-term capital growth.
<b>Investment Policy &amp; Strategy</b>	<p>The Fund invests in a diversified portfolio of Shariah-compliant equities across the ASEAN region.</p> <p>The Fund follows a value-oriented investment style, favouring companies with potential for earnings growth. The Manager analyses economic growth rates, interest rates, inflation, currencies, and government policies. Stock selection criteria include improving fundamentals and solid growth potential at reasonable valuations.</p> <p>Generally, the Fund invests for the long term, with annual portfolio turnover not expected to exceed 30%.</p>
<b>Asset Allocation</b>	<p>The asset allocation of the Fund is as follows:</p> <ul style="list-style-type: none"><li>• At least 70% of the Fund's net asset value ("NAV") in Shariah-compliant equities in ASEAN countries; and</li><li>• Up to 30% of the Fund's NAV in liquid assets, including money market instruments and deposits with Islamic financial institutions.</li></ul>
<b>Benchmark</b>	Dow Jones Islamic Market ASEAN Index (source : <a href="http://www.djindexes.com/islamicmarket/">www.djindexes.com/islamicmarket/</a> )
<b>Base Currency</b>	Ringgit Malaysia (MYR)
<b>Financial Year</b>	31 December
<b>Launch Date</b>	25 January 2017
<b>Income Distribution Policy</b>	Subject to availability of income, distribution will be made on a yearly basis.

## SHARIAH-COMPLIANT INVESTMENT

The Shariah Adviser monitors the operations and investments of the Fund in accordance with the Shariah investment guidelines. Shariah investing requires that companies that do not comply with Shariah law are not considered for purchase. Securities of companies that fail to pass a series of financial ratio filters are also excluded from consideration. The Fund does not invest in debt instruments nor investments that might be considered as speculative, such as derivatives. Any income or distribution received by the Fund from investments in its portfolio which relates to income from Shariah noncompliant investments are considered as impure income. This impure income is subject to an income purification process.

*Note: Should you require further information, please refer to the Prospectus under “Shariah Investment Guidelines”.*

## PARTIES INVOLVED

*With whom are you investing?*

*Who are the parties involved?*

- The Manager of the Fund is Saturna Sdn Bhd
- The Trustee of the Fund is SCBMB Trustee Berhad
- The Trustee’s delegate for the custodian of the assets of the Fund is Standard Chartered Bank (Malaysia) Berhad
- The Shariah Adviser of the Fund is Amanie Advisors Sdn Bhd
- The auditor for the Fund is Crowe Horwath
- The taxation advisor for the Fund is Crowe Horwath KL Tax

## POSSIBLE OUTCOMES

*What are the possible outcomes of investing in the Fund?*

The value per unit of the Fund rises and falls as the value of the equities in which the Fund invests goes up and down. Under normal circumstances, the Fund Manager aims to outperform the Fund’s benchmark, the Dow Jones Islamic Market ASEAN Index. However, the Fund may post a lower return or even incur losses if one or more of the key risks occur. In the worst scenario where all the investments of the Fund are in default or suspended, investors may lose part or even all of their initial investments.

## PURCHASE OF UNITS

You may submit an application to purchase units of the Fund on any business day subject to the minimum initial investment and minimum additional investment amount of the Fund.

<b>Minimum initial investment</b>	MYR2,000 <i>Note: The Manager may in its own discretion accept such other lower amount for the minimum initial investment.</i>
<b>Minimum additional investment</b>	MYR200 <i>Note: The Manager may in its own discretion accept such other lower amount for the minimum additional investment.</i>
<b>Purchase request submission</b>	Cut off time before 4:00 p.m. on a business day

*Note: For first-time investors, purchases of the Fund are subject to anti-money laundering procedures and may involve several requirements. Please refer to the Prospectus under “Additional Information” for further information.*

**YOU SHOULD NOT MAKE PAYMENT IN CASH TO A UNIT TRUST CONSULTANT OR ISSUE A CHEQUE IN THE NAME OF A UNIT TRUST CONSULTANT.**

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## REDEMPTION OF UNITS

You may request for redemption from the Fund Manager on any business day.

<b>Minimum redemption unit</b>	No minimum redemption amount
<b>Minimum holdings</b>	No minimum holdings for Units
<b>Redemption request submission</b>	Cutoff time before 4:00 p.m. on a business day
<b>Payment of redemption proceeds</b>	Within 3 business days of receiving a complete redemption request form

## TRANSFER AND SWITCHING FACILITY

<b>Transfer facility</b>	The minimum transfer amount is 1,000 Units. No fee is imposed for any transfer.
<b>Switching facility</b>	Switching is not available for this Fund.

## KEY RISKS

*What are the general risks related to the Fund?*

<b>Market Risk</b>	Market risk refers to the possibility that an investment will lose value because of a general decline in financial markets, due to economic, political and/or other factors, which will result in a decline in the Fund's Net Asset Value.
<b>Noncompliance Risk</b>	The Fund, the Manager and/or the Trustee may not comply with the provisions set out in the Deed or the law that governs the Fund. The Fund, the Manager and/or Trustee may not comply with operating procedures whether by oversight or by omission, or the Manager may act fraudulently or dishonestly. Such noncompliance may force the Manager to sell down securities of the Fund at a loss to rectify the noncompliance and in turn may adversely affect the Unit Holders' investment. To mitigate this risk, the Manager has put in place internal controls to ensure its continuous compliance with laws, rules and regulations, prescribed practices, and the Manager's internal policies and procedures.
<b>Performance Risk</b>	A failure of the Manager to display the requisite experience and expertise in making investment decisions for the Fund may jeopardize the Fund's performance. There is no guarantee the Fund will meet its investment objective of long-term capital growth. Investors should be aware that no guarantee is given that they will receive returns on their investments, or that investors will get back their initial amount invested in full. In order to mitigate this risk, the implementation of internal controls and a structured investment process and operational procedures have been put in place by the Manager.
<b>Operational Risk</b>	Operational risk includes risks that arise from the internal process of the organisation. These may result from inadequacies or failure in processes, controls, or projects due to fraud, unauthorised activities, error, omission, inefficiency, systems failure, or from external events. Operational risk may affect the Unitholder's investment negatively.

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## KEY RISKS (continued)

What are the specific risks related to the Fund?

<b>Equity Securities Risk</b>	Shariah-compliant equity securities may experience significant volatility in response to economic or market conditions or adverse events that affect a particular industry, sector, or company. The value of particular Shariah-compliant equity securities may also fluctuate in response to activities of individual companies. This risk can adversely affect the prices of equities, which would negatively impact the performance of the Fund.
<b>Country Risk</b>	Investments of the Fund in any countries may be affected by changes in the economic and political climate, restriction on currency repatriation, or other developments in the law or regulations of the countries in which the Fund invests.
<b>Currency Risk</b>	As the investments of the Fund may be denominated in currencies other than the base currency, any fluctuation in the exchange rate between the base currency and the currencies in which the investments are denominated may have an impact on the value of these investments.
<b>Price Level Risk</b>	<p>Inflation may erode the value of long-term contracts entered into by companies and may adversely affect companies that cannot raise prices at the same pace their costs increase. If companies' profitability decreases, the value of their equity shares will go down, thus affecting the value of Unitholders' money invested in the Fund and the value of any returns thereof negatively; the opposite is true as well.</p> <p>Deflation, being the decrease in the general price level of goods and services, may increase the relative value of debt and cash. Economies in recession have higher risk of deflation, which can encourage the hoarding of cash and deepen the recession. For example, during a downturn in the market, companies become more conservative with their cash and do not spend on capital expenditures, increase of staff, etc. (cash hoarding). This action can result in a more drawn out recession (deepening); as companies spend less on capital expenditure, other companies' sales go down and the value of equities of the companies go down as well, thus affecting the Fund negatively.</p>
<b>Concentration Risk</b>	Investors should be aware of the Fund's possible concentration in a particular sector when investing in this Fund. Should the Fund's investments be concentrated in a sector that underperforms the general market, it could cause the Fund's overall results to suffer more than if the Fund was exposed to a less concentrated portfolio. The Fund may therefore be subject to a higher level of risk than a more diversified portfolio.
<b>Active Investment Risk</b>	The Fund's active investment strategy means the number and weights of holdings in the Fund's portfolio may deviate significantly from the components of the benchmark, which may result in the Fund's performance failing.
<b>Reclassification of Shariah Status Risk</b>	This risk refers to the risk that the currently held Shariah-compliant equities in the Fund may be reclassified as Shariah-noncompliant. The value of the Fund may be adversely affected when the Manager disposes of portfolio investments in unfavourable market conditions.

**The above list of risks should not be considered as exhaustive list. While every care will be taken by the Manager to mitigate the risk, Investors should be aware that investments in the Fund may be exposed to other risks of an exceptional nature from time to time. Please refer to the Prospectus under "Risk Factors" for further details on risk.**

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## FEES & CHARGES

*What are the fees, charges, and expenses involved?*

The Fund seeks to minimize the expenses of investors. There is no sales charge, redemption charge, or transfer fee payable by an investor.

<b>Administration Fee</b>	0.25% per annum of the NAV of the Fund
<b>Distribution Fee</b>	Up to 0.25% per annum of the NAV of the Fund
<b>Performance Fee</b>	10% of the gross asset value that cumulatively increases or decreases, excluding subscriptions and redemptions, for each day in the financial year
<b>Trustee Fee</b>	0.05% per annum of the NAV of the Fund
<b>Sales Charge</b>	None
<b>Redemption Charge</b>	None
<b>Transfer Fee</b>	None
<b>Switching Fee</b>	Not applicable as switching is not available for this Fund

## VALUATION

*How often are valuations available for the Fund?*

The Fund will be valued on every Business Day. The latest Unit prices are published daily on the Manager's website, [www.saturna.com.my](http://www.saturna.com.my) and the Star online, <http://www.thestar.com.my/Business/Marketwatch/Unit-Trust/>

You may also contact the Manager directly at 03-2164 5303 for the latest Unit prices.

## EXITING FROM THE FUND

*How can you exit from the Fund, and what are the costs involved?*

You may redeem your Units wholly or in part by submitting an application form to the Manager. Redemption application should be made before the cutoff time of 4:00 p.m. on any Business Day. The Units will be redeemed at the NAV per Unit calculated at the next valuation point after the redemption application is received by the Manager. When the redemption application is received after the cutoff time, the application will be deemed to have been received on the next Business Day.

If you are a first-time individual investor who is investing in Unit Trust Fund managed by the Manager and you change your mind about an investment that you have made in the Fund, you may exercise the cooling-off right within six (6) Business Days from the date your application is received by the Manager.

Cooling-off proceeds will only be paid after the Manager receives cleared funds for the original investment. The original investment proceeds shall be refunded to you within 10 calendar days of receipt of application for cooling-off. There is no cost involved or penalty chargeable in relation to exiting from the Fund. Payment will be made via E-payment according to your bank account details as stated in the duly completed transaction form.

# ASEAN EQUITY FUND – PRODUCT HIGHLIGHTS SHEET

## FUND PERFORMANCE

### Annual Total Return for Financial Years Ended 31 December

	2017	2016	2015	2014	Since Launch (7/2/14 – 31/12/17)
The Fund	2.34%	0.41%	3.51%	6.30%	13.05%
Benchmark	9.93%	6.94%	3.79%	11.20%	25.69%

### Average Total Return

	1 Year (1 Jan 17 – 31 Dec 17)	3 Year (1 Jan 15 – 31 Dec 17)	Since Launch (7/2/14 – 31/12/17)
The Fund	2.34%	2.12%	3.26%
Benchmark	9.93%	7.34%	8.92%

### 1-Year Performance Review

In 2017, the Fund registered a return of 2.34% compared to the Benchmark's 9.93%. The underperformance was primarily due to our lower weightings in both the Phillipines and Thailand equity markets which performed well during the year. It was also affected as cash was held for strategic purposes.

### Basis of Calculations and Assumptions

ASEAN Equity Fund's performance is calculated based on NAV to NAV with distributions reinvested. Average total return of the Fund is computed based on the total return since fund launch annualised over number of years since fund launch.

### Income Distribution

	FYE 2017	FYE 2016	FYE 2015
Gross Distribution per unit (sen)	-	-	-
Net Distribution per unit (sen)	-	-	-

### Portfolio Turnover Ratio (PTR)

	FYE 2017	FYE 2016	FYE 2015
PTR (times)	0.23	0.16	0.11

As at 31 December 2017, portfolio turnover ratio of 0.23 times is higher against 0.16 times in the previous financial year mainly due to higher trading activity.

**PAST PERFORMANCE OF THE FUND IS NOT AN INDICATION OF ITS FUTURE PERFORMANCE.**

## CONTACT INFORMATION

### Who should you contact for further information or to lodge a complaint?

For further information regarding the Fund, you may contact:

- I. The distributor from whom you purchased the Fund; or
- II. The Manager's office – Saturna Sdn Bhd

Suite 5.03, 5<sup>th</sup> Floor Menara Atlan  
161-B Jalan Ampang  
50450 Kuala Lumpur  
Tel: 03-2164 5303  
Fax: 03-2164 5308  
Email: info@saturna.com.my  
Website: www.saturna.com.my

- III. For internal dispute resolution, you may contact:

#### Client Servicing Personnel

- a. via phone to : 603-2164 5303
- b. via fax to : 603-2164 5308
- c. via email : info@saturna.com.my
- d. website : saturna.com.my

- IV. If you are dissatisfied with the outcome of the internal dispute resolution process, please refer your dispute to the Securities Industry Dispute Resolution Centre (SIDREC):

- a. via phone to : 603-2282 2280
- b. via fax to : 603-2282 3855
- c. via email to : info@sidrec.com.my
- d. via letter to : Securities Industry Dispute Resolution Centre (SIDREC)  
Unit A-9-1, Level 9, Tower A, Menara UOA Bangsar  
No. 5, Jalan Bangsar Utama 1  
59000 Kuala Lumpur

- V. You can also direct your complaint to the Securities Commission Malaysia (SC) even if you have initiated a dispute resolution process with SIDREC. To make a complaint, please contact the SC's Consumer & Investor Office:

- a. via phone to : 603-6204 8999
- b. via fax to : 603-6204 8991
- c. via email to : aduan@seccom.com.my
- d. via the online complaint form available at www.sc.com.my
- e. via letter to : Consumer & Investor Office  
Securities Commission Malaysia  
3 Persiaran Bukit Kiara  
Bukit Kiara  
50490 Kuala Lumpur



# ASEAN EQUITY FUND – PRODUCT HIGHLIGHTS SHEET

## APPENDIX: GLOSSARY

<b>ASEAN</b>	The Association of Southeast Asian Nations
<b>Board</b>	The board of directors of the Manager
<b>Business Day</b>	A day on which Bursa Malaysia is open for trading
<b>Deed</b>	The deed of the Fund and any other supplemental deed that may be entered into between the Manager and the Trustee
<b>Launch Date</b>	The date of the first Prospectus of the Fund and is the date on which sales of Units of the Fund may first be made
<b>Fund</b>	The ASEAN Equity Fund
<b>Long-term</b>	A period of more than 3 years
<b>Net Asset Value or NAV</b>	The value of all the Fund's assets less the value of all the Fund's liabilities at the valuation point. For the purpose of computing the administration fee, distribution fee, performance fee (if any), and annual trustee fee, the NAV is inclusive (that is, before any deduction) of the fees for the relevant day
<b>NAV per Unit</b>	The NAV of the Fund divided by the total number of Units in circulation at the valuation point
<b>SC</b>	The Securities Commission Malaysia
<b>Shariah</b>	Islamic law, originating from the <i>Qur`an</i> (the holy book of Islam), and its practices and explanations rendered by the prophet Muhammad ( <i>pbuh</i> ) and <i>ijtihad</i> of <i>ulamak</i> (personal effort by qualified Shariah scholars to determine the true ruling of the divine law on matters whose revelations are not explicit)
<b>Unit(s)</b>	A measurement of the right or interest of a Unitholder in the Fund
<b>Unitholder</b>	The person registered as a holder of a Unit or Units, including persons jointly registered for the Fund