



# ASEAN Equity Fund

Interim Report

30<sup>th</sup> June 2021  
(Unaudited)

## **Fund Manager**

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## **Trustee**

**SCBMB TRUSTEE BERHAD** 201201021301 (1005793-T)

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# 1. FUND MANAGER'S REPORT

## FUND NAME

ASEAN Equity Fund ("the Fund")

## TYPE OF FUND

Growth Fund

## CATEGORY OF FUND

*Shariah-compliant Equity*

## INVESTMENT OBJECTIVE

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

## DISTRIBUTION POLICY

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

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

## BREAKDOWN OF UNIT HOLDINGS BY SIZE

Units	No. of Unitholders	%	Unit holdings	%
1 to 50,000	30	76.93	190,382	1.63
50,001 to 100,000	4	10.26	314,051	2.69
100,001 to 500,000	3	7.69	725,428	6.20
500,001 to 1,000,000	1	2.56	523,453	4.48
1,000,001 & above	1	2.56	9,938,316	85.00
<b>Total</b>	<b>39</b>	<b>100.00</b>	<b>11,691,630</b>	<b>100.00</b>

## PERFORMANCE BENCHMARK

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

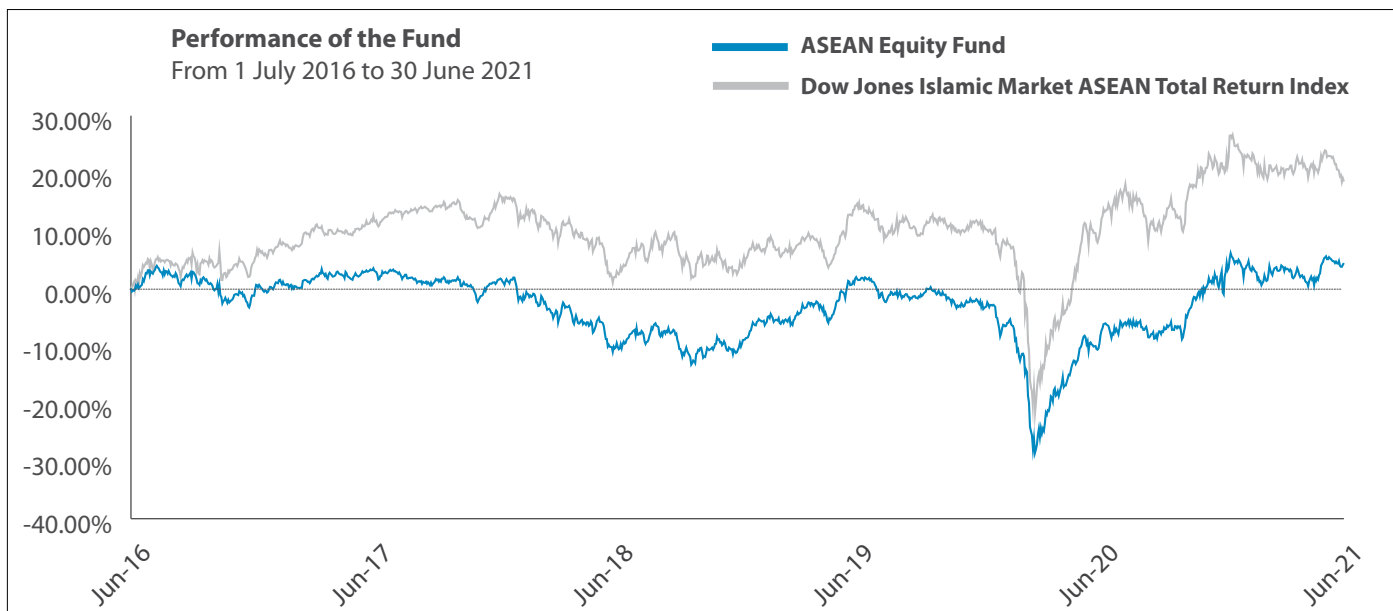
# 1. FUND MANAGER'S REPORT *(continued)*

## FUND PERFORMANCE

In the first half of 2021, the Fund registered a return of 2.32% compared to the benchmark's -1.32%. In terms of stock holdings, KCE Electronics, Chularat Hospital, UMS Holdings, Wilcon Depot, and Carabao Group contributed meaningfully to returns whereas Unilever Indonesia, Hartalega Holdings, and Ace Hardware were among the detractors.

We hold 9.50% cash in the portfolio (as of June 30, 2021) compared with 5.30% at the end of 2020. We will continue to look for attractive investment opportunities to take appropriate long-term positions to deploy the cash.

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



Source : Bloomberg

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

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

## FINANCIAL PERFORMANCE

	As at 30 June 2021	As at 30 June 2020	As at 30 June 2019
Net Asset Value (RM)	13,175,328	11,494,397	12,334,323
Units in Circulation (units)	11,691,630	11,351,985	10,931,122
Net Asset Value / unit (RM)	1.1269	1.0125	1.1284
Highest NAV (RM)	1.1454	1.0938	1.1332
Lowest NAV (RM)	1.0836	0.7989	0.9947
Total Return			
Capital growth	2.32%	-7.27%	13.60%
Income distribution	-	-	-
Final Distribution			
Gross Distribution/unit	-	-	-
Net Distribution/unit	-	-	-
Date of Distribution	-	-	-
Portfolio Composition			
Quoted Equity Securities	90.54%	88.17%	89.93%
Other Liquid Assets	9.46%	11.83%	10.07%
Management Expense Ratio	0.57%	0.40%	1.67%
Portfolio Turnover Ratio	0.05 times	0.09 times	0.08 times
Official Launching Date	7 February 2014	7 February 2014	7 February 2014
Conversion to unit trust fund	25 January 2017	25 January 2017	25 January 2017

### Management Expense Ratio

The management expense ratio for the financial period is 0.57%.

Management Expense Ratio is derived from the following calculation:

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

A = Administration Fee

B = Distribution Fee

C = Trustee Fee

D = Performance Fee

E = Audit Fee

F = Tax Agent's Fee

G = Other Expenses

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

The average NAV of the Fund for the financial period calculated on a daily basis is RM12,966,881.56

### Portfolio Turnover Ratio

The portfolio turnover ratio for the financial period is 0.05 times.

The portfolio turnover ratio is derived from the following calculation:

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

#### Where:

total acquisition for the financial period = RM464,674.68

total disposal for the financial period = RM764,797.08

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

### TOTAL RETURN (in %)

Total Return is based on NAV to NAV with distribution reinvested. Below is the total return of the Fund as at 30 June 2021.

	(1 Jan 21 – 30 June 21)	(1 Jan 20 – 30 June 20)	(1 Jan 19 – 30 June 19)	(1 Jan 18 – 30 June 18)	(1 Jan 17 – 30 June 17)
<b>The Fund</b>	2.32%	-7.27%	13.60%	-11.07%	4.51%
<b>Performance Benchmark</b>	-1.32%	-1.60%	10.23%	-11.24%	6.96%

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

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

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

### AVERAGE TOTAL RETURN (in %)

Average Total Return is derived by the formula:

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

Average Total Return for the Following Periods Ended 30 June 2021:

	<b>1-year</b> (30 June 20 – 30 June 21)	<b>3-year</b> (30 June 18 – 30 Jun 21)	<b>5-year</b> (30 June 16 – 30 June 21)
<b>The Fund</b>	15.34%	5.39%	0.88%
<b>Performance Benchmark*</b>	8.49%	5.45%	3.71%

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

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

### STOCK MARKET REVIEW

Markets continued to strengthen in the first half of 2021 with the S&P 500 and MSCI World rising by 14.4% and 12.2%, respectively; a remarkable performance given that many parts of the world continued to struggle with the COVID-19 pandemic.

Investors likely cheered the high vaccination rates in the US and Europe, which could result in the full reopening of these economies sooner rather than later. And while inflation worries and the prospects of US tapering and higher interest rates continued to occasionally spook the market, these concerns were largely soothed by Federal Reserve Chair Powell, who recently reaffirmed the Fed's stance to encourage a broad and inclusive job market recovery and to not raise interest rates too quickly. It is also worth noting that the US five-year forward inflation expectation came off the high of 2.38% on May 11 to 2.17% at the end of June. Meanwhile, the announcement of a \$1.2 trillion infrastructure deal between the Biden administration and a bipartisan group of senators as well as strong growth numbers from China also helped enhance market optimism.

Notably, emerging markets continued to lag, with the MSCI Emerging Markets Index up 6.5% during the first half 2021. Asia Pacific and ASEAN fared even worse with the former up 4% year-to-date and the MSCI ASEAN falling 3.38% as COVID cases rose sharply across Southeast Asia. Inflation fears and the possibility of a stronger dollar have also weighed on sentiment in emerging markets as investors grapple with a slower-than-expected rollout of vaccines and delay in achieving herd immunity and full economic reopening.

### ASEAN Stock Market Review

#### Malaysia

During the first half of the year, Malaysian economic growth was overshadowed by the implementation of a nationwide lockdown on June 1 to combat rising COVID infections, amidst slower-than-expected progress in the country's vaccine rollout. While the authorities have taken much care to ensure the continuity of 'essential' economic activities, there is little doubt that the overall economy has suffered. S&P Global and the World Bank recently cut their forecasts for Malaysia's 2021 GDP growth from +6.2% and +6% to +4.1% and +4.5% respectively.

Still, there are reasons to be optimistic. The number of vaccine doses administered daily is accelerating with a

seven-day moving average of 218,741 on July 1 compared with only 24,454 in mid-May. Close to 18% of the population has now received at least one dose of the vaccine, with 7% of the population fully inoculated. The government is still expecting to achieve herd immunity by December. Meanwhile, there are indications that Parliament could soon resume and the current political impasse potentially resolved.

For the first half of 2021, FTSE Bursa Malaysia KLCI declined 5.81% in local currency terms.

#### Indonesia

The Indonesian economy is expected to grow between 2% and 4% this year, falling short of the government target of 7%, owing to the recent spike in COVID cases and the stringent public activity restrictions. As manufacturing companies are expected to slash their production capacity, the PMI will potentially return to a below-50 level. As of June 18, 2021, the realization of budget funds for national economic recovery reached Rp 227 trillion, accounting for only 33% of the maximum of Rp 700 trillion for this year. Indonesia currently has roughly 295,000 active cases of COVID, compared with 122,000 in March 2021.

The JCI rose 0.11% in local currency terms in the first half of 2021.

#### Singapore

Like Malaysia, Singapore was forced to tighten coronavirus curbs recently as COVID cases, especially of the delta variant, resurfaced in the community. However, these restrictions were not as stringent as those introduced during the circuit breaker period in 2020 and have in fact since been relaxed. As a result, while COVID restrictions are likely to have dampened economic activity in recent months, these negative effects are expected to be more than offset by strong semis demand, a pickup in manufacturing, higher crude prices and a quicker return to economic normalcy. Singapore's central bank recently indicated that 2021 GDP growth could exceed the upper end of the official forecast range of +4% to +6%, in-line with S&P's forecast of +6.2% GDP.

FTSE Straits Times Index increased 10.08% in the first half of 2021 in local currency terms.

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

### ASEAN Stock Market Review *(continued)*

#### Thailand

Thailand's economy shrank 2.6% in the first quarter from a year earlier as COVID outbreaks hurt consumption and tourism, with the second quarter GDP growth also expected to remain weak. In June, Thailand announced plans to fully reopen within 120 days but then retracted those plans, closing down roughly half of the country as COVID cases began to rise once again. Naturally, the shutdowns are expected to adversely impact the second half of 2021 GDP growth. Recently, the Central Bank cut its GDP outlook for the full year to 1.5%-2.5% from a previous forecast of 2.5%-3.5% growth.

SET Index was up 9.55% in the first half of 2021 in local currency terms.

#### Philippines

After months of relaxed quarantine rules, the Philippines reverted to tighter quarantine measures in late March due to a surge in COVID infections. The economy continued to contract at a stronger pace in the first quarter, with real GDP declining by 4.2%. Though the economy was supported by growth in government consumption, all other major demand components declined. The second quarter and the second half of 2021 economic growth is expected to remain weak as well. Of note, Philippines currently has roughly 52,000 active cases of COVID compared with the peak of 130,000 in March 2021.

PSE Composite Index fell 3.33% in the first half of 2021 in local currency terms.

### MARKET OUTLOOK AND INVESTMENT STRATEGY

S&P 500 and MSCI World valuations remain elevated at 22.7 times P/E (against a 5-year median of 18.4 times) and 20.6 times P/E (5-year median of 17.3 times) respectively. If market volatility increases over the next few quarters, we believe that our bottom-up investing approach focused on finding companies with solid fundamentals, sound growth prospects, and reasonable valuations is well positioned compared with macro-based or other investment styles. As sustainability and *shariah*-focused investors, we also are well positioned to capitalize on growing ESG awareness across global investors. Additionally, it is worth noting that though developed world valuations look pricey, there is still value in emerging markets, with the MSCI Emerging Markets Index trading at only 14.5 times P/E (5-year median of 13.1 times). As vaccine supplies free up globally and become more available across emerging markets, vaccination rates should accelerate and stock market valuations will likely rise. A pivot to these markets could therefore make sense.





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

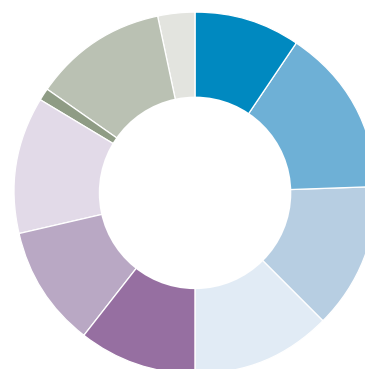
## ASSET ALLOCATION OF THE FUND

	30 June 2021	30 June 2020	30 June 2019
	% of NAV	% of NAV	% of NAV
<b>Malaysia</b>			
Communications	5.27	2.50	2.74
Consumer Discretionary	-	-	0.27
Consumer Staples	2.63	3.56	2.33
Financials	10.33	11.08	12.22
Health Care	4.72	5.02	4.57
Industrials	2.51	9.19	8.17
Materials	-	-	-
Utilities	-	-	-
<b>Total</b>	<b>25.46</b>	<b>31.35</b>	<b>30.30</b>
<b>Indonesia</b>			
Communications	2.53	2.91	3.64
Consumer Discretionary	3.82	5.05	6.03
Consumer Staples	4.14	5.88	4.76
Health Care	1.81	2.24	2.06
Industrials	-	0.48	1.13
Materials	-	-	2.28
<b>Total</b>	<b>12.30</b>	<b>16.56</b>	<b>19.90</b>
<b>Singapore</b>			
Communications	2.04	2.50	2.66
Consumer Discretionary	3.84	2.52	4.51
Financials	-	-	-
Industrials	2.76	0.77	1.23
Technology	7.07	2.88	1.72
<b>Total</b>	<b>15.71</b>	<b>8.67</b>	<b>10.12</b>
<b>Thailand</b>			
Communications	5.41	6.15	4.18
Consumer Discretionary	0.57	1.16	1.58
Consumer Staples	3.34	7.25	4.64
Energy	-	-	-
Health Care	4.31	2.38	1.23
Materials	-	-	-
Industrial	6.26	-	-
Technology	4.92	1.05	0.79
<b>Total</b>	<b>24.81</b>	<b>17.99</b>	<b>12.42</b>
<b>Philippines</b>			
Communications	-	-	-
Consumer Discretionary	4.56	5.95	7.17
Consumer Staples	2.64	1.87	-
Industrials	0.76	1.00	1.83
Materials	1.08	1.16	4.89
Utilities	3.22	3.62	3.30
<b>Total</b>	<b>12.26</b>	<b>13.60</b>	<b>17.19</b>
<b>TOTAL</b>	<b>90.54</b>	<b>88.17</b>	<b>89.93</b>
Cash & Other Liquid Assets	9.46	11.83	10.07
<b>GRAND TOTAL</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

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

### ASSET ALLOCATION OF THE FUND (continued)

By Sector	30 June 2021	30 June 2020	30 June 2019	Sector Allocation as at 30 June 2021
	% of NAV	% of NAV	% of NAV	
Cash & Other Liquid Assets	9.46	11.83	10.07	
Communications	15.25	14.06	13.22	
Consumer Discretionary	12.79	14.68	19.56	
Consumer Staples	12.75	18.56	11.73	
Financials	10.33	11.08	12.22	
Health Care	10.84	9.64	7.86	
Industrials	12.29	11.44	12.36	
Materials	1.08	1.16	7.17	
Technology	11.99	3.93	2.51	
Utilities	3.22	3.62	3.30	
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	



Fund performance from 30 June 2020 to 30 June 2021	30 June 21 RM	30 June 20 RM	% Change
Total NAV (Inclusive of Injection)	13,175,328	11,494,397	14.62
NAV/unit	1.1269	1.0125	11.30

NAV/unit (Ex-Distribution) at the end of 30 June 2021 increased by +11.30% compared with 30 June 2020 as the ASEAN region continued its recovery off first quarter 2020 pandemic lows. Key factors that contributed to the region's recovery included easing of lockdown restrictions, government stimulus packages, development of COVID vaccines and subsequent progress of vaccination.

#### Top Five Investments as at 30 June 2021

Stock	Weight
KCE ELECTRONICS	4.92%
WILCON DEPOT	4.56%
CHULARAT HOSPITAL	4.31%
UMS HOLDINGS	3.92%
COMFORTDELGRO	3.84%

#### DETAILS OF DISTRIBUTION AND UNIT SPLIT

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

#### DISCLOSURE OF CIRCUMSTANCES THAT MATERIALLY AFFECT THE INTEREST OF THE UNITHOLDER

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

#### POLICY ON STOCKBROKING, REBATES, AND SOFT COMMISSION

The Fund Manager does not retain any rebate from, or otherwise share in any commission with, any broker/dealer in consideration for directing dealings in the investments of the Fund. Accordingly, any rebate or shared commission will be directed to the account of the Fund. The Fund Manager may direct portfolio trades to Saturna Brokerage Services, Inc., an affiliated brokerage firm, provided, however, that the Fund pays no brokerage commission or other charges on such trades.

## 2. TRUSTEE'S REPORT

### TO THE UNITHOLDERS OF ASEAN EQUITY FUND

We have acted as Trustee for **ASEAN Equity Fund** ("the Fund") for the financial period ended 30 June 2021. To the best of our knowledge, for the year under review, **Saturna Sdn. Bhd.** ("the Manager") has operated and managed the Fund in accordance with the following: -

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

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

**Prasad A/L S Vijayasundram**

Chief Executive Officer

Kuala Lumpur, Malaysia  
27 August 2021

### 3. STATEMENT BY MANAGER

We, **Monem A. Salam** and **Dato' Dr. Lee Chee Kuon**, being two of the directors of **Saturna Sdn. Bhd.**, do hereby state that, in the opinion of the Manager, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Securities Commission's Guidelines on Unit Trust Funds in Malaysia so as to give a true and fair view of the financial position of **ASEAN EQUITY FUND** at 30 June 2021 and of its financial performance and cash flows for the financial period then ended on that date and comply with the requirements of the Deed.

For and on behalf of the Manager



**Monem Salam**

Director, Saturna Sdn Bhd



**Dato' Dr. Lee Chee Kuon**

Director, Saturna Sdn Bhd

27 August 2021

## 4. SHARIAH ADVISOR'S REPORT

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

We hereby confirm the following:

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

For **AMANIE ADVISORS SDN BHD**

**Datuk Dr. Mohd Daud Bakar**

Executive Chairman

Kuala Lumpur

27 August 2021

## 5. UNAUDITED STATEMENT OF FINANCIAL POSITION

### Opinion

In the opinion of the Fund Manager, the financial statements have been properly drawn up in accordance with Malaysian Financial Reporting Standards and the requirements of the Securities Commission's Guidelines on Unit Trust Fund so as to give a true and fair view of the financial position of the Fund as at 30 June 2021 and of its financial performance, the changes in net asset value, and the cash flows of the Fund for the period then ended.

	Note	As at 30 June 21 RM	As at 31 December 20 RM
<b>Investments</b>			
Financial asset at fair value through profit or loss	4	11,928,633	11,978,921
Short-term <i>Shariah</i> -based deposits	5	849,616	429,210
		<b>12,778,249</b>	<b>12,408,131</b>
<b>Other Assets</b>			
Amount due from stockbrokers		-	-
Amount due from manager		-	-
Amount due from distributors		-	-
Cash at bank		462,617	361,018
Other receivable		40,910	17,688
		<b>503,527</b>	<b>378,706</b>
<b>Total Assets</b>		<b>13,281,776</b>	<b>12,786,837</b>
<b>Liabilities</b>			
Amount due to manager		98,549	119,318
Amount due to trustee		543	556
Amount due to Unitholder Capital		-	-
Other payables		7,356	14,840
		<b>106,448</b>	<b>134,714</b>
<b>Net asset value attributable to Unitholders</b>	<b>6</b>	<b>13,175,328</b>	<b>12,652,123</b>
<b>Total equity and liabilities</b>		<b>13,281,776</b>	<b>12,786,837</b>
<b>Number of units in circulation</b>	<b>6</b>	<b>11,691,630</b>	<b>11,486,835</b>
<b>Net asset value per unit</b>		<b>1.1269</b>	<b>1.1014</b>

## 6. UNAUDITED STATEMENT OF COMPREHENSIVE INCOME

For the financial period ended 30 June 2021

	Note	1 January 2021 to 30 June 2021 RM	1 January 2020 to 30 June 2020 RM
<b>Income</b>			
Profit from short-term <i>Shariah</i> -based deposits		4,572	15,202
Gross Dividends Income		159,113	117,871
Gross Dividend income from non-permissible securities		13,673	1,950
Net loss on foreign exchange		(918)	(421)
Net (loss)/gain on financial assets at fair value through profit or loss	4	249,442	(890,139)
		<b>425,882</b>	<b>(755,537)</b>
<b>Less: Expenses</b>			
Administration fee	7	15,971	13,390
Distribution fee	7	15,971	13,390
Performance fee	7	26,627	-
Trustee's fee	8	3,194	2,679
Auditors' fee		5,455	5,469
Tax agent's fee		1,484	1,493
Other expenses		4,840	6,650
		<b>73,542</b>	<b>43,071</b>
<b>Net (loss)/profit before taxation &amp; purification</b>			
		<b>352,340</b>	<b>(798,608)</b>
Purification		(36,060)	(28,844)
<b>Net (loss)/profit before taxation &amp; after purification</b>			
		<b>316,280</b>	<b>(827,452)</b>
Taxation		(20,583)	(14,288)
<b>Net (loss)/profit after taxation &amp; purification</b>			
		<b>295,697</b>	<b>(841,740)</b>
<b>Net (loss)/profit after taxation is made up as follows:</b>			
Realised (loss)/gain		<b>86,204</b>	<b>(130,305)</b>
Unrealised (loss) /income net		<b>209,493</b>	<b>(711,435)</b>

## 7. UNAUDITED STATEMENT OF CHANGES IN NET ASSET VALUE

For the financial period ended 30 June 2021

	Unitholders' Capital RM	Retained Earnings RM	Total Net Asset Value RM
Net asset value as at 1 January 2021	11,529,270	1,122,853	12,652,123
<b>Movement due to creation / (cancellation) of units during the period:</b>			
Creation of units	279,034	-	279,034
Cancellation of units	(51,526)	-	(51,526)
Total comprehensive Income for the financial period	-	295,697	295,697
<b>Net asset value as at 30 June 2021</b>	<b>11,756,778</b>	<b>1,418,550</b>	<b>13,175,328</b>
Net asset value as at 1 January 2020	10,959,965	956,349	11,916,314
<b>Movement due to creation / (cancellation) of units during the period:</b>			
Creation of units	460,644	-	460,644
Cancellation of units	(40,821)	-	(40,821)
Total comprehensive Income for the financial period	-	(841,740)	(841,740)
<b>Net asset value as at 30 June 2020</b>	<b>11,379,788</b>	<b>114,609</b>	<b>11,494,397</b>



## 8. UNAUDITED STATEMENT OF CASH FLOWS

For the financial period ended 30 June 2021

	1 January 2021 to 30 June 2021	1 January 2020 to 30 June 2020
	RM	RM
<b>Cash flows (for)/from operating and Investing activities</b>		
Proceeds from sale of quoted investments	764,797	815,939
Purchase of quoted investments	(464,675)	(1,058,443)
Dividend received	127,701	125,405
Profit Murabahah received	4,541	15,223
Administration fee paid	(16,035)	(13,582)
Audit fee paid	(13,041)	(13,394)
Performance fee paid	(60,567)	(106,227)
Purification paid	(36,060)	(28,844)
Distribution fee paid	(2,734)	(2,876)
Trustee's fee paid	(3,207)	(2,717)
Tax Agent fee paid	(3,392)	(3,466)
Payment for other fees and expenses	(2,831)	(3,789)
Tax Recoverable	-	-
<b>Net cash generated (for)/from operating and investing activities</b>	<b>294,497</b>	<b>(276,771)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of units	279,034	462,644
Payments for cancellation of units	(51,526)	(40,821)
<b>Net cash generated from financing activities</b>	<b>227,508</b>	<b>421,823</b>
<b>Net increase / (decrease) In cash and cash equivalents</b>	<b>522,005</b>	<b>145,052</b>
Cash and cash equivalents at beginning of the period	790,228	1,245,518
<b>Cash and cash equivalents at end of the period</b>	<b>1,312,233</b>	<b>1,390,570</b>
<b>Cash and cash equivalents Comprise:</b>		
Cash at bank	462,617	121,347
Short-term <i>Shariah</i> -based deposits	849,616	1,269,223
	<b>1,312,233</b>	<b>1,390,570</b>

## 9. NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021

### 1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

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

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

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

*Continued on next page.*

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

### 2. BASIS OF PREPARATION

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

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

<b>MFRSs and/or IC Interpretations (Including The Consequential Amendments)</b>
Amendments to MFRS 3: Definition of a Business
Amendments to MFRS 4: Extension of the Temporary Exemption from Applying MFRS 9
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform
Amendments to MFRS 101 and MFRS 108: Definition of Material
Amendments to References to the Conceptual Framework in MFRS Standards

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.

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

<b>MFRSs and/or IC Interpretations (Including The Consequential Amendments)</b>	<b>Effective Date</b>
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform - Phase 2	1 January 2021
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendment to MFRS 16: COVID-19-Related Rent Concessions	1 June 2020
Amendment to MFRS 16: COVID-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendment to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022

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

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

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 FINANCIAL INSTRUMENTS

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

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

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

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

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

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

#### **(a) Financial Assets**

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

##### Debt Instruments

##### *(i) Amortised Cost*

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

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

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

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

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

### 3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### 3.1 FINANCIAL INSTRUMENTS *(continued)*

##### *(a) Financial Assets (continued)*

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

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

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

###### Equity Instruments

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

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

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

##### *(b) Financial Liabilities*

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

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

###### *(ii) Other Financial Liabilities*

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

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

##### *(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.

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

### 3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### 3.2 IMPAIRMENT

##### *(a) Impairment of Financial Assets*

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

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

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

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

#### 3.3 CLASSIFICATION OF REALISED AND UNREALISED GAINS AND LOSSES

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

Realised gains and losses on disposals of financial instruments classified as part of 'at fair value through profit or loss' are calculated using weighted average method. They represent the difference between an instrument's initial carrying amount and disposal amount, or cash payments or receipts made on derivative contracts (excluding payments or receipts on collateral margin account for such instruments).

#### 3.4 FUNCTIONAL AND FOREIGN CURRENCIES

##### *(a) Functional and Presentation Currency*

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

##### *(b) Foreign Currency Transactions and Balances*

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

#### 3.5 UNITHOLDERS' CONTRIBUTION

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

#### 3.6 DIVIDEND DISTRIBUTION

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

*Continued on next page.*

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

### 3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### 3.7 CASH AND CASH EQUIVALENTS

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

#### 3.8 INCOME

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

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

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

#### 3.9 INCOME TAX

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

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

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

#### 3.10 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The outbreak of the COVID-19 has brought unprecedented challenges and added economic uncertainties in the markets in which the Fund operates. While the Fund has considered the potential financial impact of the COVID-19 pandemic in the preparation of these financial statements, the full financial impact to the Fund remains uncertain. Accordingly, there is a possibility that factors not currently anticipated by the Manager of the Fund could occur in the future and therefore affect the recognition and measurement of the Fund's assets and liabilities at the reporting date.

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

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

#### 3.11 SEGMENT INFORMATION

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

#### 3.12 FAIR VALUE MEASUREMENTS

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

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

### 3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### 3.12 FAIR VALUE MEASUREMENTS *(continued)*

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

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

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

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

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

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

### 4. INVESTMENTS

	2021 RM	2020 RM
Financial assets at FVTPL		
Quoted Investments	11,928,633	10,134,017

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

	2021 RM	2020 RM
Net (loss)/gain on financial assets at FVTPL comprised: -		
Realized (loss)/gain on disposals	39,949	(178,704)
Unrealized changes in fair value	209,493	(711,435)
	<b>249,442</b>	<b>(890,139)</b>

Financial Assets designated as FVTPL as at 30 June 2021 are as detailed below:

2021	Quantity (Units)	Cost (RM)	Market Value (RM)	% of NAV
<b>Malaysia</b>				
<b>Communications</b>				
Axiata Group Bhd *	39,000	255,601	145,860	1.11
Telekom Malaysia	51,000	309,287	309,570	2.35
TIME dotCom Bhd	17,000	240,846	239,020	1.81
		<b>805,734</b>	<b>694,450</b>	<b>5.27</b>
<b>Consumer Staples</b>				
Nestle (Malaysia) Bhd	2,600	259,503	346,580	2.63
<b>Financials</b>				
Al-'Aqar Healthcare REIT	147,000	203,854	188,160	1.43
Axis Real Estate Investment Trust	200,000	350,802	382,000	2.90
BIMB Holdings Bhd	86,000	331,781	333,680	2.53
Syarikat Takaful Malaysia	105,000	262,937	456,750	3.47
		<b>1,149,374</b>	<b>1,360,590</b>	<b>10.33</b>
<b>Health Care</b>				
IHH Healthcare Bhd	62,000	266,968	339,140	2.57
KPJ Healthcare Bhd	280,000	249,886	282,800	2.15
		<b>516,854</b>	<b>621,940</b>	<b>4.72</b>
<b>Industrials</b>				
Gamuda Bhd *	40,000	190,038	125,200	0.95
Hartalega Holdings Bhd	28,000	165,382	205,800	1.56
		<b>355,420</b>	<b>331,000</b>	<b>2.51</b>
<b>Indonesia</b>				
<b>Communications</b>				
Telekomunikasi Indonesia	370,000	256,085	333,689	2.53

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

### 4. INVESTMENTS *(continued)*

Financial Assets designated as FVTPL as at 30 June 2021 are as detailed below:

2021	Quantity (Units)	Cost (RM)	Market Value (RM)	% of NAV
<b>Indonesia <i>(continued)</i></b>				
<b>Consumer Discretionary</b>				
Ace Hardware Indonesia	1,000,000	445,082	357,882	2.72
Ramayana Lestari Sentosa Tbk	750,000	327,363	144,942	1.10
		<b>772,445</b>	<b>502,824</b>	<b>3.82</b>
<b>Consumer Staples</b>				
Indofood CBP Sukses Makmur	100,000	264,824	233,339	1.77
Unilever Indonesia	220,000	421,752	311,787	2.37
		<b>686,576</b>	<b>545,126</b>	<b>4.14</b>
<b>Health Care</b>				
Kalbe Farma	595,000	251,927	238,493	1.81
<b>Singapore</b>				
<b>Communications</b>				
Singapore Telecommunications	38,000	355,308	268,663	2.04
<b>Consumer Discretionary</b>				
ComfortDelGro Corp Ltd	100,000	566,097	506,329	3.84
<b>Industrials</b>				
SATS Ltd	30,000	348,455	364,001	2.76
<b>Technology</b>				
UMS Holdings	110,000	371,706	516,209	3.92
Venture Corp Ltd.	7,000	366,191	415,159	3.15
		<b>737,897</b>	<b>931,368</b>	<b>7.07</b>
<b>Thailand</b>				
<b>Communications</b>				
Plan B Media Public Foreign	520,000	382,890	417,822	3.17
Intouch Holdings Public Co. Ltd	35,000	313,657	294,834	2.24
		<b>696,547</b>	<b>712,656</b>	<b>5.41</b>
<b>Consumer Discretionary</b>				
Siam Wellness Group PCL	75,000	120,015	75,329	0.57
<b>Consumer Staples</b>				
Carabao Group Company Ltd	24,000	169,458	440,113	3.34
<b>Health Care</b>				
Chularat Hospital PCL-Foreign	1,100,000	378,992	567,378	4.31
<b>Industrials</b>				
Airports Of Thailand	40,000	340,586	321,402	2.44
Delta Electronics PCL Foreign	4,800	133,814	359,555	2.73
Frasers Property Thailand Foreign Industrial REIT	80,000	163,304	143,076	1.09
		<b>637,704</b>	<b>824,033</b>	<b>6.26</b>
<b>Technology</b>				
KCE Electronics PCL - Foreign	65,000	350,415	648,635	4.92

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

### 4. INVESTMENTS (continued)

Financial Assets designated as FVTPL as at 30 June 2021 are as detailed below:

2021	Quantity (Units)	Cost (RM)	Market Value (RM)	% of NAV
<b>Philippines</b>				
<b>Consumer Discretionary</b>				
Wilcon Depot, Inc	350,000	378,290	600,177	4.56
<b>Consumer Staples</b>				
D&L Industries Inc	500,000	428,734	347,639	2.64
<b>Industrials</b>				
Concepcion Industrial Corp	54,000	211,504	100,641	0.76
<b>Materials</b>				
Holcim Philippines Inc.	240,000	260,253	142,357	1.08
<b>Utilities</b>				
Manila Electric Co	18,000	374,403	424,622	3.22
<b>Total Quoted Equity Securities</b>		<b>11,067,990</b>	<b>11,928,633</b>	<b>90.54</b>

\* These securities are Qualified Compliant<sup>1</sup> as of 30th June 2021.

<sup>1</sup> "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.

Financial Assets designated as FVTPL as at 30 June 2020 are as detailed below:

2020	Quantity (Units)	Cost (RM)	Market Value (RM)	% of NAV
<b>Malaysia</b>				
<b>Communications</b>				
Axiata Group Bhd *	39,000	255,601	138,450	1.20
Telekom Malaysia *	36,000	210,955	149,400	1.30
		<b>466,556</b>	<b>287,850</b>	<b>2.50</b>
<b>Consumer Staples</b>				
Nestle (Malaysia) Bhd	2,925	291,941	409,207	3.56
<b>Financials</b>				
Al-'Aqar Healthcare REIT	147,000	203,854	202,860	1.76
Axis Real Estate Investment Trust	150,000	245,889	309,000	2.69
BIMB Holdings Bhd	86,000	331,781	294,120	2.56
Syarikat Takaful Malaysia	105,000	262,937	467,250	4.07
		<b>1,044,461</b>	<b>1,273,230</b>	<b>11.08</b>
<b>Health Care</b>				
IHH Healthcare Bhd	62,000	266,968	341,000	2.97
KPJ Healthcare Bhd	280,000	249,886	235,200	2.05
		<b>516,854</b>	<b>576,200</b>	<b>5.02</b>
<b>Industrials</b>				
Gamuda Bhd *	40,000	190,038	145,600	1.27
Hartalega Holdings Bhd	70,000	155,112	910,000	7.92
		<b>345,150</b>	<b>1,055,600</b>	<b>9.19</b>

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

### 4. INVESTMENTS (continued)

Financial Assets designated as FVTPL as at 30 June 2020 are as detailed below:

2020	Quantity (Units)	Cost (RM)	Market Value (RM)	% of NAV
<b>Indonesia</b>				
<b>Communications</b>				
Telekomunikasi Indonesia	370,000	256,085	334,940	2.91
<b>Consumer Discretionary</b>				
Ace Hardware Indonesia	1,000,000	445,082	448,170	3.90
Ramayana Lestari Sentosa Tbk	750,000	327,363	132,448	1.15
		<b>772,445</b>	<b>580,618</b>	<b>5.05</b>
<b>Consumer Staples</b>				
Indofood CBP Sukses Makmur	100,000	264,824	277,509	2.41
Unilever Indonesia	170,000	300,670	398,604	3.47
		<b>565,494</b>	<b>676,113</b>	<b>5.88</b>
<b>Health Care</b>				
Kalbe Farma	595,000	251,927	257,831	2.24
<b>Industrial</b>				
Pembangunan Perumahan (Persero)*	215,000	230,725	55,517	0.48
<b>Singapore</b>				
<b>Communications</b>				
Singapore Telecommunications*	38,000	355,308	287,542	2.50
<b>Consumer Discretionary</b>				
ComfortDelGro Corp Ltd	65,000	419,035	289,911	2.52
<b>Industrials</b>				
SATS Ltd	10,000	156,244	87,973	0.77
<b>Technology</b>				
UMS Holdings	30,000	115,530	82,590	0.72
Venture Corp Ltd.	5,000	220,054	248,846	2.16
		<b>340,584</b>	<b>331,436</b>	<b>2.88</b>
<b>Thailand</b>				
<b>Communications</b>				
Plan B Media Public Foreign	520,000	382,890	433,014	3.77
Intouch Holdings Public Co. Ltd	35,000	313,657	273,236	2.38
		<b>696,547</b>	<b>706,250</b>	<b>6.15</b>
<b>Consumer Discretionary</b>				
Bangkok Airways Public Co Ltd*	71,000	202,638	61,587	0.54
Siam Wellness Group PCL	75,000	120,015	71,822	0.62
		<b>322,653</b>	<b>133,409</b>	<b>1.16</b>
<b>Consumer Staples</b>				
Carabao Group Company Ltd	57,735	407,652	833,337	7.25
<b>Health Care</b>				
Chularat Hospital PCL-Foreign	800,000	264,887	273,132	2.38

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

### 4. INVESTMENTS (continued)

Financial Assets designated as FVTPL as at 30 June 2020 are as detailed below:

2020	Quantity (Units)	Cost (RM)	Market Value (RM)	% of NAV
<b>Thailand (continued)</b>				
<b>Technology</b>				
KCE Electronics PCL-Foreign	38,000	256,774	120,245	1.05
<b>Philippines</b>				
<b>Consumer Discretionary</b>				
Jollibee Foods Corp	18,000	226,058	217,150	1.89
Wilcon Depot, Inc	350,000	378,290	466,872	4.06
		<b>604,348</b>	<b>684,022</b>	<b>5.95</b>
<b>Consumer Staples</b>				
D&L Industries Inc	500,000	428,734	215,426	1.87
<b>Industrials</b>				
Concepcion Industrial Corp	54,000	211,504	97,485	0.85
DMCI Holdings Inc	50,000	66,681	17,665	0.15
		<b>278,185</b>	<b>115,150</b>	<b>1.00</b>
<b>Materials</b>				
Holcim Philippines Inc.*	240,000	260,253	133,392	1.16
<b>Utilities</b>				
Manila Electric Co	18,000	374,403	415,686	3.62
<b>Total Quoted Equity Securities</b>		<b>9,907,245</b>	<b>10,134,017</b>	<b>88.17</b>

\* These securities are Qualified Compliant<sup>1</sup> as of 30 June 2020.

<sup>1</sup> "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.

Continued on next page.

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

### 5. SHORT-TERM SHARIAH-BASED DEPOSITS

Short-term deposits bore a weighted average effective profit rate of 1.63% (2020 : 1.91%) per annum at the end of the previous reporting period. The short-term deposits had maturity periods ranging from 7 to 30 days. (2020 : 7 to 30 days)

### 6. NET ASSET VALUE ATTRIBUTABLE TO UNITHOLDERS

	2021	2020
	RM	RM
Unitholders' contribution	11,756,778	11,379,788
Retained earnings		
Realised reserve	422,239	422,295
Unrealised reserve	996,311	(307,686)
	<b>13,175,328</b>	<b>11,494,397</b>

#### Unitholders Contribution

	2021		2020	
	Number of Units	RM	Number of Units	RM
At beginning of the financial year	11,486,835	11,529,270	10,913,276	10,959,965
Creation of units	250,981	279,034	478,974	460,644
Cancellation of units	(46,186)	(51,526)	(40,265)	(40,821)
At end of the financial period	<b>11,691,630</b>	<b>11,756,778</b>	<b>11,351,985</b>	<b>11,379,788</b>

### 7. MANAGER'S FEE

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

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

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

### 8. TRUSTEE'S FEE

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

### 9. UNITS HELD BY DIRECTORS OF THE MANAGER AND RELATED PARTIES

	2021		2020	
	Number of Units	RM	Number of Units	RM
Director of the Manager	469,138	528,673	451,545	457,209
Related party to the Director of the Manager	10,461,769	11,789,394	10,069,436	10,195,758
	<b>10,930,907</b>	<b>12,318,067</b>	<b>10,520,981</b>	<b>10,652,967</b>

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

### 10. TRANSACTIONS WITH INVESTMENT BANKS

Details of transactions with investment banks for the financial period from 1 January 2021 to 30 June 2021 are as follows:-

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

2020	Value of Trade	Percentage of Total Trade	Brokerage Fees	Percentage of Total Brokerage Fees
	RM	%	RM	%
CIMB Investment Bank Berhad	-	-	-	-
Maybank Investment Bank Berhad	1,167,410	62.30	2,391	62.87
RHB Investment Bank Berhad	706,317	37.70	1,412	37.13
	<b>1,873,727</b>	<b>100.00</b>	<b>2,509</b>	<b>100.00</b>

The above transactions were in respect of listed securities.

### 11. FINANCIAL INSTRUMENTS

#### (a) Classification of Financial Instruments

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

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

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

### 11. FINANCIAL INSTRUMENTS (continued)

#### (a) Classification of Financial Instruments (continued)

2020	Financial Asset at FVTPL RM	Financial Asset at Amortised Cost RM	Financial Liabilities at Amortised Cost RM	Total RM
<b>Assets</b>				
Investments	10,134,017	-	-	10,134,017
Amount owing from Manager	-	-	-	-
Amount owing from distributor	-	500	-	500
Sundry receivables	-	20,548	-	20,548
Short-term <i>Shariah</i> -based deposits	-	1,269,223	-	1,269,223
Cash at bank	-	121,347	-	121,347
<b>Total financial assets</b>	<b>10,134,017</b>	<b>1,411,618</b>	<b>-</b>	<b>11,545,635</b>
<b>Liabilities</b>				
Other payables and accruals	-	-	6,961	6,961
Amount owing to Unitholder Capital	-	-	500	500
Amount owing to Manager	-	-	43,277	43,277
Amount owing to Trustee	-	-	500	500
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>51,238</b>	<b>51,238</b>

	2021 Income, expense, gains and losses RM	2020 Income, expense, gains and losses RM
Net losses and gains from financial assets at FVTPL	209,493	(711,435)
Profit from short-term <i>Shariah</i> -based deposits	4,572	15,202

#### (b) Fair Value Measurements

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

2021	Financial Instruments Carried At Fair Value			Total Fair Value RM	Carrying Amount RM
	Level 1 RM	Level 2 RM	Level 3 RM		
<b>Financial Asset</b>					
Investments	11,928,633	-	-	11,928,633	11,928,633

2020	Financial Instruments Carried At Fair Value			Total Fair Value RM	Carrying Amount RM
	Level 1 RM	Level 2 RM	Level 3 RM		
<b>Financial Asset</b>					
Investments	10,134,017	-	-	10,134,017	10,134,017

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

#### Quoted equity instruments

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

Continued on next page.



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

### 12. FINANCIAL RISK MANAGEMENT POLICIES

#### **(a) Introduction**

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

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

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

#### **(b) Risk Management Structure**

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

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

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

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

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

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

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

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

#### **(c) Market Risk**

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

##### **(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.

*Continued on next page.*

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

### 12. FINANCIAL RISK MANAGEMENT POLICIES *(continued)*

#### **(c) Market Risk *(continued)***

##### **(ii) Equity Price Risk**

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

##### **(iii) Currency Risk**

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

##### **(iv) Counterparties Risk**

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

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

##### Credit risk exposure

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

##### Assessment of Impairment Losses

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

##### **(v) Liquidity Risk**

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

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

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

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

### 12. FINANCIAL RISK MANAGEMENT POLICIES (continued)

#### (c) Market Risk (continued)

##### (v) Liquidity Risk (continued)

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

2021	Less than 3 months RM	3 months – 1 year RM	Total RM
<b>Financial assets:-</b>			
Financial assets held at FVTPL	11,928,633	-	11,928,633
Short-term <i>Shariah</i> -based deposits	849,616	-	849,616
Cash at bank	462,617	-	462,617
Other assets	40,910	-	40,910
<b>Total financial assets</b>	<b>13,281,776</b>	<b>-</b>	<b>13,281,776</b>
<b>Financial liability:-</b>			
Other liabilities	106,448	-	106,448
<b>Total net financial assets</b>	<b>13,175,328</b>	<b>-</b>	<b>13,175,328</b>
<b>2020</b>			
2020	Less than 3 months RM	3 months – 1 year RM	Total RM
<b>Financial assets:-</b>			
Financial assets held at FVTPL	10,134,017	-	10,134,017
Short-term <i>Shariah</i> -based deposits	1,269,223	-	1,269,223
Cash at bank	121,347	-	121,347
Other assets	21,048	-	21,048
<b>Total financial assets</b>	<b>11,545,635</b>	<b>-</b>	<b>11,545,635</b>
<b>Financial liability:-</b>			
Other liabilities	51,238	-	51,238
<b>Total net financial assets</b>	<b>11,494,397</b>	<b>-</b>	<b>11,494,397</b>

### 13. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The worsening of the macro-economic outlook as a result of COVID-19, both domestically and globally, has impacted the fund's performance during the financial year end. The Manager continues monitoring the situation closely and will be managing the portfolio to achieve the Fund's objective.

## 10. CORPORATE INFORMATION

### The Fund Manager

Saturna Sdn Bhd 199501012969 (342171-V)

### Registered Office

15-B, Jalan Tun Mohd Fuad 3

Taman Tun Dr. Ismail

60000 Kuala Lumpur

Tel: 03-77268128 Fax: 03-77279702

### Business Office

Suite 5.03, 5<sup>th</sup> Floor, Menara Atlan

161B Jalan Ampang

50450 Kuala Lumpur

Tel: 03-21645303 Fax: 03-21645308

### Board of Directors

Jane Carten (Chairperson)

Monem A. Salam

Dato' Dr. Lee Chee Kuon

Dato' Dr. Vaseehar Hassan Bin Abdul Razack

Md. Noor Bin Haji A.Rahman

### Investment Committee

Nicholas F. Kaiser

Monem A. Salam

Dato' Dr. Vaseehar Hassan Bin Abdul Razack

Md. Noor Bin Haji A.Rahman

Zahid Siddique

### The Trustee

SCBMB Trustee Berhad 201201021301 (1005793-T)

### Shariah Advisor

Amanie Advisors Sdn Bhd 200501007003 (684050-H)

### Company Secretarial

Fulcrum Management Sdn Bhd 199301021951 (276689-A)

### Auditors & Reporting Accountants

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

### Tax Advisor

Crowe KL Tax Sdn Bhd 197101000345 (10709-X)

### Solicitors

Wei Chien & Partners

### Banker

Standard Chartered Saadiq Berhad 200801022118 (823437K)

