

MyETF DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25

UNAUDITED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

(Financial Year Ending 31 December 2019)

	<u>Note</u>	<u>30 June 2019</u> RM	<u>Audited</u> <u>31 December 2018</u> RM
ASSETS			
Cash and cash equivalents	6	794,331	1,060,542
Financial assets at fair value through profit or loss	4	301,281,490	304,449,221
Dividends receivable	5	195,152	422,790
TOTAL ASSETS		<u>302,270,973</u>	<u>305,932,553</u>
LIABILITIES			
Amount due to Manager		92,067	102,920
Amount due to Trustee		11,508	12,864
Auditors' remuneration		7,511	14,782
Tax agent's fee		4,732	4,960
Shariah adviser's fee		15,851	15,913
Payables	7	178,017	104,331
TOTAL LIABILITIES		<u>309,686</u>	<u>255,770</u>
NET ASSET VALUE OF THE FUND		<u>301,961,287</u>	<u>305,676,783</u>
EQUITY			
Unit holders' capital		287,530,544	289,739,744
Retained earnings		14,430,743	15,937,039
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS	9	<u>301,961,287</u>	<u>305,676,783</u>
NUMBER OF UNITS IN CIRCULATION	9	<u>273,900,000</u>	<u>275,900,000</u>
NET ASSET VALUE PER UNIT (RM)		<u>1.1025</u>	<u>1.1079</u>

The accompanying notes to the financial statements form an integral part of these financial statements.

MyETF DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2019 TO 30 JUNE 2019**
(Financial Year Ending 31 December 2019)

	<u>Note</u>	<u>01.01.2019</u> <u>to</u> <u>30.06.2019</u> <u>RM</u>	<u>01.01.2018</u> <u>to</u> <u>30.06.2018</u> <u>RM</u>
INVESTMENT INCOME/(LOSS)			
Gross dividend income		3,747,179	4,601,146
Profit from short term Shariah-compliant deposits		32,928	20,487
Net gain/(loss) on financial assets at fair value through profit or loss	4	2,413,683	(13,062,599)
		<u>6,193,790</u>	<u>(8,440,966)</u>
EXPENSES			
Management fee	12	(583,982)	(624,378)
Trustee's fee	13	(72,998)	(78,050)
License fee	14	(58,398)	(62,438)
Transaction cost		(208,758)	(75,307)
Auditors' remuneration		(7,357)	(7,398)
Tax agent's fee		(2,318)	(2,331)
Shariah adviser's fee		(3,188)	(3,206)
Purification of non Shariah-compliant income		(20,636)	(36,631)
Other expenses	15	(10,491)	(55,698)
		<u>(968,126)</u>	<u>(945,437)</u>
PROFIT/(LOSS) BEFORE TAXATION		5,225,664	(9,386,403)
Taxation	16	-	-
PROFIT/(LOSS) AFTER TAXATION AND TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE FINANCIAL PERIOD		<u>5,225,664</u>	<u>(9,386,403)</u>
Profit/(Loss) after taxation is made up as follows:			
Realised amount		(2,130,279)	8,632,086
Unrealised amount		7,355,943	(18,018,489)
		<u>5,225,664</u>	<u>(9,386,403)</u>

The accompanying notes to the financial statements form an integral part of these financial statements.

MyETF DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25

**UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2019 TO 30 JUNE 2019**
(Financial Year Ending 31 December 2019)

	Note	Unit holders' capital RM	Retained earnings RM	Total RM
Balance as at 1 January 2019		289,739,744	15,937,039	305,676,783
Total comprehensive loss for the financial period		-	5,225,664	5,225,664
Distribution for the financial year ended 31 December 2018	17	-	(6,731,960)	(6,731,960)
Cancellation of units		(2,209,200)	-	(2,209,200)
Balance as at 30 June 2019		287,530,544	14,430,743	301,961,287
Balance as at 1 January 2018		290,554,754	33,027,888	323,582,642
Total comprehensive income for the financial period		-	(9,386,403)	(9,386,403)
Distribution for the financial year ended 31 December 2017	17	-	(6,125,570)	(6,125,570)
Creation of units		29,243,400	-	29,243,400
Cancellation of units		(30,058,410)	-	(30,058,410)
Balance as at 30 June 2018		289,739,744	17,515,915	307,255,659

The accompanying notes to the financial statements form an integral part of these financial statements.

MyETF DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25

UNAUDITED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2019 TO 30 JUNE 2019
 (Financial Year Ending 31 December 2019)

	<u>Note</u>	<u>01.01.2019</u> <u>to</u> <u>30.06.2019</u> <u>RM</u>	<u>01.01.2018</u> <u>to</u> <u>30.06.2018</u> <u>RM</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in purchase of investments		(67,977,313)	(25,640,908)
Proceeds from sales of investments		71,143,288	25,792,991
Dividends received		3,974,817	4,386,199
Profit from short term Shariah-compliant deposits		32,928	20,487
Management fee paid		(589,834)	(626,169)
Trustee fee paid		(74,353)	(78,274)
License fee paid		-	(27,944)
Payment for other fees and expenses		(41,265)	(187,155)
		<u>6,468,268</u>	<u>3,639,227</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from creation of units	21	-	41,500
Payments for cancellation of units	21	(2,520)	(45,162)
Payment for income distribution	17	(6,731,960)	(6,125,570)
		<u>(6,734,480)</u>	<u>(6,129,232)</u>
		(266,212)	(2,490,005)
NET DECREASE IN CASH AND CASH EQUIVALENTS			
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD		<u>1,060,543</u>	<u>3,170,565</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD		<u>6</u> <u>794,331</u>	<u>680,560</u>

The accompanying notes to the financial statements form an integral part of these financial statements.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2019 TO 30 JUNE 2019**

Unless otherwise stated, the following accounting policies have been applied consistently in dealing with items that are considered material in relation to the financial statements.

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Exchange-Traded Fund (“the Fund”) have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) and International Financial Reporting Standards (“IFRS”).

The financial statements have been prepared under the historical cost convention, except as disclosed in the summary of significant accounting policies.

The preparation of financial statements in conformity with MFRS and IFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the financial period. It also requires the Manager to exercise their judgement in the process of applying the Fund’s accounting policies. Although these estimates and judgement are based on the Manager’s best knowledge of current events and actions, actual results may differ.

Estimates and judgements are continually evaluated by the Manager and the Trustee and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Fund makes estimates and assumptions concerning the future. The resulting accounting estimates will by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the Fund’s results and financial position are tested for sensitivity to changes in the underlying parameters.

(a) Standards, amendments to published standards and interpretations that are effective

The Fund has applied the following amendments for the first time for the financial year beginning on 1 January 2019:

- Amendments to MFRS 112 ‘Income Taxes’ clarify that where income tax consequences of dividends on financial instruments classified as equity is recognised (either in profit or loss, other comprehensive income or equity) depends on where the past transactions that generated distributable profits were recognised.

Accordingly, the tax consequences are recognised in profit or loss when an entity determines payments on such instruments are distribution of profits (that is, dividends). Tax on dividend should not be recognised in equity merely on the basis that it is related to a distribution to owners.

There are no other standards, amendments to standards or interpretations that are effective that have a material effect on the financial statements of the Fund.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2019 TO 30 JUNE 2019**

B INCOME FROM SHARIAH-COMPLIANT FINANCIAL INSTRUMENTS

Profit income

Profit income from short term deposits with licensed Shariah-compliant financial institutions are recognised based on effective profit rate method on an accrual basis.

Profit is calculated by applying the effective profit rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective profit rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Dividend income

Dividend income is recognised on the ex-date when the right to receive payment is established.

For quoted equities, realised gains and losses on sale of investments are accounted for as the difference between the net disposal proceeds and the carrying amount of investments, determined on a weighted average cost basis.

C NON SHARIAH-COMPLIANT INCOME

Any income or distribution received by the Fund from its investment portfolio which relates to profit income or dividend income from fortuitous activities (does not comply with the Shariah principles) of the underlying companies is considered non Shariah-compliant income.

This non Shariah-compliant Income is subject to an income purification process as determined by the Index Provider from time to time and without limitation based on the impure ratio for each component stock as determined by S&P Dow Jones Indices. The non Shariah-compliant income may be distributed to organisations considered beneficial to the public at large which are endorsed by the Shariah Adviser and approved by the Trustee. The amount is recognised as an expense in profit or loss.

D TAXATION

Current tax expense is determined according to the Malaysian tax laws and includes all taxes based upon the taxable profits.

E CASH AND CASH EQUIVALENTS

For the purpose of the cash flow statement, cash and cash equivalents comprise cash and bank balances and deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2019 TO 30 JUNE 2019
(CONTINUED)**

F FINANCIAL ASSETS AND LIABILITIES

(i) Classification

Financial assets are designated at fair value through profit or loss when they are managed and their performance evaluated on a fair value basis.

The Fund classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either other comprehensive income or through profit or loss), and
- those to be measured at amortised cost

The Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and make decisions. The Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. The contractual cash flows of the Fund's debt securities are solely principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments are measured at fair value through profit or loss.

The Fund classifies cash and cash equivalents and dividend receivables as financial assets at amortised cost as these financial assets are held to collect contractual cash flows consisting of the amount outstanding.

The Fund classifies amount due to Manager, amount due to Trustee, auditors' remuneration, tax agent's fee, Shariah adviser's fee and payables as other financial liabilities measured at amortised cost.

(ii) Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Fund commits to purchase or sell the asset. Investments are initially recognised at fair value. Transaction costs are expensed in profit or loss.

Financial liabilities are recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2019 TO 30 JUNE 2019
(CONTINUED)**

F FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

(ii) Recognition and measurement (continued)

Unrealised gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss are presented in the statement of comprehensive income within 'net gain/(loss) on financial assets at fair value through profit and loss' in the period in which they arise.

Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income as part of gross dividend income when the Fund's right to receive payments is established.

Investments principally consist of quoted investments which are initially recognised at fair value and subsequently re-measured at fair value based on the market price quoted on the relevant stock exchanges at the close of the business on the valuation day, where the close price falls within the bid-ask spread. In circumstances where the close price is not within the bid-ask spread, the Manager will determine the point within the bid-ask spread that is most representative of the fair value. Purchases and sales of investments are accounted for on the trade date.

If a valuation based on the market price does not represent the fair value of the securities, for example during the abnormal market conditions or no market price is available, including in the event of a suspension in the quotation of the securities for a period exceeding 14 days, or such shorter period as agreed by Trustee, the securities are valued as determined in good faith by the Manager, based on the methods and bases approved by the Trustee after appropriate technical consultation.

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised as profit or loss when the liabilities are derecognised and through the amortisation process.

Islamic deposits with licensed financial institutions are stated at cost plus accrued profit calculated in the effective profit method over the period from the date of placement to the date of maturity of the respective deposits. Financial assets at amortised cost and financial liabilities are subsequently carried at amortised cost using the effective profit rate method.

(iii) Impairment of financial assets

The Fund measures credit risk and expected credit losses using probability of default and loss given default. Management considers both historical analysis and forward looking information in determining any expected credit loss. Management 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 allowance has been recognised based on 12 month expected credit losses as any such impairment would be wholly insignificant to the Fund.

Significant increase in credit risk

A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due or a counterparty credit rating which has fallen below BBB/Baa.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2019 TO 30 JUNE 2019
(CONTINUED)**

F FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

(iii) Impairment of financial assets (continued)

Definition of default and credit-impaired financial assets

Any contractual payment which is more than 90 days past due is considered credit impaired.

Write-off

The Fund writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Fund may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains. There are no write-offs/recoveries during the financial year.

G UNIT HOLDERS' CAPITAL

The unit holders' contributions to the Fund meet the criteria to be classified as equity instruments under MFRS 132 "Financial Instruments: Presentation". Those criteria include:

- the units entitle the holder to a proportionate share of the Fund's net asset value;
- the units are the most subordinated class and class features are identical;
- there is no contractual obligations to deliver cash or another financial asset other than the obligation on the redemption of units; and
- the total expected cash flows from the units over its life are based substantially on the profit or loss of the Fund.

The outstanding units are carried at the redemption amount that is payable at each financial period if unit holder exercises the right to put the unit back to the Fund.

Units are created and cancelled at prices based on the Fund's net asset value per unit at the time of creation or cancellation. The Fund's net asset value per unit is calculated by dividing the net assets attributable to unit holders with the total number of outstanding units. In accordance with the Securities Commission ("SC") Guidelines on Exchange-Traded Funds, investment positions are valued based on the last traded market price for the purpose of determining the net asset value per unit for creations and cancellations.

I PRESENTATION AND FUNCTIONAL CURRENCY

The financial statements are presented in Ringgit Malaysia, which is the Fund's presentation and functional currency.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2019 TO 30 JUNE 2019
(CONTINUED)**

J SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer (“CEO”) of the Fund’s manager that undertakes strategic decisions for the Fund.

K DISTRIBUTION

Distributions are at the discretion of the Fund. A distribution to the Fund’s unit holders is accounted for as a deduction from realised reserves. A proposed distribution is recognised as a liability in the year in which it is approved by the Board of Directors of the Manager.

The basis for ascertaining income available for distribution by the Fund to its unit holders, which are subject to conditions imposed by the SC, are as follows;

- (i) The distributable income is the net realised income from profit, dividend and other distributions, after deducting the costs/expenses as allowed by the Deed;
- (ii) No adjustment will be made from any realised capital gains or losses as a result of price appreciation or depreciation of the underlying securities;
- (iii) Unrealised income or gains of the Fund will not be distributed to Unit holders and unrealised losses (including capital losses) will not be deducted.

MyETF DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2019 TO 30 JUNE 2019

1 INFORMATION ON THE FUND

The Exchange-Traded Fund (the “Fund”) was constituted under the name MyETF Dow Jones Islamic Market Malaysia Titans 25 pursuant to the execution of a trust deed dated 17 January 2008 and supplemental deed dated 9 December 2016 and 19 June 2017 (the “Deed”) entered into between *i*-VCAP Management Sdn. Bhd. (the “Manager”) and Deutsche Trustees Malaysia Berhad (the “Trustee”).

The Fund was launched on 21 January 2008 and will continue its operations until terminated in accordance with Part 25 of the Deed.

The Fund is an exchange traded fund that is designed to provide investment results that closely correspond to the performance of the Dow Jones Islamic Market Malaysia Titans 25 Index (“Benchmark Index”), regardless of its performance. The Benchmark Index is a free float-adjusted, market capitalization weighted index representing securities of 25 leading Shariah-compliant Malaysian companies listed on Bursa Malaysia Securities Berhad. All investments will be subjected to the SC Guidelines on Exchange-Traded Funds, the Deed and the objective of the Fund.

As provided in the Deed, the financial year shall end on 31 December.

The Manager is a company incorporated in Malaysia. The principal activity of the Manager is the provision of Shariah investment management services.

2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund is exposed to a variety of risks which include market risk, profit rate risk and credit/default risk from the following financial instruments:

	Note	Amortised cost RM	Financial asset at fair value through profit or loss RM	Total RM
<u>30 June 2019</u>				
Cash and cash equivalents	6	794,331	-	794,331
Financial assets at fair value through profit or loss	4	-	301,281,490	301,281,490
Dividends receivable	5	195,152	-	195,152
Total		989,483	301,281,490	302,270,973
<u>31 December 2018</u>				
Cash and cash equivalents	6	1,060,542	-	1,060,542
Financial assets at fair value through profit or loss	4	-	304,449,221	304,449,221
Dividends receivable	5	422,790	-	422,790
Total		1,483,332	304,449,221	305,932,553

MyETF DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2019 TO 30 JUNE 2019
(CONTINUED)**

2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

All current liabilities are financial liabilities which are carried at amortised cost.

Financial risk management is carried out through internal control processes adopted by the Manager and adherence to the investment restrictions as stipulated in the SC Guidelines on Exchange-Traded Funds.

Market risk

Price Risk

The Fund is exposed to equity securities price risk arising from investments held by the Fund for which prices in the future are uncertain. The very nature of an exchange-traded fund, however, helps mitigate this risk because a fund would generally hold a well-diversified portfolio of securities from different market sectors so that the collapse of any one security or any one market sector would not impact too greatly on the value of the fund.

At 30 June, the fair value of equities exposed to price risk was as follows:

	<u>30 June 2019</u> RM	<u>31 December 2018</u> RM
Financial assets at fair value through profit or loss	301,281,490	304,449,221

The table below summarises the sensitivity of the Fund's unrealized income or loss to equity price movements as at 30 June 2019. The analysis is based on the assumptions that the Dow Jones Islamic Market Malaysia Titans 25 Index ("the Index") increased by 10% and decreased by 10%, with all other variables held constant, and that the fair value of the Fund's portfolio of equity securities moved in correlation with the Index.

<u>% Change in benchmark index</u>	<u>Benchmark index</u>	<u>Market value</u> RM	<u>Impact to profit</u> <u>after tax/NAV</u> RM
<u>30 June 2019</u>			
-10%	888.19	272,215,611	(29,065,879)
0%	986.88	301,281,490	-
10%	1,085.57	330,347,369	29,065,879
<u>31 December 2018</u>			
-10%	876.68	274,348,943	(30,100,278)
0%	974.09	304,449,221	-
10%	1,071.50	334,549,498	30,100,278

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2019 TO 30 JUNE 2019
(CONTINUED)**

2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market risk (continued)

Price Risk (continued)

The Index is used as a benchmark as the Fund is designed to provide investment results that closely correspond to the performance of the Index.

Profit rate risk

Cash flow profit rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market profit rates.

The fund's exposure to profit rate risk is mainly confined to Shariah-compliant deposits with licensed banks. The Manager overcomes this by way of maintaining deposits on a short term basis.

The fund's exposure to profit rate risk associated with Shariah-compliant deposits with licensed banks is not material as the deposit is held on a short-term basis.

Credit/Default risk

The Fund is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The credit risk arising from placements of deposits in licensed financial institutions is managed by ensuring that the Fund will only place deposits in reputable licensed financial institutions. The settlement terms of the proceeds from the creation of units receivable from the Manager are governed by the SC's Guidelines on Exchange-Traded Funds.

The credit/default risk is minimal as all transactions in quoted investments are settled/paid upon delivery using approved brokers.

The maximum exposure to credit risk before any credit enhancements at 30 June 2019 is the carrying amount of the financial assets as set out below:

	<u>Cash and cash equivalents</u> RM	<u>Dividends receivable</u> RM	<u>Total</u> RM
<u>30 June 2019</u>			
Financial institutions			
– AAA	551,312	-	551,312
– A2	243,019	-	243,019
Others	-	195,152	195,152
	<u>794,331</u>	<u>195,152</u>	<u>989,483</u>
<u>31 December 2018</u>			
Financial institutions			
– AAA	1,060,542	-	1,060,542
Others	-	422,790	422,790
	<u>1,060,542</u>	<u>422,790</u>	<u>1,483,332</u>

MyETF DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2019 TO 30 JUNE 2019 (CONTINUED)

3 CAPITAL AND LIQUIDITY RISK MANAGEMENT

The capital of the Fund is represented by the net assets attributable to unit holders as shown in the Statement of Financial Position. The amount of net assets attributable to unit holders can change significantly on a daily basis as the Fund is subject to daily creations and cancellations of units at the discretion of unit holders. The Manager will provide perfect basket which comprises a portfolio of the Benchmark Index shares in substantially the same composition and weighting as the Benchmark Index and cash component to be delivered by the investors in the case of creations and to be transferred to the unit holders in the case of cancellations. The Fund maintains sufficient quantity of shares and cash in proportion to the perfect basket.

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts in the table below are the contractual undiscounted cash flows.

	<u>Within one month</u> RM	<u>One month to one year</u> RM	<u>Total</u> RM
<u>30 June 2019</u>			
Amount due to Manager	92,067	-	92,067
Amount due to Trustee	11,508	-	11,508
Auditors' remuneration	-	7,511	7,511
Tax agent's fee	-	4,732	4,732
Shariah adviser's fee	-	15,851	15,851
Payables	-	178,017	178,017
	<u>103,575</u>	<u>206,111</u>	<u>309,686</u>
<u>31 December 2018</u>			
Amount due to Manager	102,920	-	102,920
Amount due to Trustee	12,864	-	12,864
Auditors' remuneration	-	14,782	15,155
Tax agent's fee	-	4,960	5,078
Shariah adviser's fee	-	15,913	15,913
Payables	-	104,331	103,840
	<u>115,784</u>	<u>139,986</u>	<u>255,770</u>

4 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>30 June 2019</u> RM	<u>31 December 2018</u> RM
Designated at fair value through profit or loss at inception		
- Shares quoted in Malaysia	301,281,490	304,449,221
	<u>301,281,490</u>	<u>304,449,221</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2019 TO 30 JUNE 2019
(CONTINUED)**

4 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

	01.01.2019 to 30.06.2019	01.01.2018 to 30.06.2018
Net gain/(loss) on financial assets at fair value through profit or loss		
- Realised (loss)/gain	(4,942,261)	4,955,890
- Unrealised gain/(loss)	7,355,944	(18,018,489)
	<u>2,413,683</u>	<u>(13,062,599)</u>

5 DIVIDENDS RECEIVABLE

Dividends receivable represents dividends declared on the Fund's component stocks at the ex-date and not yet received at the end of the financial period.

Dividends declared are recognised on the ex-date and are reversed out from the receivables upon receipt by the Fund.

6 CASH AND CASH EQUIVALENTS

	30 June 2019 RM	31 December 2018 RM
Shariah compliant deposits with licensed banks	243,019	1,014,586
Cash at bank – From Shariah-compliant income	510,071	44,101
Cash at bank – From non Shariah-compliant income	41,241	1,855
	<u>794,331</u>	<u>1,060,542</u>

The weighted average effective profit rate of short term deposits per annum as at the date of the statement of financial position is as follows:

	30 June 2019 %p.a.	31 December 2018 %p.a.
Shariah compliant deposits with licensed banks	<u>2.92</u>	<u>3.15</u>

As at the end of financial period ended 30 June 2019, Shariah-compliant deposits with a licensed bank of the Fund have a weighted average maturity period of 3 days (31 December 2018: 4 days) and are denominated in Ringgit Malaysia.

MyETF DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2019 TO 30 JUNE 2019
(CONTINUED)**

7 PAYABLES

	<u>30 June 2019</u>	<u>31 December 2018</u>
	RM	RM
Amount due to index licensor	114,555	56,157
Amount due to beneficial organisations (Note 8)	41,241	1,855
Printing cost	3,000	3,000
Payables	19,221	43,319
	<u>178,017</u>	<u>104,331</u>

8 AMOUNT DUE TO BENEFICIAL ORGANISATIONS

Amount due to beneficial organisations is the non Shariah-compliant income portion of dividends received and receivable as at 30 June. It comprises the following amounts:

	<u>30 June 2019</u>	<u>31 December 2018</u>
	RM	RM
Cash at bank – non Shariah-compliant income	41,241	1,855

Cash at bank – non Shariah-compliant income represents the portion of dividends already received during the financial period which relates to income that does not comply with Shariah principles.

9 NUMBER OF UNITS IN CIRCULATION AND NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS

Net asset value attributable to unit holders is represented by:

	<u>Note</u>	<u>30 June 2019</u>	<u>31 December 2018</u>
		RM	RM
Unit holders' contribution	(a)	287,530,544	289,739,744
Retained earnings		14,430,743	15,937,039
		<u>301,961,287</u>	<u>305,676,783</u>

MyETF DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2019 TO 30 JUNE 2019
(CONTINUED)**

9 NUMBER OF UNITS IN CIRCULATION AND NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS
(CONTINUED)

(a) UNIT HOLDERS' CONTRIBUTION/UNITS IN CIRCULATION

	30 June 2019		31 December 2018	
	No. of Units	RM	No. of Units	RM
At beginning of the financial period/year	275,900,000	289,739,744	276,300,000	290,554,754
Creation during the financial period/year	-	-	24,400,000	29,243,400
Cancellation during the financial period/year	(2,000,000)	(2,209,200)	(24,800,000)	(30,058,410)
At the end of the financial period/year	273,900,000	287,530,544	275,900,000	289,739,744

10 TRANSACTIONS WITH BROKERS

Details of transactions with the brokers for the financial period ended 30 June 2019 are as follows:

<u>Name of brokers</u>	Value	Percentage	Brokerage	Percentage
	of trade	of total	fees	of total
	RM	%	RM	%
Affin Hwang Investment Bank Bhd	129,789,643	93.30	155,748	93.30
CGS-CIMB Securities Sdn Bhd	9,319,289	6.70	11,188	6.70
	<u>139,108,932</u>	<u>100.00</u>	<u>166,936</u>	<u>100.00</u>

MyETF DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2019 TO 30 JUNE 2019
(CONTINUED)**

11 UNITS HELD BY THE MANAGER AND PARTIES RELATED TO THE MANAGER

The related parties of and their relationship with the Fund are as follows:

<u>Related parties</u>	<u>Relationship</u>
i-VCAP Management Sdn. Bhd.	The Manager
Valuecap Sdn. Bhd. (“Valuecap”)	Holding company of the Manager
Shareholders of Valuecap with significant influence on Valuecap	Shareholders of Valuecap

(a) Units held by the Manager and parties related to the Manager

	30 June 2019		31 December 2018	
	No. of Units	RM	No. of Units	RM
The Manager	898,700	990,817	534,900	592,616
Valuecap	24,900,000	27,452,250	24,900,000	27,586,710
Shareholders of Valuecap	226,227,534	249,415,856	244,682,567	271,083,816
	<u>252,026,234</u>	<u>277,858,923</u>	<u>270,117,467</u>	<u>299,263,142</u>

The units are held legally by the Manager for booking purposes. The units are held beneficially by Valuecap and the shareholders of Valuecap.

12 MANAGEMENT FEE

The Manager is entitled to a management fee at a rate not exceeding 1.0% per annum on the Net Asset Value (“NAV”) of the Fund calculated on a daily basis, as provided under Clause 14.1 of the Deed.

For the financial period ended 30 June 2019, the management fee was recognised at a rate of 0.4% (2018: 0.4%) per annum on the NAV of the Fund, calculated on a daily basis.

There will be no further liability to the Manager in respect of management fee other than the amounts recognised above.

MyETF DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2019 TO 30 JUNE 2019
(CONTINUED)**

13 TRUSTEE'S FEE

The Trustee is entitled to an annual fee at a rate not exceeding 0.08% per annum on the Net Asset Value ("NAV") of the Fund, as provided under Clause 14.2 of the Deed.

For the financial period ended 30 June 2019, the Trustee's fee was recognised at a rate of 0.05% (2018: 0.05%) per annum on the NAV of the Fund, inclusive of local custodian fee, calculated on a daily basis.

There will be no further liability to the Trustee in respect of trustee fee other than the amounts recognised above.

14 LICENSE FEE

License fee is payable to S&P Dow Jones Indices LLC, the Benchmark Index provider.

For the financial period ended 30 June 2019, the License Fee was recognised at a rate of 0.04% (2018: 0.04%) per annum of the Net Asset Value ("NAV") of the Fund, calculated on a daily basis.

There will be no further liability to S&P Dow Jones Indices LLC in respect of license fee other than the amounts recognised above.

15 OTHER EXPENSES

	<u>01.01.2019</u> to <u>30.06.2019</u> RM	<u>01.01.2018</u> to <u>30.06.2018</u> RM
GST expense	-	40,096
Other expenses	10,491	15,602
	<u>10,491</u>	<u>55,698</u>

16 TAXATION

	<u>01.01.2019</u> to <u>30.06.2019</u> RM	<u>01.01.2018</u> to <u>30.06.2018</u> RM
Tax charged for the financial period:		
- Current taxation	-	-
	<u>-</u>	<u>-</u>

MyETF DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2019 TO 30 JUNE 2019
(CONTINUED)**

16 TAXATION (CONTINUED)

The explanation of the relationship between taxation and profit/(loss) before taxation of the Fund is as follows:

	<u>01.01.2019</u> <u>to</u> <u>30.06.2019</u> <u>RM</u>	<u>01.01.2018</u> <u>to</u> <u>30.06.2018</u> <u>RM</u>
Profit/(loss) before taxation	5,225,664	(9,386,402)
Tax at Malaysian statutory rate of 24%	1,254,159	(2,252,737)
Tax effect of:		
Investment income not subject to tax	(1,486,509)	2,025,831
Restriction on tax deductible expenses for exchange-traded funds	143,876	139,609
Expenses not deductible for tax purposes	88,474	87,297
	<u>-</u>	<u>-</u>

17 INCOME DISTRIBUTION

Distribution to unit holders is from the following sources:

	<u>2019</u> <u>RM</u>	<u>2018</u> <u>RM</u>
Undistributed net exempt income brought forward	6,731,960	6,125,570
Exempt dividend income	-	-
Profits from money market placements	-	-
	<u>6,731,960</u>	<u>6,125,570</u>
Less: Expenses		
Exempt non Shariah-compliant income	-	-
Fund related expenses	-	-
Total amount of income distribution	<u>6,731,960</u>	<u>6,125,570</u>

The net asset value per unit prior and subsequent to the income distribution was as follows:

<u>Distribution date (ex-date)</u>	<u>Cum-distribution</u> <u>RM</u>	<u>Distribution per unit</u> <u>RM</u>	<u>Ex-distribution</u> <u>RM</u>
2019			
11 March 2019	1.0917	0.0244	1.0673
2018			
1 March 2018	1.2195	0.0239	1.1956

MyETF DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2019 TO 30 JUNE 2019
(CONTINUED)**

17 INCOME DISTRIBUTION (CONTINUED)

The net asset value prior and subsequent to the income distribution was as follows:

<u>Distribution date (ex-date)</u>	<u>Cum-distribution</u> RM	<u>Total distribution amount</u> RM	<u>Ex-distribution</u> RM
2019			
11 March 2019	301,188,809	6,731,960	294,456,849
2018			
1 March 2018	317,349,872	6,125,570	311,224,302

Included in the above is an amount of RM6,731,960 distributed from previous financial year's undistributed net realised exempt income.

The first and final income distribution for the financial year ended 31 December 2018 of 2.44 sen per unit was declared on 21 February 2019 based on the financial position of the Fund as at 31 December 2018 with the ex-date of 11 March 2019 and entitlement date of 13 March 2019. The total amount of income distributed was RM6,731,960 based on 275,900,000 of the Fund's units in circulation, which was paid out to unit holders on 13 March 2019.

18 MANAGEMENT EXPENSE RATIO ("MER")

	<u>30 June 2019</u> %	<u>30 June 2018</u> %
MER	0.26	0.27

MER is derived from the following calculation:

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

- A = Management fee
- B = Trustee's fee
- C = License fee
- D = Auditors' remuneration
- E = Tax agent's fee
- F = Shariah adviser's fee
- G = Other expenses
- H = Average net asset value of Fund calculated on daily basis

The average net asset value of the Fund for the financial period calculated on a daily basis is RM297,692,632 (30 June 2018: RM316,583,296).

MyETF DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2019 TO 30 JUNE 2019
(CONTINUED)**

19 PORTFOLIO TURNOVER RATIO ("PTR")

	<u>30 June 2019</u>	<u>30 June 2018</u>
PTR (times)	0.24	0.17

PTR is derived from the following calculation:

$$\text{PTR} = \frac{(\text{Total acquisition for the financial period} + \text{total disposal for the financial period}) \div 2}{\text{Average net asset value of the Fund for the financial period calculated on daily basis}}$$

where: total acquisition for the financial period = RM67,977,313 (30 June 2018: RM51,368,196)
total disposal for the financial period = RM73,349,968 (30 June 2018: RM63,005,362)

The average net asset value of the Fund for the financial period calculated on a daily basis is RM297,692,632 (30 June 2018: RM316,583,296).

20 SEGMENT REPORTING

The Fund is designed to provide investment results that closely correspond to the performance of the Benchmark Index. The Manager attempts to achieve a tracking error of less than 3% between the net asset value of the Fund and the Benchmark Index.

The internal reporting provided to the CEO for the fund's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of MFRS. The CEO is responsible for the performance of the Fund and considers the business to have a single operating segment.

The investment objective of the Fund is to provide investments results that, before expenses, closely correspond to the performance of the Dow Jones Islamic Market Malaysia Titans 25 Index, regardless of its performance.

There were no changes in the reportable segments during the financial period.

21 NON CASH TRANSACTIONS

Creations and cancellations are done by transferring the perfect basket from and to the unit holders respectively. A reconciliation of the cash flows used in creation and cancellation and the total creation and cancellation as presented in the statement of changes in equity is presented below:

	<u>30 June 2019</u>	<u>30 June 2018</u>
	RM	RM
Creation		
- Fair value of benchmark index shares	-	29,201,900
- Cash component	-	41,500
	<u>-</u>	<u>29,243,400</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2019 TO 30 JUNE 2019
(CONTINUED)**

21 NON CASH TRANSACTIONS (CONTINUED)

Cancellation		
- Fair value of benchmark index shares	2,206,680	30,012,928
- Cash component	2,520	45,482
	<u>2,209,200</u>	<u>30,058,410</u>

22 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities. 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.

The fair value of financial assets traded in active markets (such as trading securities) is based on quoted market prices at the close of trading on the period end date.

An active market is a market in which transactions for the asset take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The fair value of financial assets that are not traded in an active market is determined by using valuation techniques.

(i) Fair value hierarchy

The table below analyses financial instruments carried at fair value. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active market for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2)
- Inputs for the asset and liability that are not based on observable market data (that is, unobservable inputs) (Level 3)

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2019 TO 30 JUNE 2019
(CONTINUED)**

22 FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(i) Fair value hierarchy (continued)

The following table analyses within the fair value hierarchy the Fund's financial assets (by class) measured at fair value:

	<u>Level 1</u> RM	<u>Level 2</u> RM	<u>Level 3</u> RM	<u>Total</u> RM
<u>30 June 2019</u>				
Financial assets at fair value through profit or loss				
- Quoted shares	301,281,490	-	-	301,281,490

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include quoted shares. The Fund does not adjust the quoted prices for these instruments.

(ii) The carrying values of cash and cash equivalents, amount due from stockbrokers, dividend receivable and all current liabilities are a reasonable approximation of the fair values due to their short term nature.