

MyETF MSCI SEA ISLAMIC DIVIDEND

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	615,453	217,109
Financial assets at fair value through profit or loss	4	73,723,124	69,758,131
Dividends receivable	5	249,481	214,758
Amount due from stockbrokers		-	798,872
TOTAL ASSETS		<u>74,588,058</u>	<u>70,988,870</u>
LIABILITIES			
Amount due to Manager		36,360	39,568
Amount due to Trustee		2,517	2,739
Auditors' remuneration		8,072	15,625
Tax agent's fee		4,464	4,696
Shariah adviser's fee		7,017	7,079
Payables	7	75,156	76,698
TOTAL LIABILITIES		<u>133,586</u>	<u>146,405</u>
NET ASSET VALUE OF THE FUND		<u>74,454,472</u>	<u>70,842,465</u>
EQUITY			
Unit holders' capital		79,460,800	79,460,800
Accumulated losses		(5,006,328)	(8,618,335)
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS	9	<u>74,454,472</u>	<u>70,842,465</u>
NUMBER OF UNITS IN CIRCULATION	9	<u>88,000,000</u>	<u>88,000,000</u>
NET ASSET VALUE PER UNIT (RM)		<u>0.8461</u>	<u>0.8050</u>

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

MyETF MSCI SEA ISLAMIC DIVIDEND

**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		1,482,953	1,309,475
Profit from short term Shariah-compliant deposits		15,865	5,872
Net gain/(loss) on financial assets at fair value through profit or loss	4	4,420,456	(7,179,968)
Net foreign exchange gain/(loss)		350	(340,804)
		<u>5,919,624</u>	<u>(6,205,425)</u>
EXPENSES			
Management fee	12	(230,148)	(176,085)
Trustee's fee	13	(15,933)	(12,190)
License fee	14	(21,245)	(16,254)
Transaction cost		(60,417)	(190,412)
Auditors' remuneration		(7,640)	(7,683)
Tax agent's fee		(2,222)	(2,234)
Shariah adviser's fee		(3,188)	(3,206)
Purification of non Shariah-compliant income		(5,156)	(2,647)
Other expenses	15	(17,268)	(22,860)
		<u>(363,217)</u>	<u>(433,571)</u>
PROFIT/(LOSS) BEFORE TAXATION			
Taxation	16	(193,200)	(133,669)
PROFIT/(LOSS) AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL YEAR			
		<u>5,363,207</u>	<u>(6,772,665)</u>
Profit/(loss) after taxation is made up as follows:			
Realised amount		123,383	(1,271,225)
Unrealised amount		5,239,824	(5,501,440)
		<u>5,363,207</u>	<u>(6,772,665)</u>

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

MyETF MSCI SEA ISLAMIC DIVIDEND

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	Accumulated losses RM	Total RM
Balance as at 1 January 2019		79,460,800	(8,618,335)	70,842,465
Total comprehensive income for the financial period		-	5,363,207	5,363,207
Distribution for the financial year ended 31 December 2018	17	-	(1,751,200)	(1,751,200)
Balance as at 30 June 2019		79,460,800	(5,006,328)	74,454,472
Balance as at 1 January 2018		50,161,700	(1,984,202)	48,177,498
Total comprehensive income for the financial period		-	(6,772,665)	(6,772,665)
Distribution for the financial year ended 31 December 2017	17	-	(800,300)	(800,300)
Creation of units		30,128,400	-	30,128,400
Balance as at 30 June 2018		80,290,100	(9,557,167)	70,732,933

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

MyETF MSCI SEA ISLAMIC DIVIDEND

**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		(15,438,291)	(67,581,248)
Proceeds from sales of investments		16,629,062	37,748,374
Dividends received		1,260,736	1,263,515
Profit from short term Shariah-compliant deposits		15,865	5,872
Management fee paid		(233,355)	(162,681)
Trustee fee paid		(16,154)	(11,262)
License fee paid		(21,921)	(13,782)
Payment for other fees and expenses		(46,398)	(376,065)
		<hr/>	<hr/>
Net cash generated from/(used in) operating activities		2,149,544	(29,127,277)
		<hr/>	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from creation of units	21	-	30,128,400
Payment for income distribution	17	(1,751,200)	(800,300)
		<hr/>	<hr/>
Net cash (used in)/generated from financing activities		(1,751,200)	29,328,100
		<hr/>	<hr/>
NET INCREASE IN CASH AND CASH EQUIVALENTS		398,344	200,823
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD		217,109	295,473
		<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD		6 615,453	496,296
		<hr/> <hr/>	<hr/> <hr/>

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

MyETF MSCI SEA ISLAMIC DIVIDEND

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 year. 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 Managers’ best knowledge of current events and actions, actual results may differ.

Estimates and judgements are continually evaluated by the Manager 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 assumption 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.

MyETF MSCI SEA ISLAMIC DIVIDEND

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

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 Shariah Adviser from time to time and without limitation based on the impure ratio for each component stock as determined by MSCI Inc. 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.

Tax on investment income from foreign investment is based on tax regime of the respective countries that the Fund invests in.

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.

MyETF MSCI SEA ISLAMIC DIVIDEND

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

F FINANCIAL ASSETS

(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, dividend receivables and amount due from stockbrokers 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.

MyETF MSCI SEA ISLAMIC DIVIDEND

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

F FINANCIAL ASSETS (CONTINUED)

(ii) Recognition and measurement

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.

Dividend income from financial assets at fair value through profit or loss is recognised in the

MyETF MSCI SEA ISLAMIC DIVIDEND

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

F FINANCIAL ASSETS (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 AMOUNT DUE FROM/TO STOCKBROKERS

Amounts due from and to stockbrokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered on the date of the statement of financial position respectively. The due from brokers balance is held for collection.

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Fund shall measure the loss allowance on amounts due from broker at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required.

If the credit risk increases to the point that it is considered to be credit impaired, profit income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due.

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

MyETF MSCI SEA ISLAMIC DIVIDEND

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

H 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 year if the 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

(i) Presentation and functional currency

Items included in 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 the Fund's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in statement of comprehensive income.

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.

MyETF MSCI SEA ISLAMIC DIVIDEND

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

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 financial 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 subject to conditions imposed by the SC, are as follows;

- (i) The distributable income is the net realized 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 realized 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 unrealized losses (including capital losses) will not be deducted.

MyETF MSCI SEA ISLAMIC DIVIDEND

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 MSCI SEA Islamic Dividend pursuant to the execution of a trust deed dated 6 February 2015 and supplemental deed dated 9 December 2016 and 19 June 2018 (the “Deed”) entered into between *i*-VCAP Management Sdn. Bhd. (the “Manager”) and Deutsche Trustees Malaysia Berhad (the “Trustee”).

The Fund was launched on 8 April 2015 and commenced operations on 29 April 2015. The Fund will continue its operations until terminated in accordance with Part 26 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 MSCI AC ASEAN IMI Islamic High Dividend Yield 10/40 Index (“Benchmark Index”) regardless of its performance. The Benchmark Index is a free-float adjusted, market capitalisation weighted, price return index representing securities of 30 leading Shariah-compliant companies listed in the stock exchanges in South East Asia countries as determined by MSCI Inc. 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:

	Not e	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	615,453	-	615,453
Financial assets at fair value through profit or loss	4	-	73,723,124	73,723,124
Dividends receivable	5	249,481	-	249,481
Total		864,934	73,723,124	74,588,058
<u>31 December 2018</u>				
Cash and cash equivalents	6	217,109	-	217,109
Financial assets at fair value through profit or loss	4	-	69,758,131	69,758,131
Dividends receivable	5	214,758	-	214,758
Amount due from stockbrokers		798,872	-	798,872
Total		1,230,739	69,758,131	70,988,870

MyETF MSCI SEA ISLAMIC DIVIDEND

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

(i) 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	73,723,124	69,758,131

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 MSCI AC ASEAN IMI Islamic High Dividend Yield 10/40 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 after tax/NAV</u> RM
<u>30 June 2019</u>			
-10%	1,905.59	67,667,080	(6,056,044)
0%	2,117.32	73,723,124	-
10%	2,329.05	79,779,168	6,056,044
<u>31 December 2018</u>			
-10%	1,793.82	66,165,041	(3,593,090)
0%	1,993.13	69,758,131	-
10%	2,192.44	73,351,220	3,593,090

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.

MyETF MSCI SEA ISLAMIC DIVIDEND

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)

(i) Currency risk

Currency risk is associated with investments that are quoted and/or priced in foreign currency denomination. Foreign currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Manager will evaluate the likely directions of a foreign currency versus Ringgit Malaysia based on considerations of economic fundamentals such as interest rate differentials, balance of payments position, debt levels, and technical chart considerations.

The following table sets out the foreign currency risk concentrations arising from the denomination of the Fund's financial instruments in foreign currency:

	Financial assets at fair value through profit or loss RM
<u>30 June 2019</u>	
IDR	16,749,538
PHP	6,605,375
SGD	15,576,056
THB	18,633,272
	<hr/> 57,564,241 <hr/>
<u>31 December 2018</u>	
IDR	13,379,096
PHP	6,674,267
SGD	17,237,327
THB	13,757,243
	<hr/> 51,047,933 <hr/>

MyETF MSCI SEA ISLAMIC DIVIDEND

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)

(ii) Currency risk (continued)

The table below summarises the sensitivity of the Fund's profit after tax and NAV to changes in foreign exchange movements for the Fund. The analysis is based on the assumption that the foreign exchange rates fluctuate according to the respective standard deviation of the daily fluctuations of the exchange rate of the currencies, with all other variables remaining constant. This represents management's best estimate of a reasonable shift in the foreign exchange rate, having regards to historical volatility of the rate. Disclosures below are shown in absolute terms; changes and impacts could be positive or negative.

	Change in foreign exchange rate %	Impact to profit or loss/NAV RM
<u>30 June 2019</u>		
SGD	+/- 1.86	+/- 289,115
IDR	+/- 3.09	+/- 518,074
THB	+/- 3.16	+/- 588,190
PHP	+/- 3.94	+/- 260,064
<u>31 December 2018</u>		
IDR	+/- 5.16	+/- 690,339
PHP	+/- 4.87	+/- 324,902
SGD	+/- 3.10	+/- 535,101
THB	+/- 4.10	+/- 564,246

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 interest 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.

MyETF MSCI SEA ISLAMIC DIVIDEND

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)

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 as at 30 June 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>Amount due from stockbrokers</u> RM	<u>Total</u> RM
<u>30 June 2019</u>				
Financial institutions				
- AA1	22,406	-	-	22,406
- A3	593,047	-	-	593,047
Others	-	249,481	-	249,481
	<u>615,453</u>	<u>249,481</u>	<u>-</u>	<u>864,934</u>
<u>31 December 2018</u>				
Financial institutions				
- AAA	208,339	-	-	208,339
- AA1	8,770	-	-	8,770
Others	-	214,758	798,872	1,013,630
	<u>217,109</u>	<u>214,758</u>	<u>798,872</u>	<u>1,230,739</u>

MyETF MSCI SEA ISLAMIC DIVIDEND

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. 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 a perfect basket which comprises of 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	36,360	-	36,360
Amount due to Trustee	2,517	-	2,517
Auditors' remuneration	-	8,072	8,072
Tax agent's fee	-	4,464	4,464
Shariah adviser's fee	-	7,017	7,017
Payables	-	75,156	75,156
	<u>38,877</u>	<u>94,709</u>	<u>133,586</u>
<u>31 December 2018</u>			
Amount due to Manager	39,568	-	39,568
Amount due to Trustee	2,739	-	2,739
Auditors' remuneration	-	15,238	15,238
Tax agent's fee	-	4,584	4,584
Shariah adviser's fee	-	7,079	7,079
Payables	17,854	59,343	77,197
	<u>60,161</u>	<u>86,244</u>	<u>146,405</u>

MyETF MSCI SEA ISLAMIC DIVIDEND

**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

	<u>30 June 2019</u> RM	<u>31 December 2018</u> RM
Designated at fair value through profit or loss at inception		
- Quoted shares – local	16,158,883	18,710,198
- Quoted shares – foreign	57,564,241	51,047,933
	<u>73,723,124</u>	<u>69,758,131</u>
	<u>01.01.2019 to</u> <u>30.06.2019</u>	<u>01.01.2018 to</u> <u>30.06.2018</u>
Net profit/(loss) on financial assets at fair value through profit or loss		
- Realised loss	(819,018)	(1,678,528)
- Unrealised gain/(loss)	5,239,474	(5,501,440)
	<u>4,420,456</u>	<u>(7,151,762)</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 year.

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

	<u>30 June 2019</u> RM	<u>31 December 2018</u> RM
Shariah compliant deposits with licensed banks	593,047	208,339
Cash at bank – From Shariah-compliant income	10,122	728
Cash at bank – From non Shariah-compliant income	12,284	8,042
	<u>615,453</u>	<u>217,109</u>

MyETF MSCI SEA ISLAMIC DIVIDEND

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

6 CASH AND CASH EQUIVALENTS (CONTINUED)

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

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

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

7 PAYABLES

	<u>30 June 2019</u> RM	<u>31 December 2018</u> RM
Amount due to index licensor	25,424	26,101
Amount due to beneficial organisations (Note 8)	12,284	8,042
Printing cost	3,000	3,000
Payables	34,448	39,555
	<u>75,156</u>	<u>76,698</u>

8 AMOUNT DUE TO BENEFICIAL ORGANISATIONS

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

	<u>30 June 2019</u> RM	<u>31 December 2018</u> RM
Cash at bank – non Shariah-compliant income	12,284	8,042

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

MyETF MSCI SEA ISLAMIC DIVIDEND

**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

Net asset value attributable to unit holders is represented by:

	<u>Note</u>	<u>30 June 2019</u> RM	<u>31 December 2018</u> RM
Unit holders' contribution	(a)	79,460,800	79,460,800
Accumulated losses		(5,006,328)	(8,618,335)
		<u>74,454,472</u>	<u>70,842,465</u>

(a) UNIT HOLDERS' CONTRIBUTION/UNITS IN CIRCULATION

	<u>30 June 2019</u>		<u>31 December 2018</u>	
	<u>No. of Units</u>	<u>RM</u>	<u>No. of Units</u>	<u>RM</u>
At beginning of the financial period/year	88,000,000	79,460,800	53,000,000	50,161,700
Creation during the financial period/year	-	-	36,000,000	30,128,400
Cancellation during the financial period/year	-	-	(1,000,000)	(829,300)
At the end of the financial period/year	<u>88,000,000</u>	<u>79,460,800</u>	<u>88,000,000</u>	<u>79,460,800</u>

10 TRANSACTIONS WITH BROKERS

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

<u>Name of brokers</u>	<u>Value of trade</u> RM	<u>Percentage of total trades</u> %	<u>Brokerage fees</u> RM	<u>Percentage of total brokerage</u> %
CGS-CIMB Securities Sdn. Bhd.	16,273,547	54.60	19,553	47.09
RHB Investment Bank Bhd.	7,361,221	24.70	14,408	34.70
Maybank Investment Bank Bhd.	3,089,426	10.37	3,858	9.28
Alliance Investment Bank Bhd.	3,079,344	10.33	3,707	8.93
	<u>29,803,538</u>	<u>100.00</u>	<u>41,526</u>	<u>100.00</u>

MyETF MSCI SEA ISLAMIC DIVIDEND

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	56,500	47,805	56,500	45,483
Valuecap	80,503,300	68,113,842	80,503,300	64,805,157
Shareholders of Valuecap	2,000,000	1,692,200	2,000,000	1,610,000
	<u>82,559,800</u>	<u>69,853,847</u>	<u>82,559,800</u>	<u>66,460,640</u>

The units are held legally by the manager for booking purposes. The units are held beneficially by Valuecap & Shareholders of ValueCap.

12 MANAGEMENT FEE

The Manager is entitled to a management fee at a rate not exceeding 3.0% per annum on the Net Asset Value ("NAV") of the Fund calculated on a daily basis, as provided under Clause 15.1(b) of the Deed.

For the financial period ended 30 June 2019, the management fee was recognised at a rate of 0.65% (2018: 0.65%) 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 MSCI SEA ISLAMIC DIVIDEND

**NOTES TO THE FINANCIAL STATEMENTS
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(CONTINUED)**

13 TRUSTEE'S FEE

The Trustee is entitled to an annual fee at a rate not exceeding 0.2% per annum on the Net Asset Value ("NAV") of the Fund, subject to a minimum of RM12,000 per annum, as provided under Clause 15.2(b) of the Deed.

For the financial period ended 30 June 2019, the Trustee's fee was recognised at a rate of 0.045% (2018: 0.045%) per annum on the NAV of the Fund, subject to a minimum of RM12,000 per annum, inclusive of local custodian fee and excluding foreign 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 MSCI Inc, the Benchmark Index provider.

For the financial period ended 30 June 2019, the License Fee was recognised at a rate of 0.06% (2018: 0.06%) per annum of the Net Asset Value ("NAV") of the Fund, calculated on a daily basis.

There will be no further liability to MSCI Inc. in respect of license fee other than the amounts recognised above.

15 OTHER EXPENSES

	<u>01.01.2019</u> <u>to</u> <u>30.06.2019</u> RM	<u>01.01.2018</u> <u>to</u> <u>30.06.2018</u> RM
GST expense	-	10,947
Other expenses	17,268	11,913
	<u>17,268</u>	<u>22,860</u>

16 TAXATION

	<u>01.01.2019</u> <u>to</u> <u>30.06.2019</u> RM	<u>01.01.2018</u> <u>to</u> <u>30.06.2018</u> RM
Tax charged for the financial period:		
- Current taxation	193,200	133,669
	<u>193,200</u>	<u>133,669</u>

MyETF MSCI SEA ISLAMIC DIVIDEND

**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> RM	<u>01.01.2018</u> <u>to</u> <u>30.06.2018</u> RM
Profit/(loss) before taxation	5,556,407	(6,638,995)
Tax at Malaysian statutory rate of 24%	1,333,538	(1,593,359)
Tax effect of:		
- Investment income not subject to tax	(1,420,709)	1,489,302
- Restriction on tax deductible expenses for exchange-traded funds	54,811	46,272
- Expenses not deductible for tax purposes	32,360	57,785
Investment income subject to withholding tax	193,200	133,669
	<u>193,200</u>	<u>133,669</u>

17 INCOME DISTRIBUTION

Distribution to unit holders is from the following sources:

	<u>2019</u> RM	<u>2018</u> RM
Undistributed net exempt income brought forward	1,751,200	800,300
Exempt dividend income	-	-
Profits from money market placements	-	-
	<u>1,751,200</u>	<u>800,300</u>
Less: Expenses	-	-
Exempt non Shariah-compliant income	-	-
Fund related expenses	-	-
Total amount of income distribution	<u>1,751,200</u>	<u>800,300</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> RM	<u>Distribution per unit</u> RM	<u>Ex-distribution</u> RM
<u>2019</u> 11 March 2019	0.8229	0.0199	0.8030
<u>2018</u> 1 March 2018	0.8744	0.0151	0.8593

MyETF MSCI SEA ISLAMIC DIVIDEND

**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	72,413,367	1,751,200	70,662,167
2018			
1 March 2018	46,343,572	800,300	45,543,272

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 RM1,751,200.00 based on 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	0.42	0.44

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

- 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 (excluding transaction costs)
- H = Average net asset value of Fund calculated on daily basis

The average net asset value of the Fund for the financial year calculated on a daily basis is RM72,196,478 (30 June 2018: RM54,856,754).

MyETF MSCI SEA ISLAMIC DIVIDEND

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)	0.21	0.96

PTR is derived from the following calculation:

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

where: total acquisition for the financial year = RM88,151,370 (30 June 2018: RM67,691,265)
total disposal for the financial year = RM58,957,108 (30 June 2018: RM38,010,641)

The average net asset value of the Fund for the financial year calculated on a daily basis is RM72,196,478 (30 June 2018: RM54,856,754).

20 SEGMENT REPORTING

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 located in Malaysia. Asset allocation decisions are based on a single, integrated investment strategy and the Fund's performance is evaluated on an overall basis.

The investment objective of the Fund is to provide investment results that, before expenses, closely correspond to the performance of the MSCI AC ASEAN IMI Islamic High Dividend Yield 10/40 Index, regardless of its performance. The reportable operating segment derives its income by seeking investments to achieve targeted returns commensurate with an acceptable level of risk within the portfolio. These returns consist of dividend income earned from investments and gains on the appreciation in the value of investments which is derived up to 30 Shariah-compliant companies listed on the stock exchanges in South East Asia countries. The constituent securities of the Benchmark Index are listed on Bursa Securities, Singapore Exchange, The Stock Exchange of Thailand, Indonesia Stock Exchange and The Philippine Stock Exchange Inc.

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

MyETF MSCI SEA ISLAMIC DIVIDEND

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

21 NON CASH TRANSACTIONS

Creations and cancellations are done either by cash or 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> RM	<u>30 June 2018</u> RM
Creation		
- Fair value of benchmark index shares	-	-
- Cash component	-	30,128,400
	<u>-</u>	<u>30,128,400</u>
	<u>-</u>	<u>30,128,400</u>

22 FAIR VALUES OF FINANCIAL INSTRUMENTS

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.

MyETF MSCI SEA ISLAMIC DIVIDEND

**NOTES TO THE FINANCIAL STATEMENTS
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22 FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(i) Fair value hierarchy (continued)

The determination of what constitutes 'observable' requires significant judgment by the Fund. The Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market.

The following table analyses within the fair value hierarchy the financial asset measured at fair value at:

	<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	73,723,124	-	-	73,723,124
	<u>73,723,124</u>	<u>-</u>	<u>-</u>	<u>73,723,124</u>

Investments whose values are based on quoted market prices in active markets are classified within Level 1.

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