



# ANNUAL REPORT 2019

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MyETF

**DOW JONES ISLAMIC MARKET  
MALAYSIA TITANS 25**

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[WWW.MYETF.COM.MY](http://WWW.MYETF.COM.MY)

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## INTRODUCTION

MyETF Dow Jones Islamic Market Malaysia Titans 25 or MyETF-DJIM25 is the first Shariah exchange-traded-fund (“ETF”) introduced in Asia and is currently the third largest Shariah ETF in the world by asset size. It is designed to provide investment results that closely correspond to the performance of its Benchmark Index i.e. Dow Jones Islamic Market Malaysia Titans 25 Index (“DJMY25 Index”).

Structured as an ETF, MyETF-DJIM25 is a liquid and cost efficient financial instrument for investors who wish to get immediate access to the performance of Malaysia’s Shariah equity market. MyETF-DJIM25 was listed on the Main Market of Bursa Securities on 31 January 2008. The stock short name and stock number for MyETF-DJIM25 are “MYETFDJ” and “0821EA” respectively.

The benchmark index, DJMY25 Index, is a market-capitalisation weighted index of 25 largest Shariah-compliant securities listed on Bursa Malaysia Securities Berhad (“Bursa Securities”). Provided by S&P Dow Jones, the index is constructed and computed based on the robust methodology established by S&P Dow Jones in terms of investability and Shariah aspects.

## FUND INFORMATION

**Manager** : i-VCAP Management Sdn. Bhd. (792968-D)

Registered Address

Level 8, Block B, Plaza Zurich  
No. 12 Jalan Gelenggang  
Bukit Damansara  
50490 Kuala Lumpur  
Malaysia

Tel. No. (+603) 2093 7119

Fax No. (+603) 2094 7119

Board of Directors

*(Please refer to pages 54-58 for profile of the Directors)*

Roslina Binti Abdul Rahman

*Chairman/Non-Independent Non-Executive Director*

*(appointed Director effective 1 August 2018 and appointed Chairman effective 22 January 2019)*

Khairi Shahrin Arief Bin Baki

*Non-Independent Executive Director/Chief Executive Officer*

*(appointed effective 11 January 2018)*

Datuk Dr Syed Muhamad Bin Syed Abdul Kadir

*Independent Non-Executive Director*

*(appointed effective 1 January 2019)*

Encik Mohd Asri Bin Awang

*Independent Non-Executive Director*

*(appointed effective 1 January 2019)*

Company Secretaries

Mirza Binti Mohamad (MAICSA 7051997)

Level 8, Block B, Plaza Zurich

No. 12 Jalan Gelenggang

Bukit Damansara

50490 Kuala Lumpur

Malaysia

Tel. no.: (+603) 2788 5111

## FUND INFORMATION (*continued*)

- Trustee** : Deutsche Trustees Malaysia Berhad (763590-H)  
Level 20, Menara IMC  
8, Jalan Sultan Ismail  
50250 Kuala Lumpur  
Malaysia
- Tel. No. (+603) 2053 7522  
Fax No. (+603) 2053-7526  
Email [cisops.dtmb@db.com](mailto:cisops.dtmb@db.com)
- Custodian**  
*(Trustee's Delegate)*  
*(Please refer to page*  
*64 for Trustee's*  
*Delegate*  
*information)*
- Deutsche Bank (Malaysia) Berhad (312552-W)  
Level 18, Menara IMC  
8, Jalan Sultan Ismail  
50250 Kuala Lumpur  
Malaysia
- Tel. No. (+603) 2053 6788  
Email [dbmb-dcs.cs@db.com](mailto:dbmb-dcs.cs@db.com)  
Website [www.db.com](http://www.db.com)
- Auditor of the  
Manager and the  
Fund** : PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146)  
Level 10, 1 Sentral  
Jalan Rakyat  
Kuala Lumpur Sentral  
50706 Kuala Lumpur  
Malaysia
- Tel. No. (+603) 2173 1188  
Fax No. (+603) 2173 1288
- Tax Consultant** : PricewaterhouseCoopers Taxation Services Sdn. Bhd. (464731-M)  
Level 15, 1 Sentral  
Jalan Rakyat  
Kuala Lumpur Sentral  
50706 Kuala Lumpur  
Malaysia
- Tel. No. (+603) 2173 1188  
Fax No. (+603) 2173 1288
- Fund Accountant** : Deutsche Trustees Malaysia Berhad (763590-H)  
Level 20, Menara IMC  
8, Jalan Sultan Ismail  
50250 Kuala Lumpur  
Malaysia
- Tel. No. (+603) 2053 6788  
Fax No. (+603) 2031 8710  
Email [Malaysia.team@list.db.com](mailto:Malaysia.team@list.db.com)  
Website [www.db.com](http://www.db.com)

## FUND INFORMATION *(continued)*

- Shariah Adviser** : Amanie Advisors Sdn Bhd (684050-H)  
*(Please refer to pages 65-67 for corporate information, experience and details of the designated person for the Shariah Adviser)*
- Level 13A-2, Menara Tokio Marine Life,  
189, Jalan Tun Razak,  
50400 Kuala Lumpur.
- Tel. no.: (+603) 2161 0260  
Fax no.: (+603) 2161 0262  
Website: [www.amanieadvisors.com](http://www.amanieadvisors.com)
- Participating Dealers** : CGS-CIMB Securities Sdn Bhd  
(formerly known as Jupiter Securities Sdn. Bhd.)  
Level 13, Menara CIMB  
Jalan Stesen Sentral 2  
Kuala Lumpur Sentral  
50470 Kuala Lumpur  
Malaysia
- Tel. No. (+603) 2261 8888  
Fax No. (+603) 2261 8889
- RHB Investment Bank Berhad (19663-P)  
Level 3A, Tower One  
RHB Centre  
Jalan Tun Razak  
50400 Kuala Lumpur  
Malaysia
- Tel. No. (+603) 9200 2185  
Fax No. (+603) 9280 8967
- Index Licensor** : S&P Opco, LLC  
55 Water Street, New York  
New York 10041  
United States of America
- Tel. No. (+1) 212 438 3544  
Fax No. (+1) 212 438 3523
- Share Registrar** : Boardroom Share Registrars Sdn Bhd (378993-D)  
*(formerly known as Symphony Share Registrars Sdn Bhd)*  
Level 6, Symphony House  
Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya  
Selangor  
Malaysia
- Helpdesk No. (+603) 7849 0777  
Fax No. (+603) 7841 8151 / 8152  
Website [www.boardroomlimited.com](http://www.boardroomlimited.com)  
Email [bsr.helpdesk@boardroomlimited.com](mailto:bsr.helpdesk@boardroomlimited.com)

## MANAGER'S REPORT

### For the Financial Period 1 January to 31 December 2019

<b>Name of Fund</b>	: MyETF Dow Jones Islamic Market Malaysia Titans 25 (“MyETF- DJIM25” or “the Fund”)
<b>Type of Fund</b>	: Exchange Traded Fund
<b>Fund Category</b>	: Shariah-Compliant Equity
<b>Commencement Date</b>	: 22 January 2008
<b>Benchmark Index</b>	: Dow Jones Islamic Market Malaysia Titans 25 Index (“DJIM25 Index”)
<b>Manager</b>	: <i>i</i> -VCAP Management Sdn. Bhd. (“ <i>i</i> -VCAP”)

#### 1. Investment Objective

MyETF-DJIM25 is designed to provide investment results that closely correspond to the performance of the Benchmark Index. The Manager attempts to achieve an absolute value of tracking error of less than 3% between the Net Asset Value (“NAV”) of the Fund and the Benchmark Index.

#### 2. Benchmark Index

The Benchmark Index is a market capitalisation weighted and free-float adjusted index provided by S&P Dow Jones Indices (“S&P Dow Jones”).

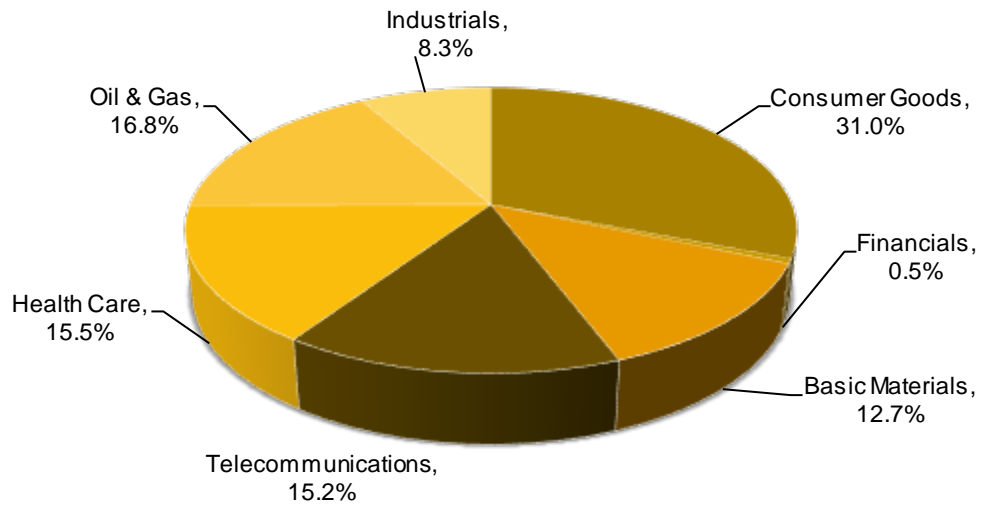
The Benchmark Index was created on 18 January 2008 and constructed based on a reference value of 1,000 as of 17 January 2008. The Benchmark Index consists of 25 Shariah-Compliant securities of companies listed on Bursa Malaysia Securities Berhad (“Bursa Securities”).

The universe for selection of the DJIM25 Index components includes all equities in the Dow Jones Islamic Market Malaysia Index, an index comprised of Malaysia-based companies that conform to the methodology established by S&P Dow Jones to screen stocks for compliance with the Shariah investment guidelines.

Based on the latest quarterly review (as at 20 December 2019), the sector allocation of DJIM25 Index based on S&P Dow Jones and Bursa Securities sector classifications are as follows:

**Chart 1(a): Sector Classification – S&P Dow Jones**

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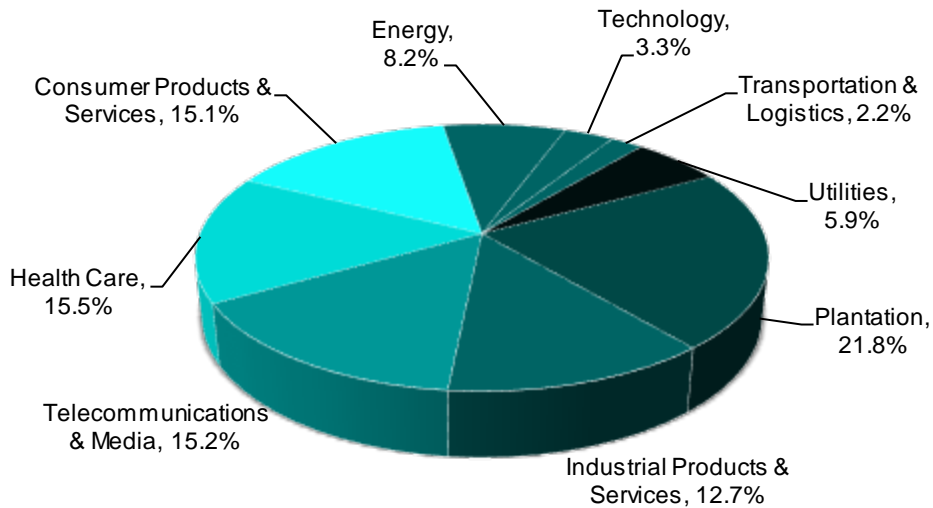


Source: S&P Dow Jones

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**Chart 1(b): Sector Classification - Bursa Securities**

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Sources: Bursa Malaysia, S&P Dow Jones

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### **3. Investment Strategy**

During the financial year under review, the Manager tracked the performance of the Benchmark Index by investing all, or substantially all, of the Fund's assets in the constituents of the Benchmark Index in substantially the same weightings as they appear in the Benchmark Index.

The Manager used techniques including indexing by way of full or partial replication and/or investing in certain authorised investments, in seeking to achieve the investment objective of the Fund, subject to conformity to the Shariah.

### **4. Fund Performance**

For the Financial Year 2019, the Fund achieved its investment objective to track closely the underlying benchmark, i.e. DJIM25 Index. As at 31 December 2019, the 3-year rolling tracking errors between the NAV per unit of the Fund and the Benchmark Index on Price Return and Total Return basis were 0.05% and 0.04% respectively, well within the 3% limit stipulated under the Fund's investment objective.

The Fund's NAV per unit decreased by 0.9% to RM1.0979 from RM1.1079 while the Benchmark Index and Benchmark's Total Return Index (DJIM25 Total Return Index) increased by 0.14% and 2.41% respectively. The variance between the DJIM25 Index and Fund's NAV movement was largely due to the adjustment to the Fund's NAV following the income distribution of 2.44 sen per unit for the Financial Year ended 31 December 2018 which was declared and paid during the year.

The Fund's NAV recorded a positive growth in the first quarter with its NAV per unit reaching year high of RM1.1231 on 21 February 2019. However, the Fund's NAV moved lower in the second quarter and hit its year low of RM1.0356 on 14 May 2019, in tandem with the decline in the stock market as investors turned cautious on US-China trade war. The Fund ended 2019 with higher NAV of RM1.0979 as market turned more positive on the easing of trade tensions. The Fund's unit price traded on Bursa Securities closed flat at RM1.13 as at 31 December 2019.

As at end-December 2019, total units in circulation for the Fund declined to 267.9 million units from 275.9 million units on a net redemption of 8.0 million units during the year. The key statistics and comparative performance of the Fund for the Financial Year ended 31 December 2019 are summarised as follows:

**Table 1: Key Statistics**

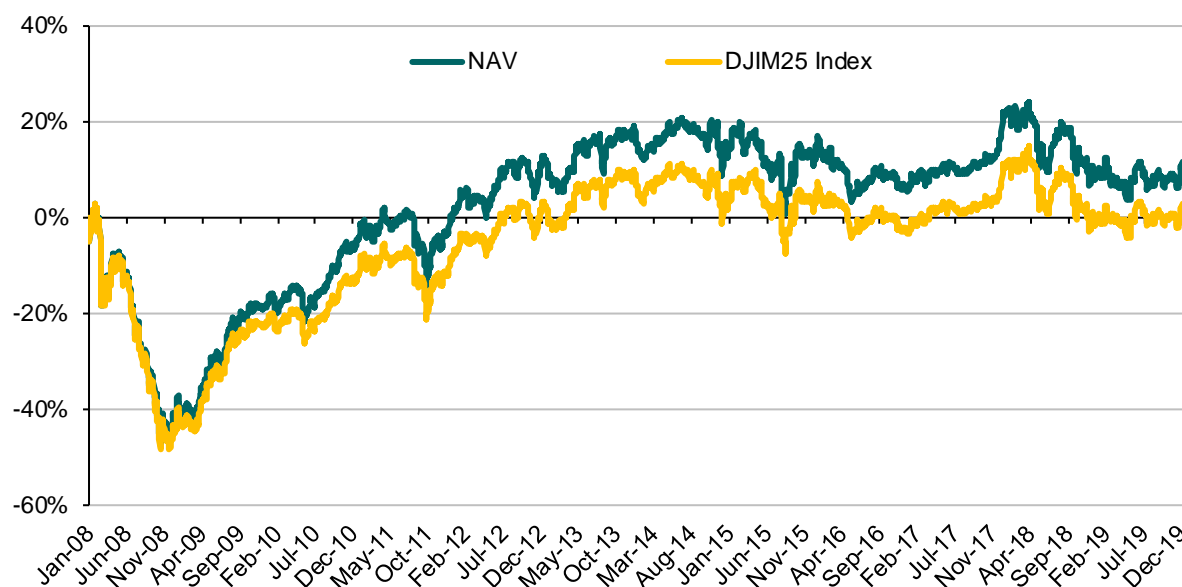
	As at 31-Dec-19	As at 31-Dec-18	As at 31-Dec-17	As at 31-Dec-16	As at 31-Dec-15
NAV per unit (RM) <sup>#</sup>	1.0979	1.1079	1.1711	1.0681	1.1709
NAV per unit (RM) (before distribution)	1.0917	1.2177	1.0816	1.1328	1.1948
NAV per unit (RM) (after distribution)	1.0673	1.1956	1.0636	1.1040	1.1561
- Highest	1.1231 (21 Feb)	1.2425 (19 Apr)	1.1711 (29 Dec)	1.1600 (6 Jan)	1.1981 (26 Feb)
- Lowest	1.0356 (14 May)	1.0655 (18 Dec)	1.0636 (1 Mar)	1.0309 (16 May)	1.0063 (24 Aug)
(During the period)					
Price per unit (RM) <sup>#</sup>	1.1300	1.1300	1.1400	1.0650	1.1650
- Highest	1.1500 (25 Jun)	1.2400 (17 Apr)	1.1400 (29 Dec)	1.1500 (6 Jan)	1.1900 (26 Feb)
- Lowest	1.0400 (07 Jun)	1.0600 (19 Dec)	1.0650 (9 Mar)	1.0350 (13 May)	1.0150 (25 Aug)
(During the period)					
Units in Circulation	267,900,000	275,900,000	276,300,000	279,100,000	251,500,000
Total NAV (RM)	294,127,661	305,676,783	323,582,642	298,111,576	294,486,774
Total NAV (RM) (before distribution)	301,188,808.73	317,445,472	303,082,084	283,615,229	299,541,424
Total NAV (RM) (after distribution)	294,456,848.73	311,224,302	296,858,154	277,654,679	291,228,724
Market Capitalisation (RM)	302,727,000	311,767,000	314,982,000	297,241,500	292,997,500
DJIM25 Index	975.47	974.09	1,029.75	941.66	1,033.82
DJIM25T Index	1,452.90	1,418.75	1,463.41	1,301.83	1,389.39
Tracking Error vs. Price Return DJIM25 Index (%) <sup>*</sup>	0.12	0.04	0.90	0.68	0.86
Tracking Error vs. Total Return DJIM25 Index (%) <sup>*</sup>	0.12	0.02	0.72	0.35	0.58
Management Expense Ratio (%)	0.52	0.54	0.57	0.57	0.57

Sources: Bloomberg, i-VCAP

<sup>#</sup> Unit price and net asset value per unit are shown as ex-income distribution.

<sup>\*</sup> The 3-year rolling tracking error between the NAV per unit of the Fund and the Price Return and Total Return Benchmark Index. The calculation was independently sourced from Novagni Analytics and Advisory Sdn. Bhd.

## Chart 2 : Fund NAV Per Unit vs. Benchmark Index – Performance Since Inception



Sources: Bloomberg, i-VCAP

**Note:** Past performance is not necessarily indicative of future performance. Unit price and investment return may go up as well as down.

**Table 2(a): Annual Return**

	2019 (%)	2018 (%)	2017 (%)	2016 (%)	2015 (%)
MyETF-DJIM25 - NAV Price Return <sup>(a)</sup>	(0.90)	(5.40)	9.64	(8.78)	1.78
DJIM25 - Price Return Index	0.14	(5.41)	9.35	(8.91)	2.79
MyETF-DJIM25 - NAV Total Return <sup>(a)</sup>	1.36	(3.51)	11.94	(6.82)	4.69
DJIM25 - Total Return Index	2.41	(3.05)	12.41	(6.30)	5.63

Sources: Bloomberg, i-VCAP

(a) Independently sourced from Novagni Analytics and Advisory Sdn. Bhd.

**Table 2(b): Cumulative Returns**

	Cumulative Returns <sup>(b)</sup>			
	1-Year (%)	3-Year (%)	5-Year (%)	Since Inception (%)
MyETF-DJIM25 - NAV Price Return <sup>(a)</sup>	(0.90)	2.79	(4.56)	9.79
DJIM25 - Price Return Index	0.14	3.59	(3.01)	1.16
MyETF-DJIM25 - NAV Total Return <sup>(a)</sup>	1.36	9.49	6.80	36.67
DJIM25 - Total Return Index	2.41	11.6	10.46	50.68

Sources: Bloomberg, i-VCAP

(a) Independently sourced from Novagni Analytics and Advisory Sdn. Bhd.

(b) Cumulative returns are up to 31 December 2019.

**Table 2(c): Average Returns (Annualised)**

	Average Returns <sup>(b)</sup>			
	1-Year (%)	3-Year (%)	5-Year (%)	Since Inception (%)
MyETF-DJIM25 - NAV Price Return <sup>(a)</sup>	(0.90)	0.92	(0.93)	0.78
DJIM25 - Price Return Index	0.14	1.20	(0.60)	0.10
MyETF-DJIM25 - NAV Total Return <sup>(a)</sup>	1.36	3.07	1.32	2.65
DJIM25 - Total Return Index	2.41	3.87	2.09	4.23

Sources: Bloomberg, i-VCAP

(a) Independently sourced from Novagni Analytics and Advisory Sdn. Bhd.

(b) Average returns for both DJIM25 Price Return Index and DJIM25 Total Return Index are annualized figures computed based on the price and total returns for the respective period.

**Table 2(d): Historical Income Distribution**

	For Financial Year Ended	
	2018	2017
	<u>First &amp; Final</u>	<u>First &amp; Final</u>
Income Distribution Per Unit (Sen)	2.44	2.39
Income Distribution Yield (%)*	2.17	1.98
Declaration Date	21-Feb-19	12-Feb-18
Ex-Date	11-Mar-19	1-Mar-18
Payment Date	08-Apr-19	29-Mar-18
NAV Per Unit Before Ex-Date (RM)	1.0917	1.2177
NAV Per Unit On Ex-Date (RM)	1.0673	1.1956

Sources: Bloomberg, i-VCAP

\* Based on NAV on income distribution declared date.

Note: No income distribution was declared and paid for the Financial Year 2019

S&P Dow Jones performed four quarterly reviews in 2019 (in March, June, September and December) and rebalanced the composition of the Benchmark Index in accordance with its index methodology. The quarterly reviews had resulted in changes to the weightings of the component stocks and stock constituents in the Benchmark Index. During the year, three stocks were removed while three stocks were included into the Fund at its quarterly reviews. The summary of the changes are as follows:

**Table 3: List of Stock Inclusion and Exclusion**

Stock Inclusions		Stock Exclusions
<b>1Q19</b>	-	-
<b>2Q19</b>	Serba Dinamik Holdings Bhd	Tenaga Nasional Bhd
	Hibiscus Petroleum Bhd	Axiata Group Bhd
<b>3Q19</b>	Kossan Rubber Industries	Lotte Chemical Titan holdings Bhd
<b>4Q19</b>	-	-

In terms of sectoral weightings, notable changes to the Fund's sector composition as compared to the previous year were the decrease in Utilities sector from 19.67% to 5.90% due to the exclusion of Tenaga Nasional Bhd while weighting of Plantation sector increased from 15.97% to 21.80% as plantation stocks jumped on bullish CPO prices in the fourth quarter. Top holdings of the Fund and details of the sector exposure are as follows:

**Table 4: Top Ten Holdings as at 31 December 2019**

Stock	% of NAV
1. Petronas Chemicals Group Bhd	9.24
2. IHH Healthcare Bhd	7.62
3. Sime Darby Plantation Bhd	7.44
4. Digi.Com Bhd	6.73
5. Dialog Group Bhd	6.55
6. IOI Corp Bhd	6.45
7. Kuala Lumpur Kepong Bhd	6.37
8. Petronas Gas Bhd	5.91
9. Maxis Bhd	5.37
10. Nestle Malaysia Bhd	4.18
<b>Total</b>	<b>65.86</b>

Sources: Bloomberg, i-VCAP

**Table 5: Sector Allocation \***

	As at 31-Dec-19	As at 31-Dec-18	Change (%)
Plantation	21.80%	15.97%	5.83%
Health Care	15.50%	13.59%	1.91%
Telecommunications & Media	15.20%	14.65%	0.55%
Consumer Products & Services	15.10%	12.99%	2.11%
Industrial Products & Services	12.70%	14.34%	(1.64%)
Energy	8.20%	4.66%	3.54%
Utilities	5.90%	19.67%	(13.77%)
Technology	3.30%	2.22%	1.08%
Transportation & Logistic	2.20%	1.51%	0.69%
Cash & Others	0.10%	0.40%	(0.30%)

Sources: Bursa Malaysia, i-VCAP

\* Based on Bursa Securities classification

Details of the Fund's quoted Investments as at 31 December 2019 are as follows:

**Table 6: Investment in Listed Equities**

	Quantity	Market Value	Market Value as a percentage of Net Asset Value
	(Units)	(RM)	(%)
<b><u>Plantation</u></b>			
Sime Darby Plantation Bhd	4,015,900	21,886,655	7.44%
IOI Corp Bhd	4,117,300	18,980,753	6.45%
Kuala Lumpur Kepong Bhd	754,900	18,721,520	6.37%
Genting Plantations Bhd	458,200	4,847,756	1.65%
		<b>64,436,684</b>	<b>21.91%</b>
<b><u>Health Care</u></b>			
IHH Healthcare Bhd	4,095,100	22,400,197	7.62%
Hartalega Holdings Bhd	2,147,800	11,769,944	4.00%
Top Glove Corporation Bhd	1,665,200	7,826,440	2.66%
Kossan Rubber Industries Bhd	843,600	3,509,376	1.19%
		<b>45,505,957</b>	<b>15.47%</b>
<b><u>Consumer Products &amp; Services</u></b>			
Nestle Malaysia Bhd	83,700	12,303,900	4.18%
Petronas Dagangan Bhd	406,400	9,387,840	3.19%
Sime Darby Bhd	3,582,800	7,953,816	2.70%
Fraser & Neave Holdings Bhd	214,600	7,476,664	2.54%
QL Resources Bhd	905,100	7,358,463	2.50%
		<b>44,480,683</b>	<b>15.12%</b>
<b><u>Telecommunications &amp; Media</u></b>			
Digi.Com Bhd	4,437,500	19,791,250	6.73%
Maxis Bhd	2,969,400	15,797,208	5.37%
Telekom Malaysia Bhd	2,193,000	8,377,260	2.85%
		<b>43,965,718</b>	<b>14.95%</b>
<b><u>Industrial Products &amp; Services</u></b>			
Petronas Chemicals Group Bhd	3,695,900	27,164,865	9.24%
Press Metal Aluminium Holdings Bhd	2,088,600	9,711,990	3.30%
		<b>36,876,855</b>	<b>12.54%</b>
<b><u>Energy</u></b>			
Dialog Group Bhd	5,582,000	19,257,900	6.55%
Serba Dinamik Holdings Bhd	1,660,900	3,653,980	1.24%
Hibiscus Petroleum Bhd	1,670,700	1,570,458	0.53%
		<b>24,482,338</b>	<b>8.32%</b>
<b><u>Utilities</u></b>			
Petronas Gas Bhd	1,046,200	17,387,844	5.91%
		<b>17,387,844</b>	<b>5.91%</b>
<b><u>Technology</u></b>			
Inari Amertron Bhd	3,830,100	6,511,170	2.21%
MY E.G. Services Bhd	3,108,700	3,419,570	1.16%
		<b>9,930,740</b>	<b>3.38%</b>

**Table 6: MyETF-DJIM25's Investment in Listed Equities (Continued)**

	Quantity (Units)	Market Value (RM)	Market Value as a percentage of Net Asset Value (%)
<b>Transportation &amp; Logistic</b>			
Westports Holdings Bhd	1,530,900	6,445,089	2.19%
		<b>6,445,089</b>	<b>2.19%</b>
		<b>293,511,908</b>	<b>99.79%</b>

Sources: Bursa Malaysia, i-VCAP

## 5. Distribution Policy

The Fund may distribute amongst the unitholders all, or substantially all of the dividend income that the Fund received from its stock investment, pro-rated based on the number of units held by each unitholder as at the entitlement date of the income distribution. The exact amount to be distributed will be at the absolute discretion of the Manager, subject to compliance with the Exchange-Traded Funds Guidelines issued by the Securities Commission Malaysia on 11 June 2009 which may be revised from time to time.

In April 2019, the Fund paid an income distribution amounted to RM6,731,960 in relation to the first and final distribution of 2.44 sen per unit for the Financial Year 2018 (declared in February 2019). The first and final income distribution amount is derived from the dividend income that the Fund received from its stocks investment holding and the profit income during the year.

## 6. Other Information

There was no material litigation involving the Fund and no significant changes in the state of affairs of the Fund during the period under review. There is also no other material information that will adversely affect the Fund's valuation and the interest of unit holders.

## 7. Soft Dollar Commissions

It is the Manager's policy to not receive any goods or services by way of soft commission.

## 8. Market Review and Outlook

2019 marked a winning year for stock markets around the world. Most stock markets posted their best returns in a decade. Several key market indexes in the U.S., Europe and Asia hit record highs during the year as investors cheered drastic interest rate cuts by the central banks globally. The possibility of the signing of the phase-one trade deal between the U.S. and China significantly boosted investors' sentiment towards the end of the year. MSCI World Index and S&P 500 Index registered a strong return of 25.2% and 28.9% respectively in 2019.

As opposed to the strong stock market performance, global economy in 2019 recorded its weakest growth since the global financial crisis a decade ago. World Bank cut its global growth forecast for the year to 2.6% as a result of trade disputes, policy uncertainties and weak corporate confidence which led to reduction in capital spending. Leading economic indicators continue to point to slowing growth momentum in most major economies against the backdrop of slower global trade.

Growth had significantly softened across the major economies in Asia. China recorded a 6.1% GDP growth in 2019, the lowest since 1990, as the country's trade war with the U.S. took its toll. Hong Kong slipped into technical recession in the third quarter whilst Singapore and South Korean were exposed to the risk of recession in 2019.

On the local front, Malaysia's GDP growth weakened slightly to 4.4% in 3Q2019 from 4.9% in the preceding quarter, dragged down by a slowdown in key sectors, weaker export, as well as the decline in the mining and construction activities. Consumer Sentiment Index dropped to 84.0 points in 3Q2019 from 93.0 points in 2Q2019 indicated that consumers are likely to be more cautious in their spending plans. In May 2019, Bank Negara Malaysia cut the Overnight Policy Rate (OPR) by 25bp to 3.00% to stimulate growth.

Despite the sharp rally in the global equities in 2019, Malaysia's equity market finished 2019 as one of the worst performing markets in the world. The local stock market declined to a four-year low in October 2019, triggered by the worries over a global slowdown and trade tension between U.S. and EU. Market rebounded slightly in December 2019 as investors returned to bargain hunt following the underperformance against regional peers. Foreign investors continued selling Malaysian equity in 2019 with a total net outflows of RM10.9 billion.



The DJIM25 Index recorded a flattish return of 0.1% in 2019, tracking the weak equity market condition in Malaysia. The Index hit a multi-year low of 923.76 points on 27<sup>th</sup> May 2019, before it rebounded and closed at 975.47 points as at 31 December 2019.

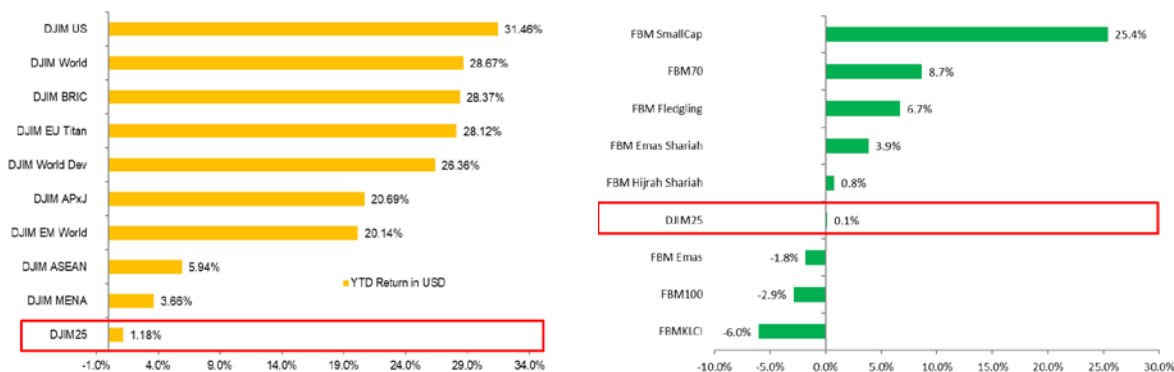
**Chart 3: DJIM25 Index Performance in 2019**



Sources: Bloomberg, i-VCAP

On comparative performance within Dow Jones Islamic Market (“DJIM”) index series (based on USD), the DJIM25 Index underperformed all global Islamic equity benchmark indices, tracking the weak equity market in Malaysia. On the local front, DJIM25 Index outperformed FBMKLCI Index and FBM100 Index but lagged most domestic small-cap indices.

**Chart 4: DJIM25 Index and Comparable Performances in 2019**



Sources: Bloomberg, i-VCAP

Despite challenging environment, Bank Negara Malaysia (BNM) projected a moderate GDP growth between 4.3% and 4.9% for 2019 and confident that growth to be sustained at the same pace going into 2020. Malaysian economy is expected to remain resilient and growth is expected to gradually improve with the continued support from household spending and better export performance in 2020. BNM indicated that monetary policy will be kept accommodative and supportive of economic activities.

While easing monetary policy in the major economies are expected to improve global financial conditions in the near term, it could lead to a higher volatility in financial markets. Malaysia equity market is expected to remain volatile in 2020. Trade tension, global recession fear and domestic political uncertainties would continue to top the list of market concerns for the coming year.

## **TRUSTEE'S REPORT TO THE UNIT HOLDERS OF MyETF DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25**

We have acted as Trustee for MyETF Dow Jones Islamic Market Malaysia Titans 25 ("the Fund") for the financial year ended 31 December 2019. To the best of our knowledge, for the financial year under review, i-VCAP Management Sdn. Bhd. ("the Manager") has operated and managed the Fund in accordance with the following:-

- (a) limitations imposed on the investment powers of the Manager and Trustee under the Deed (s), the Securities Commission's Guidelines on Exchange-Traded Funds, the Capital Markets and Services Act 2007 and other applicable laws;
- (b) valuation and pricing of the Fund is carried out in accordance with the Deed(s) of the Fund and any regulatory requirements; and
- (c) creation and cancellation of units for the Fund are carried out in accordance with the Deed(s) of the Fund and applicable regulatory requirements.

We are of the view that the distribution made during the financial year ended 31 December 2019 by the Manager is not inconsistent with the objectives of the Fund.

For Deutsche Trustees Malaysia Berhad

**Ng Hon Leong**  
Head, Trustee Operations

**Richard Lim Hock Seng**  
Chief Executive Officer

Kuala Lumpur

## **SHARIAH ADVISER'S REPORT TO THE UNIT HOLDERS OF MyETF DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25**

We have acted as the Shariah Adviser of MyETF Dow Jones Islamic Market Malaysia Titans 25 (the "Fund") for the financial year ended 31 December 2019. Our responsibility is to ensure that the procedures and processes employed by i-VCAP Management Sdn. Bhd. are in accordance with Shariah.

In our opinion, the Manager of the fund, i-VCAP Management Sdn. Bhd. has managed and administered the Fund in accordance with Shariah and complied with applicable guidelines, ruling or decision issued by the Securities Commission Malaysia pertaining to Shariah matters for the financial year ended 31 December 2019.

We also confirm that the investment portfolio of the Fund comprises securities which have been classified as Shariah-compliant by the Shariah Advisory Council of the Securities Commission Malaysia. For investments other than the abovementioned we have reviewed the same and of the opinion that these investments were in accordance with the Shariah Investment Guidelines of the Fund.

This report is made solely to the unit holders for the Fund, as the body, and for no other purposes. We do not assume responsibility to any other person for the content of this report and we shall not be liable for any errors or non-disclosure on the part of the Manager.

For and on behalf of Shariah Adviser  
Amanie Advisors Sdn Bhd

Datuk Dr. Mohd Daud Bakar  
Executive Chairman

**STATEMENT BY THE MANAGER**

I, Khairi Shahrin Arief Bin Baki, being a Director of the Manager, do hereby state that, in the opinion of the Manager, the financial statements set out on pages 27 to 53 are drawn up in accordance with the provisions of the Deed and give a true and fair view of the state of affairs of the Fund as at 31 December 2019 and of its results, changes in net assets attributable to unit holders and cash flows of the Fund for the financial year ended on that date in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Securities Commission's Guidelines on Exchange-Traded Funds.

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**KHAIRI SHAHRIN ARIEF BIN BAKI**

For and on behalf of the Manager,  
iVCAP Management Sdn. Bhd.

Kuala Lumpur

## **INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF MyETF DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25**

### **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

#### Our opinion

In our opinion, the financial statements of MyETF Dow Jones Islamic Market Malaysia Titans 25 ("the Fund") give a true and fair view of the financial position of the Fund as of 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

#### What we have audited

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 31 December 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 1 to 29.

#### Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence and other ethical responsibilities

We are independent of the Fund in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF  
MyETF DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25**

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)**

Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of the Fund. In particular, we considered where the Manager made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Fund, the accounting processes and controls, and the industry in which the Fund operates.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Fund for the current year. These matters were addressed in the context of our audit of the financial statements of the Fund as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matters
<p><b>Valuation and existence of financial assets at fair value through profit or loss</b></p> <p>Refer to Note F (Summary of significant accounting policies), Note 10 and Note 22 (Notes to the financial statements).</p> <p>The investment portfolio at the year-end comprised listed equity investments valued at RM293,717,274.</p> <p>We focused on the valuation and existence of investments because investments represent the most significant element of the net asset value in the financial statements.</p>	<p>We have tested the valuation of the listed equity investments by agreeing the prices used in the valuation to independent third party sources.</p> <p>We have tested the existence of the investment portfolio by agreeing the holdings for investments to an independent custodian confirmation.</p> <p>Based on the above procedures, no material exceptions were identified.</p>

## **INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF MyETF DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25**

### **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)**

#### Information other than the financial statements and auditors' report thereon

The Manager of the Fund is responsible for the other information. The other information comprises the Manager's Report but does not include the financial statements of the Fund and our auditors' report thereon.

Our opinion on the financial statements of the Fund does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Fund, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Fund or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of the Manager for the financial statements

The Manager of the Fund is responsible for the preparation of the financial statements of the Fund that give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Manager is also responsible for such internal control as the Manager determines is necessary to enable the preparation of financial statements of the Fund that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Fund, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.



## **INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF MyETF DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25**

### **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)**

#### Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Fund as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- (d) Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Fund, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

## **INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF MyETF DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25**

### **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)**

#### Auditors' responsibilities for the audit of the financial statements (continued)

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Manager, we determine those matters that were of most significance in the audit of the financial statements of the Fund for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **OTHER MATTERS**

This report is made solely to the unit holders of the Fund and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS PLT  
LLP0014401-LCA & AF 1146  
Chartered Accountants

MANJIT SINGH A/L HAJANDER SINGH  
02954/03/2021 J  
Chartered Accountant

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

	<u>Note</u>	<u>2019</u> RM	<u>2018</u> RM
<b>INVESTMENT (LOSS)/INCOME</b>			
Gross dividend income		6,662,863	8,631,540
Profit from short term Shariah-compliant deposits		46,885	34,497
Net (loss)/gain on financial assets at fair value through profit or loss	10	(1,016,016)	(17,722,577)
		<u>5,693,732</u>	<u>(9,056,540)</u>
<b>EXPENSES</b>			
Management fee	4	(1,184,092)	(1,262,274)
Trustee's fee	5	(148,012)	(157,787)
License fee	6	(118,410)	(126,228)
Transaction cost		(300,491)	(204,111)
Auditors' remuneration		(15,595)	(15,000)
Tax agent's fee		(9,600)	(4,728)
Shariah adviser's fee		(6,500)	(6,500)
Purification of non Shariah-compliant income		(33,373)	(57,589)
Other expenses	7	(23,261)	(74,522)
		<u>(1,839,334)</u>	<u>(1,908,739)</u>
<b>(LOSS)/PROFIT BEFORE TAXATION</b>		3,854,398	(10,965,279)
Taxation	8	-	-
		<u>3,854,398</u>	<u>(10,965,279)</u>
<b>(LOSS)/PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE FINANCIAL YEAR</b>		<u>3,854,398</u>	<u>(10,965,279)</u>
(Loss)/profit after taxation is made up as follows:			
Realised amount		1,760,858	15,362,989
Unrealised amount		2,093,540	(26,328,268)
		<u>3,854,398</u>	<u>(10,965,279)</u>

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

MyETF DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25

**STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2019**

	<u>Note</u>	<u>2019</u> RM	<u>2019</u> RM
<b>ASSETS</b>			
Cash and cash equivalents	12	699,269	1,060,542
Financial assets at fair value through profit or loss	10	293,717,274	304,449,221
Dividends receivable	11	40,782	422,790
<b>TOTAL ASSETS</b>		<u>294,457,325</u>	<u>305,932,553</u>
<b>LIABILITIES</b>			
Management fee payable		102,390	102,920
Amount due to Trustee		12,799	12,864
Auditors' remuneration		15,377	14,782
Tax agent's fee		9,833	4,960
Shariah adviser's fee		-	15,913
Payables	13	189,265	104,331
<b>TOTAL LIABILITIES</b>		<u>329,664</u>	<u>255,770</u>
<b>NET ASSET VALUE OF THE FUND</b>		<u>294,127,661</u>	<u>305,676,783</u>
<b>EQUITY</b>			
Unit holders' capital		281,068,184	289,739,744
Retained earnings		13,059,477	15,937,039
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS</b>	15	<u>294,127,661</u>	<u>305,676,783</u>
<b>NUMBER OF UNITS IN CIRCULATION</b>	15	<u>267,900,000</u>	<u>275,900,000</u>
<b>NET ASSET VALUE PER UNIT (RM)</b>		<u>1.0979</u>	<u>1.1079</u>

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

**STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

	Note	Unit holders' capital RM	Retained earnings RM	Total RM
Balance as at 1 January 2019		290,554,754	33,027,888	323,582,642
Total comprehensive income for the financial year		-	(10,965,279)	(10,965,279)
Distribution for the financial year ended 31 December 2018	9	-	(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 31 December 2019		<u>289,739,744</u>	<u>15,937,039</u>	<u>305,676,783</u>
Balance as at 1 January 2018		290,554,754	33,027,888	323,582,642
Total comprehensive income for the financial year		-	(10,965,279)	(10,965,279)
Distribution for the financial year ended 31 December 2017	9	-	(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 31 December 2018		<u>289,739,744</u>	<u>15,937,039</u>	<u>305,676,783</u>

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

**STATEMENT OF CASH FLOW  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

	<u>Note</u>	<u>2019</u> RM	<u>2018</u> RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash used in purchase of investments		(96,968,596)	(99,384,590)
Proceeds from sales of investments		97,718,260	97,014,325
Dividends received		7,044,871	8,250,543
Profit from short term Shariah-compliant deposits		46,885	34,497
Management fee paid		(1,184,622)	(1,259,868)
Trustee fee paid		(148,077)	(157,487)
License fee paid		(60,748)	(132,273)
Purification of non Shariah-compliant income		(3,879)	(56,589)
Payment for other fees and expenses		(67,622)	(289,029)
		<u>6,376,472</u>	<u>4,019,529</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from creation of units	21	-	41,500
Payments for cancellation of units	21	(5,784)	(45,482)
Payment for income distribution	9	(6,731,960)	(6,125,570)
		<u>(6,737,744)</u>	<u>(6,129,552)</u>
		(361,273)	(2,110,023)
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>			
		(361,273)	(2,110,023)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR</b>			
		<u>1,060,542</u>	<u>3,170,565</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>			
	12	<u><u>699,269</u></u>	<u><u>1,060,542</u></u>

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

## **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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 MyETF Dow Jones Islamic Market Malaysia Titans 25 (“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 Manager’s best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note L.

(a) Standards and amendments to existing standards effective 1 January 2019:

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 January 2019 that have a material effect on the financial statements of the Fund.

(b) New standards, amendments and interpretations effective after 1 January 2019 and have not been early adopted:

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2019, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Fund.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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.

Realised gain or loss on disposal of investments

Realised gain or loss on disposal of quoted securities is accounted for as the difference between the net disposal proceeds and the carrying amount of quoted securities, 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**

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.

**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 YEAR ENDED 31 DECEMBER 2019 (CONTINUED)**

F FINANCIAL ASSETS AND LIABILITIES

(i) Classification

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 Shariah-compliant equity securities as fair value through other comprehensive income.

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, which are solely payments of principal and interest.

The Fund classifies amount due to Manager, amount due to Trustee, amount due to stockbrokers, auditors' remuneration, tax agent's fee, Shariah adviser's fee and payables as other financial liabilities subsequently 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 that are directly attributable to the acquisition of financial assets subsequently measured at fair value through profit or loss are expensed in the statement of comprehensive income.

Financial liabilities, within the scope of MFRS 9 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.

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.

The Fund subsequently measures all Shariah-compliant equity investments at fair value. 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 year in which they arise.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)**

F FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

(ii) Recognition and measurement (continued)

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.

Definition of default and credit-impaired financial assets

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

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)**

**F FINANCIAL ASSETS AND LIABILITIES (CONTINUED)**

(iii) Impairment of financial assets (continued)

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 amount 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.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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 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's ("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

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, which is the Fund's presentation and functional currency.

### 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.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)**

**L CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES**

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 Funds' results and financial position are tested for sensitivity to changes in the underlying parameters.

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

In undertaking any of the Fund's investment, the Manager will ensure that all assets of the Fund under management will be valued appropriately, that is at fair value and in compliance with the SC's Guidelines on Exchange-Traded Funds.

However, the Manager is of the opinion that in applying these accounting policies, no significant judgment was required.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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 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 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's 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.

These financial statements were authorised for issue by the Manager on 21 February 2020.

### 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
<b>2019</b>				
Cash and cash equivalents	12	699,269	-	699,269
Financial assets at fair value through profit or loss	10	-	293,717,274	293,717,274
Dividends receivable	11	40,782	-	40,782
Total		<b>740,051</b>	<b>293,717,274</b>	<b>294,457,325</b>
<b>2018</b>				
Cash and cash equivalents	12	1,060,542	-	1,060,542
Financial assets at fair value through profit or loss	10	-	304,449,221	304,449,221
Dividends receivable	11	422,790	-	422,790
Amount due from stockbrokers		<b>1,483,332</b>	<b>304,449,221</b>	<b>305,932,553</b>
Total		<b>1,060,542</b>	<b>-</b>	<b>1,060,542</b>

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)**

**2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**

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's 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 31 December, the fair value of equities exposed to price risk was as follows:

	<u>2019</u> RM	<u>2018</u> RM
Financial assets at fair value through profit or loss	293,717,274	304,449,221

The table below summarises the sensitivity of the Fund's unrealized income or loss to equity price movements as at the end of the financial year. The analysis is based on the assumptions that the Benchmark 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.

**2019**

<u>% Change in benchmark index</u>	<u>Benchmark index</u>	<u>Market value</u>	<u>Impact to profit after tax/NAV</u>
		RM	RM
-10%	877.92	264,974,102	(28,743,172)
0%	975.47	293,717,274	-
10%	1,073.02	322,460,446	28,743,172

**2018**

<u>% Change in benchmark index</u>	<u>Benchmark index</u>	<u>Market value</u>	<u>Impact to profit after tax/NAV</u>
		RM	RM
-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

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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)**

**2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**

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 settlement terms of the amount due from stockbrokers are governed by the relevant rules and regulations of the respective stock exchanges.

The maximum exposure to credit risk before any credit enhancements as at the end of the financial year 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
<b><u>2019</u></b>			
Financial institutions			
– AAA	70,923	-	70,923
– A3	628,346	-	628,346
Others	-	40,782	40,782
	<u>699,269</u>	<u>40,782</u>	<u>740,051</u>

	<u>Cash and cash equivalents</u> RM	<u>Dividends receivable</u> RM	<u>Total</u> RM
<b><u>2018</u></b>			
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>



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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
<b><u>2019</u></b>			
Management fee payable	102,390	-	102,390
Amount due to Trustee	12,799	-	12,799
Auditors' remuneration	-	15,377	15,377
Tax agent's fee	-	9,833	9,833
Payables	-	189,265	189,265
	<u>115,189</u>	<u>214,475</u>	<u>329,664</u>
<b><u>2018</u></b>			
Management fee payable	102,920	-	102,920
Amount due to Trustee	12,864	-	12,864
Auditors' remuneration	-	14,782	14,782
Tax agent's fee	-	4,960	4,960
Shariah adviser's fee	-	15,913	15,913
Payables	-	104,331	104,331
	<u>115,784</u>	<u>139,986</u>	<u>255,770</u>

**4 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 year ended 31 December 2018, the management fee was recognised at a rate of 0.4% (2016: 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)**

5 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 year ended 31 December 2018, the Trustee's fee was recognised at a rate of 0.05% (2017: 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.

6 LICENSE FEE

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

For the financial year ended 31 December 2018, the License Fee was recognised at a rate of 0.04% (2017: 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.

7 OTHER EXPENSES

	<u>2019</u> RM	<u>2018</u> RM
GST expense	-	40,094
Other expenses	23,261	34,428
	<u>23,261</u>	<u>74,522</u>

8 TAXATION

	<u>2019</u> RM	<u>2018</u> RM
Tax charged for the financial year:		
- Current taxation	-	-
	<u>-</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)**

## 8 TAXATION (CONTINUED)

The explanation of the relationship between taxation and loss before taxation of the Fund is as follows:

	<u>2019</u> RM	<u>2018</u> RM
Profit/(loss) before taxation	3,854,398	(10,965,279)
Tax at Malaysian statutory rate of 24% (2018: 24%)	925,056	(2,631,667)
Tax effect of:		
Investment income not subject to tax	(1,366,496)	2,173,570
Restriction on tax deductible expenses for exchange-traded funds	262,667	282,425
Expenses not deductible for tax purposes	178,773	175,673
	-	-
	<u>                    </u>	<u>                    </u>

## 9 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	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	-	-
	<u>                    </u>	<u>                    </u>
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> RM	<u>Distribution per unit</u> RM	<u>Ex-distribution</u> RM
<b>2019</b>			
11 March 2019	1.0917	0.0244	1.0673
<b>2018</b>			
1 March 2018	1.2195	0.0239	1.1956

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)**

9 INCOME DISTRIBUTION (CONTINUED)

Distribution to unit holders is from the following sources:

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
<b>2019</b>			
11 March 2019	301,188,809	6,731,960	294,456,849
<b>2017</b>			
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 8 April 2019.

The first and final income distribution for the financial year ended 31 December 2017 of 2.39 sen per unit was declared on 12 February 2018 based on the financial position of the Fund as at 31 December 2017 with the ex-date of 1 March 2018 and entitlement date of 5 March 2018. The total amount of income distributed was RM6,125,570 based on 256,300,000 of the Fund's units in circulation, which was paid out to unit holders on 29 March 2018.

There is no interim income distribution declared for the financial year ended 31 December 2019.

Subsequent to 31 December 2019, the first and final income distribution for the financial year ended 31 December 2019 of [ ] sen per unit was declared on [ ] based on the financial position of the Fund as at 31 December 2019 with the ex-date of [ ] and entitlement date of [ ].

During the financial year ended 31 December 2019, the Fund incurred unrealised losses on changes in fair values of RM[ ]. (2018: RM26,328,268)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)**

## 10 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>2019</u> RM	<u>2018</u> RM
Financial assets at fair value through profit or loss		
- Shariah-compliant quoted securities	293,717,274	304,449,221
Net (loss)/gain on financial assets at fair value through profit or loss		
- Realised (loss)/gain	(3,109,556)	8,605,691
- Unrealised gain/(loss) on changes in fair value	2,093,540	(26,328,268)
	<u>(1,016,016)</u>	<u>(17,722,577)</u>

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>2019</b>				
<b>SHARIAH-COMPLIANT QUOTED SECURITIES</b>				
<b>Consumer Products &amp; Services</b>				
Fraser & Neave Holdings Bhd	214,600	6,407,995	7,476,664	2.54
Nestle (Malaysia) Bhd	83,700	9,351,546	12,303,900	4.18
Petronas Dagangan Bhd	406,400	7,963,127	9,387,840	3.19
QL Resources Bhd	905,100	5,941,863	7,358,463	2.49
Sime Darby Bhd	3,582,800	7,877,976	7,953,816	2.71
	<u>5,192,600</u>	<u>37,542,507</u>	<u>44,480,683</u>	<u>15.11</u>
<b>Energy</b>				
Dialog Group Bhd	5,582,000	10,882,441	19,257,900	6.55
Hibiscus Petroleum Berhad	1,670,700	1,817,363	1,570,458	0.54
Serba Dinamik Holdings Bhd	1,660,900	3,248,028	3,653,980	1.24
Serba Dinamik Holdings Bhd - Warrants	466,740	-	205,366	0.07
	<u>9,380,340</u>	<u>15,947,832</u>	<u>24,687,704</u>	<u>8.40</u>
<b>Health Care</b>				
Hartalega Holdings Berhad	2,147,800	6,953,416	11,769,944	4.00
IHH Healthcare Bhd	4,095,100	20,524,432	22,400,197	7.62
Kossan Rubber Industries Bhd	843,600	3,534,315	3,509,376	1.19
Top Glove Corporation Bhd.	1,665,200	4,205,922	7,826,440	2.66
	<u>8,751,700</u>	<u>35,218,085</u>	<u>45,505,957</u>	<u>15.47</u>
<b>Industrial Products &amp; Services</b>				
Petronas Chemicals Group Bhd	3,695,900	25,945,665	27,164,865	9.24
Press Metal Aluminium Holdings Bhd	2,088,600	10,157,773	9,711,990	3.30
	<u>5,784,500</u>	<u>36,103,438</u>	<u>36,876,855</u>	<u>12.54</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)**

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>2019</b>				
<b>SHARIAH-COMPLIANT QUOTED SECURITIES</b>				
<b>Plantation</b>				
Genting Plantations Bhd	458,200	4,279,290	4,847,756	1.65
IOI Corporation Bhd	4,117,300	17,914,502	18,980,753	6.46
Kuala Lumpur Kepong Bhd	754,900	15,998,005	18,721,520	6.37
Sime Darby Plantation Bhd	4,015,900	21,609,029	21,886,655	7.44
	<u>9,346,300</u>	<u>59,800,826</u>	<u>64,436,684</u>	<u>21.92</u>
<b>Technology</b>				
Inari Amertron Bhd	3,830,100	5,583,194	6,511,170	2.21
My E.G. Services Bhd	3,108,700	4,395,539	3,419,570	1.16
	<u>6,938,800</u>	<u>9,978,733</u>	<u>9,930,740</u>	<u>3.37</u>
<b>Telecommunications &amp; Media</b>				
Digi Telecommunications Bhd	4,437,500	21,311,736	19,791,250	6.73
Maxis Bhd	2,969,400	16,845,918	15,797,208	5.37
Telekom Malaysia Bhd	2,193,000	12,355,172	8,377,260	2.85
	<u>9,599,900</u>	<u>50,512,826</u>	<u>43,965,718</u>	<u>14.95</u>
<b>Transportation &amp; Logistics</b>				
Westports Holdings Bhd	1,530,900	5,257,468	6,445,089	2.19
<b>Utilities</b>				
Petronas Gas Bhd	1,046,200	17,170,052	17,387,844	5.91
<b>TOTAL SHARIAH-COMPLIANT QUOTED SECURITIES</b>	<b><u>57,571,240</u></b>	<b><u>267,531,767</u></b>	<b><u>293,717,274</u></b>	<b><u>99.86</u></b>
<b>ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b><u>26,185,507</u></b>		
<b>TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b><u>293,717,274</u></b>		

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)**

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>2018</b>				
<b>SHARIAH-COMPLIANT QUOTED SECURITIES</b>				
<b>Consumer Products &amp; Services</b>				
Fraser & Neave Holdings Bhd	136,200	3,613,655	4,562,700	1.49
Nestle (M) Bhd	60,400	5,767,043	8,902,960	2.91
QL Resources Bhd	955,500	6,197,364	6,506,955	2.13
Sime Darby Bhd	3,937,100	8,556,184	9,449,040	3.09
Petronas Dagangan Bhd	388,400	6,995,816	10,292,600	3.37
	<b>5,477,600</b>	<b>31,130,063</b>	<b>39,714,255</b>	<b>12.99</b>
<b>Energy</b>				
Dialog Group Bhd	4,582,600	6,614,640	14,251,886	4.66
<b>Health Care</b>				
Hartalega Holdings Bhd	1,902,100	5,220,037	11,678,894	3.82
IHH Healthcare Bhd	3,502,400	16,821,091	18,877,936	6.18
Top Glove Corporation Bhd	1,960,400	3,743,481	10,978,240	3.59
	<b>7,364,900</b>	<b>25,784,609</b>	<b>41,535,070</b>	<b>13.59</b>
<b>Industrial Products &amp; Services</b>				
Lotte Chemical Titan Holding Bhd	745,900	3,625,944	3,446,058	1.13
Petronas Chemicals Group Bhd	2,870,800	18,874,863	26,669,732	8.72
Press Metal Aluminium Holdings Bhd	2,836,100	14,145,538	13,698,363	4.48
	<b>6,452,800</b>	<b>36,646,345</b>	<b>43,814,153</b>	<b>14.33</b>
<b>Plantation</b>				
Genting Plantations Bhd	353,800	3,187,372	3,488,468	1.14
IOI Corporation Bhd	3,236,700	14,031,617	14,403,315	4.71
Kuala Lumpur Kepong Bhd	565,400	11,274,215	13,976,688	4.57
Sime Darby Plantation Bhd	3,565,300	19,465,653	16,970,828	5.55
	<b>7,721,200</b>	<b>47,958,857</b>	<b>48,839,299</b>	<b>15.97</b>
<b>Technology</b>				
Inari Amertron Bhd	2,599,100	3,530,032	3,898,650	1.28
My E.G. Services Bhd	2,930,700	4,113,270	2,857,433	0.93
	<b>5,529,800</b>	<b>7,643,302</b>	<b>6,756,083</b>	<b>2.21</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)**

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>2018 (CONTINUED)</b>				
<b>SHARIAH-COMPLIANT QUOTED SECURITIES (CONTINUED)</b>				
<b>Telecommunications &amp; Media</b>				
Axiata Group Berhad	4,158,400	22,188,324	16,342,512	5.35
Digi.Com Bhd	2,778,300	13,380,022	12,502,350	4.09
Maxis Bhd	1,890,700	10,710,872	10,115,245	3.31
Telekom Malaysia Bhd	2,186,300	13,026,149	5,815,558	1.90
	<u>11,013,700</u>	<u>59,305,367</u>	<u>44,775,665</u>	<u>14.65</u>
<b>Transportation &amp; Logistics</b>				
Westports Holdings Bhd	1,278,500	4,194,411	4,628,170	1.51
<b>Utilities</b>				
Petronas Gas Bhd	775,600	12,411,455	14,891,520	4.87
Tenaga Nasional Bhd	3,326,700	48,668,206	45,243,120	14.80
	<u>4,102,300</u>	<u>61,079,661</u>	<u>60,134,640</u>	<u>19.67</u>
<b>TOTAL SHARIAH-COMPLIANT QUOTED SECURITIES</b>				
	<b><u>53,523,400</u></b>	<b><u>280,357,254</u></b>	<b><u>304,449,221</u></b>	<b><u>99.58</u></b>
<b>ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>				
		<u>24,091,967</u>		
<b>TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>				
		<u>304,449,221</u>		

## 11 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.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONTINUED)**

## 12 CASH AND CASH EQUIVALENTS

	<u>2019</u> RM	<u>2018</u> RM
Shariah compliant deposits with licensed banks	628,346	1,264,717
Cash at bank – From Shariah-compliant income	39,574	1,902,759
Cash at bank – From non Shariah-compliant income	31,349	3,089
	<u>1,060,542</u>	<u>3,170,565</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:

	<u>2019</u> %p.a.	<u>2018</u> %p.a.
Shariah compliant deposits with licensed banks	<u>2.95</u>	<u>3.15</u>

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

## 13 PAYABLES

	<u>2019</u> RM	<u>2018</u> RM
Amount due to index licensor	113,819	56,157
Amount due to beneficial organisations (Note 14)	31,349	1,855
Printing cost	-	3,000
Payables	44,097	43,319
	<u>189,265</u>	<u>104,331</u>

## 14 AMOUNT DUE TO BENEFICIAL ORGANISATIONS

Amount due to beneficial organisations is the non Shariah-compliant income portion of dividends received and receivable as at 31 December. It comprises the following amounts:

	<u>2019</u> RM	<u>2018</u> RM
Cash at bank – non Shariah-compliant income	<u>31,349</u>	<u>1,855</u>

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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONTINUED)**

## 15 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>2019</u> RM	<u>2018</u> RM
Unit holders' contribution	(a)	281,068,184	289,739,744
Retained earnings		13,059,477	15,937,039
		<u>294,127,661</u>	<u>305,676,783</u>

## (a) UNIT HOLDERS' CONTRIBUTION/UNITS IN CIRCULATION

	<u>2019</u>		<u>2018</u>	
	<u>No. of Units</u>	<u>RM</u>	<u>No. of Units</u>	<u>RM</u>
At beginning of the financial year	275,900,000	289,739,744	276,300,000	290,554,754
Creation during the financial year	-	-	24,400,000	29,243,400
Cancellation during the financial year	(8,000,000)	(8,671,560)	(24,800,000)	(30,058,410)
At the end of the financial year	<u>267,900,000</u>	<u>281,068,184</u>	<u>275,900,000</u>	<u>289,739,744</u>

## 16 TRANSACTIONS WITH BROKERS

Details of transactions with the brokers for the financial year ended 31 December 2019 are as follows:

<u>Name of brokers</u>	<u>Value of trade</u>	<u>Percentage of total trades</u>	<u>Brokerage fees</u>	<u>Percentage of total brokerage</u>
	RM	%	RM	%
Affin Hwang Investment Bank Bhd.	129,789,643	66.67	155,748	66.66
Maybank Investment Bank Bhd.	27,351,908	14.05	32,822	14.05
CIMB Investment Bank Bhd.	23,860,085	12.26	28,632	12.25
CGS-CIMB Securities Sdn. Bhd	13,670,184	7.02	16,435	7.04
	<u>194,671,820</u>	<u>100.00</u>	<u>233,637</u>	<u>100.00</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)**

16 TRANSACTIONS WITH BROKERS (CONTINUED)

The trades done through Affin Hwang Investment Bank Berhad was during the 2Q2019 rebalancing of the fund. During the rebalancing exercise, the index excluded two (2) stocks (i.e. Tenaga Nasional Bhd. and Axiata Bhd.) which constituted 21% of Net Asset Value while buying of 25 stocks. All orders were given at market-on-close (i.e. orders to buy or sell shares at the last market price of the day or just after the closing bell). The order was given to only one broker to avoid rebalancing imbalance (i.e. proceeds from selling order plus cash not enough to cover buying orders) because if a stock has a large buy imbalance, the stock's share price may rise in the last 15 minutes of trading as traders recognize the bullish market-on-close imbalance

The fund manager was planning to reduce the exposure in Affin Hwang Investment Bank Berhad during the subsequent 3Q2019 and 4Q2019 rebalancing by using other brokers but the trade values were not enough to dilute the exposure in Affin Hwang Investment Bank Berhad as there were not much changes to the index during the 3Q2019 and 4Q2019 rebalancing exercises.

Details of transactions with brokers for the financial year ended 31 December 2018 are as follows:

<u>Name of brokers</u>	<u>Value</u>	<u>Percentage</u>	<u>Brokerage</u>	<u>Percentage</u>
	<u>of trade</u>	<u>of total</u>	<u>fees</u>	<u>of total</u>
	<u>RM</u>	<u>%</u>	<u>RM</u>	<u>%</u>
Alliance Investment Bank Bhd.	44,828,863	33.52	53,806	33.49
BIMB Securities Sdn. Bhd.	40,248,516	30.10	48,298	30.07
Affin Hwang Investment Bank Bhd	38,073,578	28.47	45,688	28.44
Maybank Investment Bank Bhd.	5,805,570	4.34	7,085	4.41
CIMB Investment Bank Bhd.	4,135,401	3.09	4,997	3.11
RHB Investment Bank Bhd.	635,430	0.48	776	0.48
	<u>133,727,358</u>	<u>100.00</u>	<u>160,650</u>	<u>100.00</u>

17 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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)**

## 17 UNITS HELD BY THE MANAGER AND PARTIES RELATED TO THE MANAGER

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

	<b>2019</b>		<b>2018</b>	
	<b>No. of Units</b>	<b>RM</b>	<b>No. of Units</b>	<b>RM</b>
The Manager	841,800	924,212	534,900	592,616
Valuecap	8,300,000	9,112,570	24,900,000	27,586,710
Shareholders of Valuecap	252,037,534	276,712,009	244,682,567	271,083,816
	<u>261,179,334</u>	<u>286,748,791</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.

## 18 MANAGEMENT EXPENSE RATIO ("MER")

	<b>2019</b>	<b>2018</b>
	<b>%</b>	<b>%</b>
MER	0.52	0.54

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 (excluding goods and services tax on 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 RM296,083,307 (2018: RM315,557,834).

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)**

## 19 PORTFOLIO TURNOVER RATIO ("PTR")

	<u>2019</u>	<u>2018</u>
PTR (times)	0.35	0.29

PTR is derived from the following calculation:

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

where: total acquisition for the financial year = RM96,810,833 (2018: RM95,879,737)

total disposal for the financial year = RM109,636,320 (2018: RM88,457,077)

## 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 Fund has a diversified unit holder population. However, as at 31 December 2019, there were 2 unit holders (2018: 2 unit holders) who held more than 10% of the Fund's NAV. The unit holdings were 39.72% and 37.33% (2018: 36.25% and 35.56%).

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 year.

## 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>2019</u> RM	<u>2018</u> RM
Creation		
- Fair value of benchmark index shares	-	29,201,900
- Cash component	-	41,500
	-	29,243,400
	<u>                    </u>	<u>                    </u>
Cancellation		
- Fair value of benchmark index shares	8,665,776	30,012,928
- Cash component	5,784	45,482
	8,671,560	30,058,410
	<u>                    </u>	<u>                    </u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)**

**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.

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 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
<b><u>2019</u></b>				
Financial assets at fair value through profit or loss				
- Quoted shares	293,717,274	-	-	293,717,274

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)**

22 FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

	<u>Level 1</u> RM	<u>Level 2</u> RM	<u>Level 3</u> RM	<u>Total</u> RM
<b><u>2018</u></b>				
Financial assets at fair value through profit or loss				
- Quoted shares	304,449,221	-	-	304,449,221
	<u>304,449,221</u>	<u>-</u>	<u>-</u>	<u>304,449,221</u>

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

## ANALYSIS OF UNIT HOLDINGS

### Summary of Unit Holders

As at 31 December 2019

	No. of unit holders	% of unit holders	No. of units held	% of units in circulation
Less than 100	5	3.38	266	0.00
100 - 1,000	70	47.30	31,600	0.01
1,001 - 10,000	50	33.78	244,500	0.09
10,001 - 100,000	10	6.76	300,800	0.11
100,001 to less than 5% of issued units	9	6.08	15,285,300	5.71
5% and above of issued units	4	2.70	252,037,534	94.08
<b>TOTAL</b>	<b>148</b>	<b>100.00</b>	<b>267,900,000</b>	<b>100.00</b>



## PROFILE OF DIRECTORS OF THE MANAGER

### DIRECTORS' PROFILE

<b>Name:</b>	<b>Roslina Binti Abdul Rahman</b>
<b>Age:</b>	51
<b>Gender:</b>	Female
<b>Nationality:</b>	Malaysian
<b>Designation:</b>	Chairman/Non-Independent Non-Executive Director
<b>Qualifications:</b>	Bachelor of Business Administration from Loyola Marymount University in Los Angeles and a Master of Business Administration from the Australia Graduate School of Management, University of New South Wales.
<b>Working Experience and Occupation:</b>	<p>Roslina Abdul Rahman was appointed to the board of directors of VCAP Asset Managers Sdn. Bhd. as Non-Independent Non-Executive Director on 1 August 2018. She is the Group Chief Executive Officer of Valuecap.</p> <p>Prior to joining Valuecap, Roslina was the Managing Director of Amundi Malaysia and Director of Amundi Islamic Malaysia. Roslina joined Amundi Malaysia in 2008, prior to which she held fund management roles at CIMB-Principal Asset Management from 2004 to 2008 and served across various units of AMMB Holdings Berhad – namely AmInvestment Management, Arab-Malaysian Merchant Bank/Arab-Malaysian Asset Management Berhad, and Arab-Malaysian Unit Trusts Berhad – from 1990 to 2004.</p>
<b>Date Appointed to Board:</b>	1 August 2018
<b>Details of Membership of any Board Committee:</b>	None
<b>Directorship of other public companies and listed issuer:</b>	None
<b>Family relationship with any director and/or major shareholder of the Fund:</b>	None
<b>Conflict of interest with the Fund:</b>	Roslina is the Managing Director and Group Chief Executive Officer of Valuecap Sdn. Bhd. of which is a unit holder of the Fund.
<b>List of convictions for offences within the past 5 years other than traffic offences and any public sanction or penalty imposed by the relevant regulatory bodies during the financial year:</b>	None

## DIRECTORS' PROFILE (continued)

<b>Name:</b>	<b>Khairi Shahrin Arief Bin Baki</b>
<b>Age:</b>	39
<b>Gender:</b>	Male
<b>Nationality:</b>	Malaysian
<b>Designation:</b>	Chief Executive Officer (“CEO”) / Non-Independent Executive Director
<b>Qualifications:</b>	Bachelor of Business Administration from Universiti Putra Malaysia and Diploma in Investment Analysis from The Research Institute of Investment Analysts Malaysia (RIIAM).
<b>Working Experience and Occupation:</b>	<p>Khairi Shahrin was appointed as CEO of i-VCAP in January 2018 and bringing with him fourteen (14) years of experience in the capital market industry.</p> <p>Khairi Shahrin began his career with OSK Investment Bank in 2003 and later held various positions at various institutions which include Maybank Investment Bank, JP Morgan Securities and Citigroup Global Markets. He subsequently served as Senior Director &amp; Head of Equity Dealing, MIDF Amanah Investment Bank prior to his appointment as CEO of i-VCAP.</p>
<b>Date Appointed to Board:</b>	11 January 2018
<b>Details of Membership of any Board Committee:</b>	None
<b>Directorship of other public companies and listed issuer:</b>	None
<b>Family relationship with any director and/or major shareholder of the Fund:</b>	None
<b>Conflict of interest with the Fund:</b>	Khairi is the CEO of i-VCAP of which is the Manager and unit holder of the Fund.
<b>List of convictions for offences within the past 5 years other than traffic offences and any public sanction or penalty imposed by the relevant regulatory bodies during the financial year:</b>	None

## DIRECTORS' PROFILE (continued)

<b>Name:</b>	<b>Datuk Dr Syed Muhamad Bin Syed Abdul Kadir</b>
<b>Age:</b>	72
<b>Gender:</b>	Male
<b>Nationality:</b>	Malaysian
<b>Designation:</b>	Independent Non-Executive Director
<b>Qualifications:</b>	Bachelor of Arts (Hons) degree from the University of Malaya and MBA degree from the University of Massachusetts followed by a Ph.D. (BM) from Virginia Polytechnic Institute and State University.
<b>Working Experience and Occupation:</b>	<p>Datuk Dr. Syed Muhamad started his career in 1973 as Senior Project Officer, School of Financial Management at the National Institute of Public Administration and in November 1988, he joined the Ministry of Education as Secretary of Higher Education and then assumed the position of Deputy Secretary (Foreign and Domestic Borrowing, Debt Management) Federal Treasury. From 1993, he joined the board of directors of Asian Development Bank, first as Alternate Executive Director and later as Executive Director prior to joining the Ministry of Finance as Secretary, Tax Analysis Division and later became Deputy Secretary General (Operations). Prior to his retirement, YBhg. Datuk Dr. Syed was Secretary General in the Ministry of Human Resource. Currently, Datuk Dr. Syed is also a Director of Valuecap Sdn. Bhd., the holding company of i-VCAP.</p> <p>During his career, he wrote and presented many papers relating to human resources development. His special achievement was that his dissertation "A Study on Board of Directors and Organizational Effectiveness" was published by Garland Publisher, Inc, of New York in 1991.</p> <p>Datuk Dr. Syed Muhamad is a Director of Malakoff Corporation Berhad , BSL Corporation Berhad and Asia Capital Reinsurance Malaysia Sdn Bhd. He is also the Chairman of Sun Life Malaysia Assurance Berhad. In addition, he holds a directorship in a number of private companies.</p>
<b>Date Appointed to Board:</b>	1 January 2019
<b>Details of Membership of any Board Committee:</b>	None
<b>Directorship of other public companies and listed issuer:</b>	<ol style="list-style-type: none"><li>1. Solution Engineering Holdings Berhad</li><li>2. BSL Corporation Berhad</li><li>3. Malakoff Corporation Berhad</li><li>4. Sun Life Malaysia Assurance Berhad</li><li>5. Sun Life Malaysia Takaful Berhad</li></ol>

## DIRECTORS' PROFILE (continued)

**Family relationship with any director and/or major shareholder of the Fund:** None

**Conflict of interest with the Fund:** None

**List of convictions for offences within the past 5 years other than traffic offences and any public sanction or penalty imposed by the relevant regulatory bodies during the financial year:** None

**Name:** Mohd Asri Bin Awang

**Age:** 63

**Gender:** Male

**Nationality:** Malaysian

**Designation:** Independent Non-Executive Director

**Qualifications:** Bachelor of Arts from Macquarie University, Sydney

**Working Experience and Occupation:** Prior to his retirement, Asri was the Chief Operating Officer (COO) of Bank Muamalat Malaysia Berhad. As COO, he served as a member and Deputy Chairman of the Banks management committee, executive risk management committee, credit committee, investment committee and Chairman of ALCO. Previously he was the Chief Risk Officer and reported directly to the Board Risk Management Committee. He also sat on the board of Muamalat Ventures Sdn Bhd and Muamalat Invest Sdn Bhd, the bank's subsidiaries involved in Private Equity and Asset Management businesses respectively.

Asri's previous appointments include being the CEO of Malaysian Rating Corporation Berhad, a domestic rating agency; the Head of Corporate Planning and Business Development at Amanah-MIDF Berhad, a Malaysian financial services group; Country Treasurer and Vice President of the then Chase Manhattan Bank Malaysia; General Manager, Treasury and Southern Region of a domestic commercial bank; CEO of a domestic finance company and Treasurer of a merchant bank.

Currently, Asri is a non-executive independent director of Valuecap Sdn. Bhd.

**Date Appointed to Board:** 1 January 2019

## DIRECTORS' PROFILE (continued)

**Details of Membership of any Board Committee:** None

**Directorship of other public companies and listed issuer:** None

**Family relationship with any director and/or major shareholder of the Fund:** None

**Conflict of interest with the Fund:** None

**List of convictions for offences within the past 5 years other than traffic offences and any public sanction or penalty imposed by the relevant regulatory bodies during the financial year:** None

**Date of first appointment as Director and attendance of Board Meetings during 2019:**

<b><u>Name</u></b>	<b><u>Date First Appointed</u></b>	<b><u>Attendance</u></b>
<b>Roslina Binti Abdul Rahman</b>	1 August 2018	4 of 4
<b>Khairi Shahrin Arief Bin Baki</b>	11 January 2018	4 of 4
<b>Datuk Dr Syed Muhamad Bin Syed Abdul Kadir</b>	1 January 2019	4 of 4
<b>Mohd Asri Bin Awang</b>	1 January 2019	4 of 4

## DIRECTORS' TRAINING

i-VCAP strongly supports the development of its Board members by providing continuous education programmes that are designed to meet the regulatory requirement and to keep abreast with the new developments in the industry. These would be the basis for their developmental needs and a dedicated training budget is allocated for this purpose. Besides the in-house programmes, the Board members also attend relevant external training programmes sponsored by i-VCAP and other companies that the Board members hold directorships.

The training programmes attended by the Directors for FY2019 are as follows:

## DIRECTORS' TRAINING

Director	Programme Attended	Date	Organising Company
Roslina Binti Abdul Rahman	Dialogue with Y.A.Bhg. Tun Daim bin Zainuddin	10 May 2019	KLBC
	Talk by Professor Sunil Gupta from Harvard Business School (HBS)	24 January 2019	Khazanah Nasional
	Spokesperson Training – Khoo Hsu Chuang	15 April 2019	ValueCAP Sdn. Bhd.
	ValueCAP Group Team Building	18 – 19 April 2019	
	IFN Forum Asia 2019	23 – 24 April 2019	Islamic Finance News
	Asset Owner Roundtable on ESG	31 May 2019	Securities Commission
	BattleFin Conference NYC	19 – 20 June 2019	BattleFin
	Investment Management Workshop 2019	23 – 28 June 2019	CFA Institute & Harvard Business School
	Steinbeis Malaysia – Everedge Talk	10 July 2019	Steinbeis Malaysia
	ECN C-Suite Workshop – Future Threats	29 August 2019	The Economist
	Women's Forum Asia	19 – 20 September 2019	Women's Forum
	The Cooler Earth Sustainable Finance Summit	1 – 2 October 2019	CIMB
	Malaysia Private Equity Forum Khazanah Megatrends 2019	1 October 2019 7 – 8 October 2019	Ekuias Khazanah Nasional
	PNB Corporate Summit 2019	30 October 2019	PNB
IIC – SIDC Governance Convention 2019	18 – 19 November 2019	IIC & SIDC	

## DIRECTORS' TRAINING (continued)

Director	Programme Attended	Date	Organising Company
Khairi Shahrin Arief Bin Baki	2019 Asset & Wealth Management	22 January 2019	PWC Singapore
	Islamic Fintech Dialogue 2019	19 – 20 February 2019	International Shari'ah Research Academy For Islamic Finance (ISRA)
	Regional Seminar on Collection Investment Scheme & Implications on Emerging Trends	27 – 28 February 2019	Securities and Exchange Commission of Cambodia (SECC)
	Invest Malaysia	19 – 20 March 2019	Bursa Malaysia & Maybank
	IFN Asia Forum 2019	23 – 24 April 2019	Islamic Finance News
	ETF Applications and Trading Strategies (Advanced Level) Workshop	27 June 2019	Bursa Malaysia
	The Asset 2nd Malaysia Issuers and Investors Leaders Dialogue	4 July 2019	The Asset Financial Magazine
	Business Foresight Forum 2019	19 September 2019	Securities Industry Development Corporation (SIDC)
	Khazanah Megatrends Forum 2019	7 – 8 October 2019	Khazanah Nasional Berhad
	SC x SC Fintech Conference 2019	22 - 23 October 2019	Securities Commission
	Cyber Risk and Anti Money Laundering, Countering Financing of Terrorism (AML / CFT) In-house Training	12 November 2019	ValueCAP Group
IFN Green & Sustainable Finance Forum 2019	3 December 2019	REDMoney	
Datuk Dr. Syed Muhamad bin Syed Abdul Kadir	Speaking on Development of Insurance Law in Malaysia	17 February 2019	Universiti Sultan Zainal Abidin (UNISZA)
	Speaking on Kepentingan Insurans Hayat & Kesihatan kepada Kakitangan Berkanun	17 February 2019	



## DIRECTORS' TRAINING (continued)

Director	Programme Attended	Date	Organising Company
Datuk Dr. Syed Muhamad bin Syed Abdul Kadir (continued)	Latest amendments to the Listing Requirements	10 April 2019	Tricor
	Roles and responsibilities of Directors, Board and Board Committees under the Listing Requirements and Malaysian Code on Corporate Governance	10 April 2019	
	Common breaches of the Listing Requirements with case studies	10 April 2019	
	FORUM on "2nd Distinguished Board Leadership Series: Rethinking Strategy" by Prof Anil K.Gupta	23 April 2019	FIDE
	Talk on "CG Watch: How Does Malaysia Rank?"	3 May 2019	The ICLIF Leadership and Governance Centre
	Independent Directors Programme: The Essence of Independence	27 June 2019	
	Bursa Advocacy on Diversity by Robert Ford "Demystifying The Diversity Conundrum: The Road to Business Excellence"	12 June 2019	Institute of Corporate Directors Malaysia (ICDM)
	Financial Industry Conference (FIC) 2019	17 June 2019	Bank Negara Malaysia
	2 <sup>nd</sup> PIDM FIDE Forum Annual Dialog with the CEO of PIDM to discuss key issues on deposit insurance and strategic overview of PIDM's evolution and future plans	12 July 2019	FIDE
	FIDE Forum on "3 <sup>rd</sup> Distinguished Board Leadership Series: Artificial Intelligence and Its Role in FIs" by Ms. Clara Durodie	24 July 2019	
	FIDE Forum – ISRA Program – "Value Based Intermediation: Director's Role"	1 August 2019	
	Panel Slot Wacana Intelektual: CEO @ Faculty: Charting Your Career Path	7 September 2019	Universiti Sains Islam Malaysia (USIM)
	Penceramah bagi Program Seminar Persediaan Kerjaya untuk Pelajar Ekonomi dan Muamalat	19 September 2019	
Khazanah Megatrends Forum	7 & 8 October 2019	Khazanah Nasional	

## DIRECTORS' TRAINING (continued)

Director	Programme Attended	Date	Organising Company
Mohd Asri Bin Awang	CMDP Programme Module 1: Directors as Gatekeepers of Market Participants	12 March 2019	Securities Industry Development Corporation (SIDC)
	CMDP Programme Module 2B: Business Challenges & Regulatory Expectations (Fund Management)	12 March 2019	
	CMDP Programme Module 3: Risk Oversight & Compliance-Action Plan for Directors	13 March 2019	
	CMDP Programme Module 4: Current & Emerging Regulatory Issues in the Capital Market	14 March 2019	
	The Mandatory Accreditation Programme (MAP)	11 April 2019	

## TRUSTEE'S DELEGATE

The trustee has appointed Deutsche Bank (Malaysia) Berhad (“DBMB”) as the custodian of the Fund assets. DBMB is a wholly-owned subsidiary of Deutsche Bank AG. DBMB offers its clients access to a growing domestic custody network that covers over 30 markets globally and a unique combination of local expertise backed by the resources of a global bank. In its capacity as the appointed custodian, DBMB’s roles encompass safekeeping of the Fund assets, trade settlement management, corporate actions notification and processing, securities holding and cash flow reporting, and income collection and processing. All investments of the Fund are registered in the name of the Trustee for the Fund, or where the custodial function is delegated, in the name of the custodian to the order of the Trustee for the Fund. As custodian, DBMB shall act only in accordance with instructions from the Trustee.

## SHARIAH ADVISER'S PROFILE

**Shariah Adviser** : Amanie Advisors Sdn Bhd ("Amanie")  
Incorporated in Kuala Lumpur, Malaysia in 2005 (Co. No. 684050-H) under the Companies Act, 1965.

**Corporate Information** : Principal Activities  
Amanie is a Shariah advisory, consultancy, training and research and development boutique for institutional and corporate clientele focusing on Islamic financial services. Amanie is a registered Shariah adviser with the SC.

Amanie also focuses on organizational aspect of the development of human capital in Islamic finance worldwide through providing updated quality learning embracing both local and global issues on Islamic financial products and services.

### Shareholding

The authorised & paid-up capital is RM500,000 divided into 500,000 shares of RM1.00 each.

The shareholders of Amanie are Datuk Dr Mohd Daud Bakar and En Abdul Aziz Bin Abd Jalal.

**Experience as Adviser** : The company is led by Datuk Dr. Mohd Daud Bakar and teamed by an active and established panel of consultants covering every aspect related to the Islamic banking and finance industry, both in Malaysia and the global market. Currently, the team comprises of eight (8) full-time consultants who represent dynamic and experienced professionals with a mixture of corporate finance, accounting, product development, Shariah law and education. Amanie has more than ten (10) years of experience in advisory role in capital markets including unit trust funds and funds management. As at 31 December 2019, Amanie has become the Shariah Adviser for more than 200 funds.

**Designated Person** : The designated person responsible for Shariah advisory matters of the Fund is Datuk Dr. Mohd Daud Bakar as the Chairman. Other consultants are:  
(1) Suhaida Mahpot  
(2) Nurul Liyana Kasman  
(3) Muhammad Hafizuddin Abd Hamid

**Conflict of interest with the Fund** : The Shariah Adviser does not have any conflict of interest with the Fund

**List of convictions for offences within the past 5 years, other than traffic offences and any public sanction or penalty imposed by the relevant regulatory bodies during the financial year** : None

## SHARIAH ADVISER'S PROFILE (*continued*)

Amanie is backed by its own respective Shariah Team comprises of the following members:

### **Datuk Dr. Mohd Daud Bakar**

Shariah Adviser / Executive Summary

Datuk Dr. Mohd Daud Bakar is the Founder and Executive Chairman of Amanie Group. One of its flagship companies namely Amanie Advisors, is operating in few cities globally. He has recently being appointed as the Chairman of the Shariah Advisory Council (SAC) of the Astana International Financial Centre (AIFC), Kazakhstan. He also serves as the Chairman of the SAC at the Central Bank of Malaysia, the Securities Commission of Malaysia, the Labuan Financial Services Authority, the First Abu Dhabi Bank, and Permodalan Nasional Berhad.

Datuk Dr Daud is also a Shariah board member of various global financial institutions, including the National Bank of Oman (Oman), Amundi Asset Management (France), Bank of London and Middle East (London), BNP Paribas Najma (Bahrain), Natixis Bank (Dubai), Oasis Asset Management (South Africa), Noor Islamic Bank (Dubai), Morgan Stanley (Dubai), Sedco Capital (Saudi and Luxembourg), and Dow Jones Islamic Market Index (New York) amongst many others.

In July 2019, he has just been appointed as the 8th President of the International Islamic University of Malaysia (IIUM) due to his vast skill and experience serving the university. His last post there was as the Deputy Vice-Chancellor before.

In the corporate world, Datuk sits as a Board Director at Sime Darby Property Berhad and a member of the PNB Investment Committee. He was recently appointed as a Chairman to Malaysia Islamic Economic Development Foundation (YaPEIM). He is also the third Chair Professor in Islamic Banking and Finance of Yayasan Tun Ismail Mohamed Ali Berdaftar (YTI) PNB at Faculty of Economics and Muamalat, Universiti Sains Islam Malaysia (USIM). In addition, he is the co-founder of Experts Analytics Centre Sdn Bhd and MyFinb.

In 2016, he received the "Award of Excellence for Outstanding Contribution for Shariah Leadership & Advisory" at London Sukuk Summit Awards and "Shariah Adviser Award" at The Asset Triple A Islamic Finance Award. In 2014, he received the "Most Outstanding Individual" award by His Majesty, the King of Malaysia, in conjunction with the national-level Prophet Muhammad's birthday. Under his leadership, Amanie Advisors received the "Islamic Economy Knowledge Infrastructure Award" at the Global Islamic Economy Summit, Dubai 2015, by His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE and Ruler of Dubai, Oct 2015.

He received his first degree in Shariah from University of Kuwait in 1988 and obtained his PhD from University of St. Andrews, United Kingdom in 1993. In 2002, he completed his external Bachelor of Jurisprudence at University of Malaya.

## SHARIAH ADVISER'S PROFILE *(continued)*

### **Suhaida Mahpot**

Chief Executive Officer

Suhaida Mahpot is the Chief Executive Officer for Amanie Advisors in Kuala Lumpur office. She joined Amanie in 2008 and was amongst the pioneers in the company. She is a specialist in sukuk advisory and has been partnering with Datuk Dr Mohd Daud Bakar for the last 10 years to advise numerous sukuk locally and internationally.

One of the sukuk advised by her has been awarded as Best Securitisation Sukuk at The Asset Triple A Islamic Finance Award (2017). Apart from sukuk advisory, her primary focus is on Shariah governance, structuring, enhancement and conversion exercises, establishment of Islamic financial entities as well as development of Islamic products. She holds a Bachelor of Economics (Islamic Economic & Finance) from International Islamic University Malaysia, and currently pursuing MSc in Islamic Finance with INCEIF. Her career in banking & financial industry started as a trainee under Capital Market Graduated Trainee Scheme organized by the SC.

Prior to joining Amanie, she worked with Affin Investment Bank Bhd since 2006 as an executive for debt & capital markets department. She completed various project financing deals using private debt securities instruments ranging from infrastructure & utilities, real estate, plantation and many others.

### **Nurul Liyana Kasman**

Consultant

Nurul Liyana Kasman is a Consultant at Amanie Advisors Kuala Lumpur, Malaysia. She holds Master of Science in Finance from International Islamic University of Malaysia (IIUM) and graduated with a Bachelor of Business Administration (HONS) Islamic Banking from Universiti Teknologi Mara (UiTM).

Previously, she was positioned at Amanie Global Technology Sdn Bhd where she was exposed in the market research and evaluation of modules for Islamic core banking system. She started her career in February 2015 with Amanie Nexus Sdn Bhd and involved in assisting investors and fund managers to monitor Shariah compliance stock for investment related decision before joining Amanie Advisors in 2017. Currently, she is responsible for advising and consulting clients from various Islamic financial institutions, regulators and corporations across the globe on Shariah compliant products, instruments and other services as well as on their strategic and corporate issues.

### **Muhammad Hafizuddin Abd Hamid**

Assistant Consultant

Muhammad Hafizuddin is an Assistant Consultant at Amanie Advisors Kuala Lumpur, Malaysia. He graduated with a Bachelor of Business Administration (HONS) Islamic Banking from Universiti Teknologi Mara (UiTM).

Previously, he was internship trainee where he was exposed to the financial and Shariah advisory services such as Shariah stock screening, monitoring and compliance review to various clients including financial institution.

## OTHER INFORMATION

- There were no sanctions and/or penalties imposed on the Fund or its Manager by the relevant regulatory bodies during the financial year and up to the date of this report.
- There was no material litigation involving the Fund since the last annual balance sheet date.
- The amount of audit fees and non-audit fees incurred for the Financial Year 2019 for services rendered by PricewaterhouseCoopers PLT and PricewaterhouseCoopers Taxation Services Sdn. Bhd. (a company affiliated to the Auditor of the Fund) is RM15,595 and RM9,600 respectively.
- There was four (4) Board of Directors Meetings held in the Financial Year 2018.



Level 8, Block B, Plaza Zurich  
No. 12 Jalan Gelengang,  
Bukit Damansara  
50490 Kuala Lumpur

Tel: (+603)- 2093 7119

Fax: (+603) - 2094 7119

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