

MyETF DOW JONES U.S TITANS 50

UNAUDITED STATEMENT OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2018  
(Financial Year Ending 30 June 2019)

	<u>Note</u>	<u>30 September 2018</u> USD	<u>Audited</u> <u>30 June 2018</u> USD
<b>ASSETS</b>			
Financial assets at fair value through profit or loss	4	14,251,571	12,227,226
Dividends receivable	5	8,218	7,936
Amount due from stockbrokers		89,560	-
Cash and cash equivalents	6	16,974	62,509
<b>TOTAL ASSETS</b>		<u>14,366,323</u>	<u>12,297,671</u>
<b>LIABILITIES</b>			
Amount due to Manager		4,295	3,987
Amount due to Trustee		376	349
Audit fee payable		1,107	2,017
Tax agent's fee payable		264	1,049
Shariah Adviser's fee payable		1,373	808
Payables	7	9,277	5,299
<b>TOTAL LIABILITIES</b>		<u>16,692</u>	<u>13,509</u>
<b>NET ASSET VALUE OF THE FUND</b>		<u>14,349,631</u>	<u>12,284,162</u>
<b>EQUITY</b>			
Unit holders' capital		13,081,450	12,094,390
Retained earnings		1,268,181	189,772
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS</b>	9	<u>14,349,631</u>	<u>12,284,162</u>
<b>NUMBER OF UNITS IN CIRCULATION</b>	9	<u>13,012,300</u>	<u>12,112,300</u>
<b>NET ASSET VALUE PER UNIT (USD)</b>		<u>1.1028</u>	<u>1.0142</u>

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

# MyETF DOW JONES U.S TITANS 50

## UNAUDITED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD FROM 1 JULY 2018 TO 30 SEPTEMBER 2018 (Financial Year Ending 30 June 2019)

	<u>Note</u>	<u>01.07.2018</u> <u>to</u> <u>30.09.2018</u> <u>USD</u>
<b>INVESTMENT INCOME</b>		
Gross dividend income		60,190
Net gain on financial assets at fair value through profit or loss	4	1,063,417
Net foreign exchange loss		(365)
		<hr/> 1,123,242
<b>EXPENSES</b>		
Management fee	12	(12,742)
Trustee's fee	13	(1,109)
License fee	14	(1,278)
Transaction cost		(4,860)
Auditors' remuneration		(1,103)
Tax agent's fee		(707)
Shariah Adviser's fee		(559)
Amount due to beneficial organisations		(414)
Other expenses	15	(4,104)
		<hr/> (26,876)
<b>PROFIT BEFORE TAXATION</b>		
		1,096,366
Taxation	16	(17,957)
		<hr/> 1,078,409
<b>PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE PROFIT FOR THE FINANCIAL PERIOD</b>		
		<hr/> <hr/> 1,078,409
Profit after taxation is made up as follows:		
Realised amount		16,916
Unrealised amount		1,061,493
		<hr/> 1,078,409
		<hr/> <hr/> 1,078,409

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

## MyETF DOW JONES U.S TITANS 50

### UNAUDITED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD FROM 1 JULY 2018 TO 30 SEPTEMBER 2018 (Financial Year Ending 30 June 2019)

	<b>Note</b>	<b>Unit holders' capital USD</b>	<b>Retained earnings USD</b>	<b>Total USD</b>
Balance as at 1 July 2018		12,094,390	189,772	12,284,162
Creation of units	9	1,308,960	-	1,308,960
Cancellation of units	9	(321,900)	-	(321,900)
Total comprehensive income for the financial period		-	1,078,409	1,078,409
Balance as at 30 September 2018		13,081,450	1,268,181	14,349,631
Balance as at 15 January 2018 (date of launch)		-	-	-
Creation of units	9	12,404,980	-	12,404,980
Cancellation of units	9	(310,590)	-	(310,590)
Total comprehensive income for the financial period		-	189,772	189,772
Balance as at 30 June 2018		12,094,390	189,772	12,284,162

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

MyETF DOW JONES U.S TITANS 50

UNAUDITED STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL PERIOD FROM 1 JULY 2018 TO 30 SEPTEMBER 2018  
(Financial Year Ending 30 June 2019)

	<u>Note</u>	<u>01.07.2018</u> to <u>30.09.2018</u> USD
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash used in purchase of investments		(1,586,699)
Proceeds from sales of investments		526,748
Dividends received		43,650
Management fee paid		(12,671)
Trustee fee paid		(1,222)
Payment for other fees and expenses		(2,401)
		<hr/>
Net cash used in operating activities		(1,032,595)
		<hr/>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from creation of units	21	1,308,960
Payments for cancellation of units	21	(321,900)
		<hr/>
Net cash generated from financing activities		987,060
		<hr/>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		(45,535)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD</b>		62,509
		<hr/>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>		16,974
		<hr/> <hr/>

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

## MyETF DOW JONES U.S TITANS 50

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018

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

#### A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

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

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

It also requires the Manager to exercise their judgment in the process of applying the Fund’s accounting policies. Although these estimates and assumptions 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) The new amendments to published standards that are effective:

The Fund has applied the following standard for the first time for the financial year beginning on 1 July 2018:

- Amendments to MFRS 107 “Statement of Cash Flows - Disclosure Initiative” introduce an additional disclosure on changes in liabilities arising from financing activities.
- MFRS 9 “Financial Instruments” has replaced MFRS 139 “Financial Instruments: Recognition and Measurement”.

The adoption of these amendments did not have any impact on the current financial period and is not likely to affect future years.

## MyETF DOW JONES U.S TITANS 50

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018 (CONTINUED)

#### A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

(b) The new standards and amendments to published standards that are applicable to the Fund but not yet effective and have not been early adopted are as follows:

(i) Financial year beginning on/after 1 July 2019

- Amendments to MFRS 9 'Prepayment features with negative compensation' (effective 1 January 2019) allow companies to measure some prepayable financial assets with negative compensation at amortised cost.

Negative compensation arises where the contractual terms permit the borrower to prepay the instrument before its contractual maturity, but the prepayment amount could be less than the unpaid amounts of principal and profit.

To qualify for amortised cost measurement, the negative compensation must be reasonable compensation for early termination of the contract, and the asset must be held within a 'held to collect' business model.

- Amendments to MFRS 112 'Income Taxes' (effective from 1 January 2019) clarify that where income tax consequences of dividends on financial instruments classified as equity is recognised (either in profit or loss, other comprehensive income or equity) depends on where the past transactions that generated distributable profits were recognised.

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

The Fund will apply these standards when effective. These standards are not expected to have a significant impact on the Fund's financial statements.

#### B INCOME FROM SHARIAH-COMPLIANT FINANCIAL INSTRUMENTS

Revenue arising from assets yielding profit is recognised on a time proportionate basis using the effective profit method on an accruals basis.

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

## MyETF DOW JONES U.S TITANS 50

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018 (CONTINUED)

#### C SHARIAH NON-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 Shariah non-compliant income.

This Shariah non-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 Shariah non-compliant income may be distributed to baitulmal or any other organisations considered beneficial to the public at large which are endorsed by the Shariah Adviser and approved by the Trustee. The amount is recognised as an expense in profit or loss.

#### D TAXATION

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

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

#### E CASH AND CASH EQUIVALENTS

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

#### F FINANCIAL ASSETS

##### (i) Classification

The Fund designates its investment in Shariah-compliant equity securities as financial assets at fair value through profit or loss at inception.

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

Receivables are non-derivative financial assets with fixed or determinable payment that are not quoted in an active market and have been included in current assets. The Fund's receivables comprise amount due from stockbrokers, cash and cash equivalents and dividends receivable which are all expected to realised within 12 months.

## MyETF DOW JONES U.S TITANS 50

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018 (CONTINUED)

#### F FINANCIAL ASSETS (CONTINUED)

##### (ii) Recognition and measurement

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

Financial 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.

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 period in which they arise.

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

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

If a valuation based on the market price does not represent the fair value of the Shariah-compliant 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 Shariah-compliant securities for a period exceeding 14 days, or such shorter period as agreed by Trustee, the Shariah-compliant 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.

##### (iii) Impairment of financial assets

For trade receivables, the fund applies the simplified approach permitted by MFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

## MyETF DOW JONES U.S TITANS 50

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018 (CONTINUED)

#### G FINANCIAL LIABILITIES

##### (i) Classification

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

The Fund's financial liabilities include amount due to Manager, accrued management fee, amount due to stockbrokers, amount due to Trustee, audit and tax agent's fee and Shariah Adviser's fee.

The Fund classifies amount due to index licensor, amount due to beneficial organizations, printing costs and other payables and accruals as other financial liabilities.

##### (ii) Recognition and measurement

Financial liabilities, within the scope of MFRS 139, 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.

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

#### 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 ("SC") Guidelines on Exchange-Traded Funds, investment positions are valued based on the last traded market price for the purpose of determining the net asset value per unit for creations and cancellations.

#### I PRESENTATION AND FUNCTIONAL CURRENCY

The financial statements are presented in United States Dollar ("USD"), which is the Fund's functional and presentation currency.

## MyETF DOW JONES U.S TITANS 50

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018 (CONTINUED)

#### J SEGMENT REPORTING

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

#### K NET GAINS/(LOSSES)

The analysis of realised and unrealised net gains/(losses) after tax as disclosed in the statement of comprehensive income is prepared in accordance with the SC Guidelines on Exchange-Traded Funds.

#### 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 Guidelines on Exchange-Traded Funds.

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

# MyETF DOW JONES U.S TITANS 50

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018

### 1 INFORMATION ON THE FUND

The Exchange-Traded Fund (the “Fund”) was constituted under the name MyETF Dow Jones U.S Titans 50 pursuant to the execution of a trust deed dated 25 September 2017 (the “Deed”) entered into between iVCAP Management Sdn. Bhd. (the “Manager”) and CIMB Islamic Trustee Berhad (the “Trustee”).

The Fund was launched on 15 January 2018 and will continue its operations until terminated in accordance with Part 26 of the Deed.

The Fund is a Shariah-compliant exchange traded fund which designed to provide investment results that closely correspond to the performance of the Dow Jones Islamic Market U.S. Titans 50 Index (“Benchmark Index”). The Benchmark Index shall comprise of the 50 largest companies (by float-adjusted market capitalisation) listed on the Relevant Exchanges in the U.S. which have passed rules-based screens for Shariah compliance of S&P Dow Jones Indices. All investments will be subjected to the SC Guidelines on Exchange Traded Funds, the Deed and the objective of the Fund.

As provided in the Deed, the financial year shall end on 30 June.

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

### 2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund is exposed to a variety of risks which include market risk, interest rate risk, credit/default risk and reclassification of Shariah-compliant securities risk from the following financial instruments:

	<b>Note</b>	<b>Receivables</b>	<b>Financial asset at fair value through profit or loss</b>	<b>Total</b>
		<b>USD</b>	<b>USD</b>	<b>USD</b>
<b><u>30 September 2018</u></b>				
Financial assets at fair value through profit or loss	4	-	14,251,571	14,251,571
Dividends receivable		8,218	-	8,218
Amount due from stockbrokers		89,560	-	89,560
Cash and cash equivalents	6	16,974	-	16,974
Total		<u>114,752</u>	<u>14,251,571</u>	<u>14,366,323</u>
<b><u>30 June 2018</u></b>				
Financial assets at fair value through profit or loss	4	-	12,227,226	12,227,226
Dividends receivable		7,936	-	7,936
Cash and cash equivalents	6	62,509	-	62,509
Total		<u>70,445</u>	<u>12,227,226</u>	<u>12,297,671</u>

## MyETF DOW JONES U.S TITANS 50

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018 (CONTINUED)

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

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

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

#### Market risk

##### Price Risk

The Fund is exposed to Shariah-compliant 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 Shariah-compliant securities from different market sectors so that the collapse of any one Shariah-compliant security or any one market sector would not impact too greatly on the value of the fund.

At 30 September, the fair value of Shariah-compliant equities exposed to price risk was as follows:

	<u>30 September 2018</u> USD	<u>30 June 2018</u> USD
Financial assets at fair value through profit or loss	14,251,571	12,227,226

The table below summarises the sensitivity of the Fund's unrealized income or loss to equity price movements as at 30 September. The analysis is based on the assumptions that the Dow Jones Islamic U.S Titans 50 Index ("the Index") increased by 10% and decreased by 10%, with all other variables held constant, and that the fair value of the Fund's portfolio of Shariah-compliant equity securities moved in correlation with the Index.

<u>% Change in benchmark index</u>	<u>Benchmark index</u>	<u>Market value</u> USD	<u>Impact to profit</u> <u>after tax/NAV</u> USD
<b><u>30 September 2018</u></b>			
-10%	4,774	13,179,021	(1,072,550)
0%	5,304	14,251,571	-
10%	5,835	15,324,121	1,072,550
<b><u>30 June 2018</u></b>			
-10%	6,139	11,986,533	(240,693)
0%	6,821	12,227,226	-
10%	7,503	12,467,919	240,693

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

## MyETF DOW JONES U.S TITANS 50

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018 (CONTINUED)

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

##### Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate because of the changes in market interest rate.

The fund's exposure to the interest rate risk is mainly confined to Islamic deposits with licensed financial institutions. The Manager overcomes this by way of maintaining the Islamic deposits on short term basis.

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

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

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

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

	<b>Cash and cash equivalents USD</b>	<b>Dividends receivable USD</b>	<b>Amount due from stockbrokers USD</b>	<b>Total USD</b>
<b><u>30 September 2018</u></b>				
Financial institutions				
– AAA	16,974	-	-	16,974
Others	-	8,218	89,560	97,778
	<u>16,974</u>	<u>8,218</u>	<u>89,560</u>	<u>114,752</u>
<b><u>30 June 2018</u></b>				
Financial institutions				
– AAA	62,509	-	-	62,509
Others	-	7,936	-	7,936
	<u>62,509</u>	<u>7,936</u>	<u>-</u>	<u>70,445</u>

## MyETF DOW JONES U.S TITANS 50

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018 (CONTINUED)

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

##### Reclassification of Shariah-compliant securities risk

The reclassification of Shariah-compliant securities risk may occur if the Shariah-compliant securities invested by the fund are reclassified to be Shariah non-compliant in the periodic review of the securities by the Shariah Advisory Council of the Securities Commission, the Shariah Adviser or the Shariah boards of the relevant Islamic indices. If this occurs, the Manager will have to take the necessary steps to dispose of such securities. There may be opportunity loss to the fund due to the fund not being allowed to retain the excess capital gains derived from the disposal of the Shariah non-compliant equities. The value of the fund may also be adversely affected in the event of a disposal of Shariah non-compliant equities at a price lower than the investment cost.

#### 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 Shariah-compliant 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 USD</u>	<u>One month to one year USD</u>	<u>Total USD</u>
<b><u>30 September 2018</u></b>			
Amount due to Manager	4,295	-	4,295
Amount due to Trustee	376	-	376
Auditors' remuneration	-	1,107	1,107
Tax agent's fee	-	264	264
Shariah Adviser's fee	-	1,373	1,373
Payables	-	9,277	9,277
	<u>4,671</u>	<u>12,021</u>	<u>16,692</u>
<b><u>30 June 2018</u></b>			
Amount due to Manager	3,987	-	3,987
Amount due to Trustee	349	-	349
Auditors' remuneration	-	2,017	2,017
Tax agent's fee	-	1,049	1,049
Shariah Adviser's fee	-	808	808
Payables	-	5,299	5,299
	<u>4,336</u>	<u>9,173</u>	<u>13,509</u>

## MyETF DOW JONES U.S TITANS 50

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018 (CONTINUED)

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

	<u>30 September 2018</u> USD	<u>30 June 2018</u> USD
Designated at fair value through profit or loss at inception		
- Quoted Shariah-compliant shares	14,251,571	12,227,226
	<u>                    </u>	<u>                    </u>
		<u>30 September 2018</u> USD
Net gain on financial assets at fair value through profit or loss		
- Realised gain		1,601
- Unrealised gain		1,061,816
		<u>                    </u>
		<u>1,063,417</u>

#### 5 DIVIDENDS RECEIVABLE

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

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

#### 6 CASH AND CASH EQUIVALENTS

	<u>30 September 2018</u> USD	<u>30 June 2018</u> USD
Cash at bank – From Shariah-compliant income	14,801	60,994
Cash at bank – From Shariah non-compliant income	2,173	1,515
	<u>                    </u>	<u>                    </u>
	16,974	62,509
	<u>                    </u>	<u>                    </u>

#### 7 PAYABLES

	<u>30 September 2018</u> USD	<u>30 June 2018</u> USD
Amount due to index licensor	3,069	1,778
Amount due to beneficial organisations (Note 8)	2,440	2,026
Payables	3,768	1,495
	<u>                    </u>	<u>                    </u>
	9,277	5,299
	<u>                    </u>	<u>                    </u>

## MyETF DOW JONES U.S TITANS 50

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018 (CONTINUED)

#### 8 AMOUNT DUE TO BENEFICIAL ORGANISATIONS

Amount due to beneficial organisations is the Shariah non-compliant income portion of dividends received and receivable as at 30 September 2018. It comprises the following amounts:

	<u>30 September 2018</u> USD	<u>30 June 2018</u> USD
Cash at bank – Shariah non-compliant income	2,173	1,515
Dividends receivable – Shariah non-compliant income	267	511
	<u>2,440</u>	<u>2,026</u>

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

Dividends receivable – Shariah non-compliant income represents the portion of the dividends receivable which relates to income that does not comply with the Shariah. The level of Shariah non-compliant income is based on the impure ratio for each Shariah-compliant component stock as determined by S&P Dow Jones Indices.

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

Net asset value attributable to unit holders is represented by:

	<u>Note</u>	<u>30 September 2018</u> USD	<u>30 June 2018</u> USD
Unit holders' contribution	(a)	13,081,450	12,094,390
Retained earnings		1,268,181	189,772
		<u>14,349,631</u>	<u>12,284,162</u>

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

	<u>30 September 2018</u>		<u>30 June 2018</u>	
	No. of Units	USD	No. of Units	USD
At beginning of the financial period	12,112,300	12,094,390	-	-
Creation during the financial period	1,200,000	1,308,960	12,412,300	12,404,980
Cancellation during the financial period	(300,000)	(321,900)	(300,000)	(310,590)
At the end of the financial period	<u>13,012,300</u>	<u>13,081,450</u>	<u>12,112,300</u>	<u>12,094,390</u>

## MyETF DOW JONES U.S TITANS 50

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018 (CONTINUED)

#### 10 TRANSACTIONS WITH BROKERS

Details of transactions with the brokers for the financial period ended 30 September 2018 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>
	USD	%	USD	%
Maybank Investment Bank Bhd.	2,203,007	100.00	6,886	100.00

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

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

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

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

	<u>30 September 2018</u>		<u>30 June 2018</u>	
	<u>No. of Units</u>	<u>USD</u>	<u>No. of Units</u>	<u>USD</u>
The Manager	634,000	699,175	626,000	634,889
Valuecap	10,000,000	11,028,000	10,000,000	10,142,000
Shareholders of Valuecap	1,800,000	1,985,040	-	-
	<u>12,434,000</u>	<u>13,712,215</u>	<u>10,626,000</u>	<u>10,776,889</u>

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

## MyETF DOW JONES U.S TITANS 50

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018 (CONTINUED)

#### 12 MANAGEMENT FEE

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

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

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

#### 13 TRUSTEE'S FEE

The Trustee is entitled to an annual fee at a rate not exceeding 0.35% per annum on the Net Asset Value ("NAV") of the Fund, as provided under Clause 15.2 of the Deed.

For the financial period ended 30 September 2018, the Trustee's fee was recognised at a rate of 0.035% (2018: 0.035%) per annum on the NAV of the Fund, subject to a minimum of RM12,000 per annum (excluding foreign sub-custodian fees and charges), calculated on a daily basis.

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

#### 14 LICENSE FEE

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

For the financial period ended 30 September 2018, the License Fee was recognised at a rate of 0.04% (2018: 0.04%) per annum, subject to an annual minimum fee of USD8,000 per annum, calculated on a daily basis.

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

#### 15 OTHER EXPENSES

	<b><u>01.07.2018 to</u></b> <b><u>30.09.2018</u></b> <b>USD</b>
Custody fee	1,677
Other expenses	2,427
	<hr/>
	4,104
	<hr/> <hr/>

## MyETF DOW JONES U.S TITANS 50

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018 (CONTINUED)

#### 16 TAXATION

**01.07.2018 to**  
**30.09.2018**  
**USD**

Tax charged for the financial period:

- Current taxation

17,957

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

**01.07.2018 to**  
**30.09.2018**  
**USD**

Profit before taxation

1,096,366

Tax at Malaysian statutory rate of 24%

263,128

Tax effect of:

Investment income not subject to tax

(255,132)

Restriction on tax deductible expenses for  
exchange-traded funds

2,913

Expenses not deductible for tax purposes

3,537

Foreign income subject to foreign tax rates

3,511

17,957

#### 17 INCOME DISTRIBUTION

There is no income distribution declared for the financial period ended 30 September 2018.

MyETF DOW JONES U.S TITANS 50

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018 (CONTINUED)

18 MANAGEMENT EXPENSE RATIO (“MER”)

	<u>01.07.2018 to</u> <u>30.09.2018</u> USD %
MER	0.17

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 period calculated on a daily basis is USD12,949,357.

19 PORTFOLIO TURNOVER RATIO (“PTR”)

	<u>01.07.2018 to</u> <u>30.09.2018</u> USD
PTR (times)	0.09

PTR is derived from the following calculation:

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

where: total acquisition for the financial period	= USD1,586,699
total disposal for the financial period	= USD616,308

The average net asset value of the Fund for the financial period calculated on a daily basis is USD12,949,357.

## MyETF DOW JONES U.S TITANS 50

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018 (CONTINUED)

#### 20 SEGMENT REPORTING

The internal reporting provided to the CEO for the Fund's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of MFRS. The CEO is responsible for the performance of the fund and considers the business to have a single operating segment located in Malaysia. There were no changes in the reportable segments during the financial period.

As at 30 September 2018, there was 1-unit holder who held more than 10% of the Fund's NAV. The unit holder's holding was 76.85%.

#### 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:

	<b><u>30 September 2018</u></b> <b>USD</b>
Creation	
- Fair value of benchmark index shares	-
- Cash component	1,308,960
	<u>1,308,960</u>
Cancellation	
- Fair value of benchmark index shares	-
- Cash component	321,900
	<u>321,900</u>

#### 22 FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of financial assets traded in active markets (such as trading Shariah-compliant 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.

## MyETF DOW JONES U.S TITANS 50

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018 (CONTINUED)

#### 22 FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

##### (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 financial asset measured at fair value at:

	<u>Level 1</u> USD	<u>Level 2</u> USD	<u>Level 3</u> USD	<u>Total</u> USD
<b><u>30 September 2018</u></b>				
Financial assets at fair value through profit or loss				
- Quoted Shariah-compliant shares	14,251,571	-	-	14,251,571
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>

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

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

#### 23 SHARIAH INFORMATION OF THE FUND

The Shariah Adviser confirmed that the investments portfolio of the fund is Shariah-compliant, which comprises equity securities in foreign markets that have been classified as Shariah-compliant by the Shariah Supervisory Board of S&P Dow Jones Indices and duly verified as Shariah-compliant by the Shariah Adviser.