

# MyETF MSCI MALAYSIA ISLAMIC DIVIDEND

## UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2014

		<b><u>30 September</u></b> <b><u>2014</u></b> <b>RM</b>
	Note	
<b>ASSETS</b>		
Current Assets		
Financial assets at fair value through profit or loss	4	22,931,462
Dividends receivable	5	85,217
Bank balance with a licensed bank	6	126,844
		<hr/>
<b>TOTAL ASSETS</b>		<b>23,143,523</b>
		<hr/>
<b>LIABILITIES</b>		
Current Liabilities		
Amount due to Manager		8,007
Amount due to Trustee		901
Payables	7	52,692
		<hr/>
<b>TOTAL LIABILITIES</b>		<b>61,600</b>
		<hr/>
<b>NET ASSET VALUE OF THE FUND</b>	9	<b>23,081,923</b>
		<hr/> <hr/>
<b>EQUITY</b>		
Unit holders' capital		21,628,000
Accumulated gains		1,453,923
		<hr/>
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS</b>		<b>23,081,923</b>
		<hr/> <hr/>
<b>NUMBER OF UNITS IN CIRCULATION</b>	9	<b>21,600,000</b>
		<hr/> <hr/>
<b>NET ASSET VALUE PER UNIT (RM)</b>		<b>1.0686</b>
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The accompanying summary of significant accounting policies and notes to the financial statements form an integral part of these financial statements.

# MyETF MSCI MALAYSIA ISLAMIC DIVIDEND

## UNAUDITED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD FROM 1 JULY 2014 TO 30 SEPTEMBER 2014

		<u>1 July 2014</u> <u>to</u> <u>30 September</u> <u>2014</u> RM	<u>Year to Date</u> <u>30 September</u> <u>2014</u> RM
INVESTMENT INCOME	Note		
Gross dividend income		229,259	537,728
Profit from short term Shariah-compliant deposits		1,812	2,860
Net gain on financial assets at fair value through profit or loss	4	307,836	1,048,727
		<hr/>	<hr/>
		538,907	1,589,315
EXPENSES			
Management fee	12	(22,984)	(48,605)
Trustee's fee	13	(2,586)	(5,468)
License fee	14	(3,448)	(7,291)
Brokerage fees		(3,609)	(22,063)
Purification of non Shariah-compliant income		(5,919)	(14,625)
Other expenses	15	(17,628)	(37,340)
		<hr/>	<hr/>
		(56,174)	(135,392)
NET INCOME BEFORE TAXATION		482,733	1,453,923
TAXATION	16	-	-
		<hr/>	<hr/>
NET INCOME AFTER TAX AND TOTAL COMPREHENSIVE INCOME		482,733	1,453,923
		<hr/> <hr/>	<hr/> <hr/>
Net income after taxation is made up as follows:			
Realised amount		157,443	340,432
Unrealised amount		325,290	1,113,491
		<hr/>	<hr/>
		482,733	1,453,923
		<hr/> <hr/>	<hr/> <hr/>

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## MyETF MSCI MALAYSIA ISLAMIC DIVIDEND

### UNAUDITED STATEMENT OF CHANGES IN EQUITY

#### For the financial period from 1 July 2014 to 30 September 2014

	Unit holders' Capital RM	Accumulated Gains RM	Total RM
<b>Balance as at 1 July 2014</b>	21,628,000	971,190	22,599,190
Total comprehensive income for the period	-	482,733	482,733
Creation of units	-	-	-
<b>At 30 September 2014</b>	21,628,000	1,453,923	23,081,923

#### For the financial period ended 30 September 2014

	Unit holders' Capital RM	Accumulated Gains RM	Total RM
<b>Balance as at 27 February 2014</b>	-	-	-
Total comprehensive income for the period	-	1,453,923	1,453,923
Creation of units	21,628,000	-	21,628,000
<b>At 30 September 2014</b>	21,628,000	1,453,923	23,081,923

The accompanying summary of significant accounting policies and notes to the financial statements form an integral part of these financial statements.

# MyETF MSCI MALAYSIA ISLAMIC DIVIDEND

## UNAUDITED CASH FLOW STATEMENT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014

	Note	<u>1 July 2014</u> <u>to</u> <u>30 September</u> <u>2014</u> RM	<u>Year to Date</u> <u>30 September</u> <u>2014</u> RM
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash used in purchase of investments		(1,573,163)	(9,267,812)
Proceeds from sales of investments		1,227,089	8,861,508
Dividends received		258,687	452,510
Profit from short-term Shariah-compliant deposits		1,811	2,860
Management fee paid		(22,344)	(40,599)
Trustee fee paid		(2,514)	(4,567)
Payment for other fees and expenses		(1,006)	(6,563)
		<hr/>	<hr/>
Net cash outflow from operating activities		(111,440)	(2,663)
		<hr/>	<hr/>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from units created	20	-	129,507
		<hr/>	<hr/>
Net cash inflow from financing activities		-	129,507
		<hr/>	<hr/>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		(111,440)	126,844
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD</b>			
		238,284	-
		<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	6	126,844	126,844
		<hr/> <hr/>	<hr/> <hr/>
<b>Cash and cash equivalents comprise:</b>			
Cash and bank balances		126,844	126,844
		<hr/>	<hr/>
	6	126,844	126,844
		<hr/> <hr/>	<hr/> <hr/>

The accompanying summary of significant accounting policies and notes to the financial statements form an integral part of these financial statements.

# MyETF MSCI MALAYSIA ISLAMIC DIVIDEND

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014

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 the provisions of the Malaysian Financial Reporting Standards (“MFRS”) and International Financial Reporting Standards (“IFRS”).

The financial statements have been prepared under the historical cost convention, as modified by the financial assets at fair value through profit or loss.

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 judgment in the process of applying the Fund’s accounting policies. Although these estimates and judgment are based on the Managers’ best knowledge of current events and actions, actual results may differ.

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

#### **Standards, amendments to published standards and interpretations to existing standards that are applicable to the Fund but not yet effective and/or have not been adopted by the Fund**

The Fund will apply the new standards, amendments to standards and interpretations in the following period:

- (i) Financial year beginning on/after 1 January 2014
  - Amendment to MFRS 132 “Financial instruments: Presentation” (effective from 1 January 2014) does not change the current offsetting model in MFRS 132. It clarifies the meaning of ‘currently has a legally enforceable right of set-off’ that the right of set-off must be available today (not contingent on a future event) and legally enforceable for all counterparties in the normal course of business. It clarifies that some gross settlement mechanisms with features that are effectively equivalent to net settlement will satisfy the MFRS 132 offsetting criteria.

# MyETF MSCI MALAYSIA ISLAMIC DIVIDEND

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014 (CONTINUED)

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

#### **Standards, amendments to published standards and interpretations to existing standards that are applicable to the Fund but not yet effective and/or have not been adopted by the Fund (continued)**

(ii) Effective date yet to be determined by Malaysian Accounting Standard Board

- MFRS 9 “Financial instruments - Classification and Measurement of Financial Assets and Financial Liabilities” replaces the parts of MFRS 139 that relate to the classification and measurement of financial instruments. MFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity’s business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the MFRS 139 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity’s own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

The Fund will apply these standards when effective. The adoption of these standards and amendments will not have significant impact on the results of the Fund.

### B INCOME FROM SHARIAH-COMPLIANT FINANCIAL INSTRUMENTS

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

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

### C NON SHARIAH-COMPLIANT INCOME

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

This Non Shariah-compliant Income is subject to an income purification process as determined by the Shariah Adviser from time to time and without limitation based on the impure ratio for each component stock as determined by MSCI Inc. The Non Shariah-compliant Income may be distributed to organisations considered beneficial to the public at large which are endorsed by the Shariah Adviser and approved by the Trustee. The amount is recognized as an expense in the statement of comprehensive income.

## MyETF MSCI MALAYSIA ISLAMIC DIVIDEND

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014 (CONTINUED)

#### D TAXATION

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

#### E CASH AND CASH EQUIVALENTS

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

#### F AMOUNT DUE TO/FROM STOCKBROKERS

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

These amounts are recognised initially at fair value and subsequently measured at amortised cost using the effective profit method, less provision for impairment for amounts due from brokers. A provision for impairment of amounts due from brokers is established when there is objective evidence that the Fund will not be able to collect all amounts due from the relevant broker. Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are considered indicators that the amount due from brokers is impaired. Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, profit income is recognised using the rate of profit used to discount the future cash flows for the purpose of measuring the impairment loss.

The effective profit method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the profit income or profit expense over the relevant period. The effective profit rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. When calculating the effective profit rate, the Fund estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective profit rate, transaction costs and all other premiums or discounts.

# MyETF MSCI MALAYSIA ISLAMIC DIVIDEND

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014 (CONTINUED)

### G FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

#### (i) Classification

The Fund designates its investment in 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.

#### (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 the income statement.

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.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category 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.

In accordance with the Deed, quoted investments in Malaysia are valued at the last done market price quoted on Bursa Malaysia at the date of the statement of financial position.

### H CREATION AND CANCELLATION OF UNITS

The Fund issues cancellable units, which are cancelled at the unit holder's option and are classified as equity. Cancellable units can be put back to the Fund at any time for shares and cash equal to a proportionate share of the Fund's net asset value.

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 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.

## MyETF MSCI MALAYSIA ISLAMIC DIVIDEND

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014 (CONTINUED)

#### I PRESENTATION AND 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 REALISED AND UNREALISED PORTIONS OF NET INCOME AFTER TAX

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

# MyETF MSCI MALAYSIA ISLAMIC DIVIDEND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014

### 1 INFORMATION ON THE FUND

The Exchange Traded Fund (the “Fund”) was constituted under the name MyETF MSCI Malaysia Islamic Dividend pursuant to the execution of a trust deed dated 23 December 2013 (the “Deed”) entered into between *i*-VCAP Management Sdn. Bhd. (the “Manager”) and Deutsche Trustees Malaysia Berhad (the “Trustee”).

The Fund was launched on 27 February 2014 and commenced operations on 17 March 2014. The Fund will continue its operations until terminated by the Trustee in accordance with the provisions of the Deed.

The Fund is an exchange traded fund that is designed to provide investment results that closely correspond to the performance of the MSCI Malaysia IMI Islamic High Dividend Yield 10/40 Index (“Benchmark Index”) regardless of its performance. The Benchmark Index is a free-float adjusted, market capitalisation weighted, price return index representing securities of 16 to 30 leading Shariah-compliant Malaysian companies listed on Bursa Malaysia Securities Berhad as determined by MSCI Inc. All investments will be subjected to the SC Guidelines on Exchange Traded Funds, the Deed and the objective of the Fund.

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

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

### 2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

	Financing and receivables	Asset at fair value through profit or loss	Total
	RM	RM	RM
<b>30 September 2014</b>			
Financial assets at fair value through profit or loss	-	22,931,462	22,931,462
Other Receivables	85,217	-	85,217
Cash and Cash Equivalents	126,844	-	126,844
<b>Total</b>	<b>212,061</b>	<b>22,931,462</b>	<b>23,143,523</b>

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.

# MyETF MSCI MALAYSIA ISLAMIC DIVIDEND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014 (CONTINUED)

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

#### Market risk

##### *Price Risk*

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

At 30 September 2014, the fair value of equities exposed to price risk was as follows:

	<u>Fair Value</u> 30 September 2014 RM
Financial assets at fair value through profit or loss	22,931,462

The table below summarises the sensitivity of the Fund's unrealised income or loss to equity price movements as at 30 September 2014. The analysis is based on the assumptions that the MSCI Malaysia IMI Islamic High Dividend Yield 10/40 Index ("the Index") increased by 10% and decreased by 10%, with all other variables held constant, and that the fair value of the Fund's portfolio of equity securities moved according to their historical correlation with the Index.

<b>30 September 2014</b>			Change in
% Change in benchmark index	Benchmark Index	Market Value RM	unrealised gain RM
-10%	2,196.10	20,959,127	(1,972,335)
0%	2,440.11	22,931,462	-
10%	2,684.12	24,903,797	1,972,335

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

# MyETF MSCI MALAYSIA ISLAMIC DIVIDEND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014 (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.

Fair value profit rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market profit rates.

The Fund's exposure to fair value profit rate risk arises from investment in money market instruments. The profit rate risk is expected to be minimal as the Fund's investments comprise mainly short term deposits with approved licensed financial institutions. The Fund is not exposed to cash flow profit rate risk as the Fund does not hold any financial instruments at variable profit rate.

#### 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. For amount due from stockbrokers, the settlement terms are governed by the relevant rules and regulations as prescribed by Bursa Securities. 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 2014 is the carrying amount of the financial assets as set out below.

	<b>30 September 2014 RM</b>
Cash and Cash Equivalents	126,844
Other Receivables	85,217
<b>Total</b>	<b>212,061</b>

None of these assets is impaired nor past due but not impaired.

At 30 September 2014, all cash and cash equivalents are bank balance at CIMB Islamic Bank Berhad.

# MyETF MSCI MALAYSIA ISLAMIC DIVIDEND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014 (CONTINUED)

### 3 CAPITAL AND LIQUIDITY RISK MANAGEMENT

The capital of the Fund is represented by the net assets attributable to unit holders. The amount of net asset 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>30 September 2014</u>	<u>Within one month</u> RM	<u>Between one month to one year</u> RM	<u>Total</u> RM
Amount due to Manager	8,007	-	8,007
Amount due to Trustee	901	-	901
Other payables and accruals	-	52,692	52,692
	<u>8,908</u>	<u>52,692</u>	<u>61,600</u>

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

	<u>30 September 2014</u> RM
Designated at fair value through profit or loss at inception	
- Shares quoted in Malaysia	<u>22,931,462</u>

	<u>Quarter Ended 30 September 2014</u> RM	<u>Year to Date 30 September 2014</u> RM
Net gain/(loss) on financial assets at fair value through profit or loss		
- Realised	67,763	20,453
- Change in unrealised	240,073	1,028,274
	<u>307,836</u>	<u>1,048,727</u>

## MyETF MSCI MALAYSIA ISLAMIC DIVIDEND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014 (CONTINUED)

#### 5 DIVIDENDS RECEIVABLE

	<u>30 September 2014</u> RM
Dividends Receivable – From Shariah-compliant Income	83,424
Dividends Receivable – From Non Shariah-compliant Income	1,793
	<hr/>
	85,217
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Dividends Receivable represents dividends declared on the Fund's component stocks at the Ex-Date and not yet received at the end of the financial period.

Dividends Receivable – Non Shariah-compliant Income represents the portion of the dividends receivable which relates to income that does not comply with Shariah principles. The level of Non Shariah-compliant Income is based on the impure ratio for each component stock as determined by MSCI Inc.

Dividends declared are recognized on the Ex-Date and are reversed out from the receivables upon receipt by the Fund.

#### 6 CASH AND CASH EQUIVALENTS

	<u>30 September 2014</u> RM
Cash at Bank – From Shariah-compliant Income	114,012
Cash at Bank – From Non Shariah-compliant Income	12,832
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	126,844
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As at the end of the financial period ended 30 September 2014, there is no Shariah-compliant deposit with a licensed bank.

# MyETF MSCI MALAYSIA ISLAMIC DIVIDEND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014 (CONTINUED)

### 7 PAYABLES

	<u>30 September 2014</u>
	RM
Amount due to Index Licensor	7,291
Amount due to beneficial organisations (Note 8)	14,625
Other payables	30,776
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	52,692
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### 8 AMOUNT DUE TO BENEFICIAL ORGANISATIONS

Amount due to beneficial organisations is the Non Shariah-compliant Income portion of dividends received and receivable as at 30 September 2014. It comprises the following amounts:

	<u>30 September 2014</u>
	RM
Cash at Bank – Non Shariah-compliant Income	12,832
Dividends Receivable – Non Shariah-compliant Income	1,793
	<hr/>
	14,625
	<hr/> <hr/>

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.

The level of Non Shariah-compliant Income is based on the impure ratio for each component stock as determined by MSCI Inc.

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

Net Asset Value (NAV) attributable to unit holders is represented by:

	Note	<u>30 September 2014</u>
		RM
Unit holders' Contribution	(a)	21,628,000
Accumulated Gains		1,453,923
		<hr/>
		23,081,923
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## MyETF MSCI MALAYSIA ISLAMIC DIVIDEND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014 (CONTINUED)

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

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

	30 September 2014	
	No. of Units	RM
At beginning of financial period	-	-
Creation during the financial period	21,600,000	21,628,000
At the end of the financial period	21,600,000	21,628,000
Approved size of Fund	500,000,000	

In accordance with the Deed, the Manager may increase the size of the Fund from time to time with the approval of the Trustee and the SC. The maximum number of units that can be issued out for circulation by the Fund is 500,000,000. As at 30 September 2014, the number of units not yet issued by the Fund is 478,400,000.

The Manager, *i*-VCAP Management Sdn. Bhd., held 61,500 units in the Fund as at 30 September 2014.

#### 10 TRANSACTIONS WITH BROKERS

Details of transactions with the brokers for the financial period ended 30 September 2014 are as follows:

Name of brokers	Value	Percentage	Brokerage	Percentage
	of trade	of total		of total
	RM	%	RM	%
Maybank Investment Bank Bhd	5,960,346	32.88	7,327	33.21
RHB Investment Bank Bhd	4,316,120	23.81	5,184	23.49
CIMB Investment Bank Bhd	4,054,680	22.36	4,990	22.62
BIMB Investment Bank Bhd	3,798,173	20.95	4,562	20.68
	18,129,319	100.00	22,063	100.00

All the brokers listed above are not related to the Manager.

# MyETF MSCI MALAYSIA ISLAMIC DIVIDEND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014 (CONTINUED)

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

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

<u>Related parties</u>	<u>Relationship</u>
i-VCAP Management Sdn. Bhd. (“i-VCAP”)	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 2014</u>	
	<u>No. of units</u>	<u>RM</u>
The Manager at NAV	61,500	65,719
Valuecap at NAV	17,181,500	18,360,151
Shareholders of Valuecap at NAV	-	-
	<u>17,243,000</u>	<u>18,411,016</u>

#### (b) Transactions with Government-related entities

Shareholders of Valuecap are entity controlled by the Government of Malaysia (“GOM”). Management considers that, for the purpose of MFRS 124 “Related Party Disclosures”, GOM is in the position to exercise control over the Fund. As a result, the GOM and GOM-related entities (collectively referred to as “government-related entities”) are related parties of the Fund.

The Fund has collectively, but not individually, entered into significant transactions with other government-related entities which include but not limited to the investment transactions and investment income of the Fund.

## MyETF MSCI MALAYSIA ISLAMIC DIVIDEND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014 (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 daily basis, as provided under Clause 15.1 of the Deed.

For the financial period ended 30 September 2014, the management fee was recognised at a rate of 0.4% per annum on the NAV of the Fund, calculated on 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, inclusive of custodian fee, at a rate not exceeding 0.2% 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 2014, the Trustee's fee was recognised at a rate of 0.045% per annum on the NAV of the Fund, inclusive of local custodian fee, calculated on daily basis.

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

#### 14 LICENSE FEE

License fee is payable to MSCI Inc, the Benchmark Index provider.

For the financial period ended 30 September 2014, the License Fee was recognised at a rate of 0.06% per annum of the Net Asset Value ("NAV") of the Fund, calculated on daily basis.

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

#### 15 OTHER EXPENSES

Included in Other Expenses are professional fees, other than Management, Trustee's and License Fees, and other expenses as permitted by the Deed, paid or provided for during the year.

For the financial period ended 30 September 2014, the Other Expenses was accrued on a daily basis based on the estimated Other Expenses to be incurred for financial year 2014.

The expenses are reversed out from the accrual on their respective payment dates.

# MyETF MSCI MALAYSIA ISLAMIC DIVIDEND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014 (CONTINUED)

### 16 TAXATION

	<u>1 July 2014 to</u> <u>30 September 2014</u> RM	<u>Year to Date</u> <u>30 September 2014</u> RM
Current taxation		
Current year	-	-
	-----	-----
	-	-
	=====	=====

The numerical reconciliation between net income before taxation multiplied by the Malaysian statutory tax rate and tax expense of the Fund is as follows:

	<u>1 July 2014 to</u> <u>30 September 2014</u> RM	<u>Year to Date</u> <u>30 September 2014</u> RM
Net income before taxation	482,733	1,453,923
	=====	=====
Tax at Malaysian statutory rate of 25%	120,683	363,480
Tax effect of:		
Investment income not subject to tax	(134,732)	(397,334)
Restriction on tax deductible expenses for exchange-traded funds	5,751	12,158
Expenses not deductible for tax purposes	8,298	21,696
	-----	-----
	-	-
	=====	=====

### 17 MANAGEMENT EXPENSE RATIO ("MER")

	<u>30 September 2014</u> %
MER	0.44
	=====

MER is derived from the following calculation:

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

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

The average net asset value of the Fund for the financial period calculated on daily basis is RM22,395,344

# MyETF MSCI MALAYSIA ISLAMIC DIVIDEND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014 (CONTINUED)

### 18 PORTFOLIO TURNOVER RATIO ("PTR")

30 September 2014

PTR (times)	<u>0.88</u>
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PTR is derived from the following calculation:

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

where: total acquisition for the financial period = RM30,766,305  
total disposal for the financial period = RM8,851,798

The average net asset value of the Fund for the financial period calculated on daily basis is RM22,395,344

### 19 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.

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

### 20 NON CASH TRANSACTIONS

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

	<u>30 September 2014</u>
	RM
Creation	
- Fair value of Benchmark Index shares	21,498,493
- Cash component	129,507
	<u>21,628,000</u>
Cancellation	
- Fair value of Benchmark Index shares	-
- Cash component	-
	<u>-</u>

# MyETF MSCI MALAYSIA ISLAMIC DIVIDEND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014 (CONTINUED)

### 21 FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is the amount at which a financial asset could be exchanged or a financial liability could be settled between knowledgeable and willing parties in an arm's length transactions.

The amendment MFRS7 'Financial Instruments: Disclosures' requires the Fund to classify fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets 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 or liability that are not based on observable market data, (that is, unobservable inputs) (level 3).

The level in fair value hierarchy within which the fair value measurement is categorized 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 requires judgement, considering factors specific to the asset or liability.

The Fund's financial asset designated as fair value through profit or loss is an investment whose values are based on quoted market prices in active markets, and therefore classified within level 1.

The following table analyses within the fair value hierarchy the financial asset measured at fair value at 30 September 2014:

#### Financial assets at fair value through profit and loss

	Level 1 RM
Quoted shares in Malaysia	22,931,462

### 22 SUPPLEMENTARY INFORMATION DISCLOSED PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

The following analysis of realised and unrealised retained profits at the legal entity level is prepared in accordance with Bursa Malaysia Securities Berhad's Listing Requirements and the Guidance on Special Matter No. 1, "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements", as issued by the Malaysian Institute of Accountants whilst the disclosure is based on the prescribed format by Bursa Malaysia Securities Berhad.

	<u>30 September 2014</u> RM
Total retained profits of the Fund	
- Realised	(77,012)
- Unrealised	1,530,935
	<u>1,453,923</u>

The analysis between realised and unrealised above is prepared on a different basis as compared to the analysis of realised and unrealised as disclosed in the statement of comprehensive income.