



# 2017

ANNUAL REPORT

## **MyETF MSCI SEA Islamic Dividend**

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

**[www.myetf.com.my](http://www.myetf.com.my)**

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## INTRODUCTION

MyETF MSCI SEA Islamic Dividend or MyETF-MSEAD is i-VCAP's second style-based Shariah exchange traded fund ("ETF") introduced globally that aims to capture market alpha via investment in dividend yielding Shariah-compliant companies listed on the stock exchanges in Southeast Asia ("SEA"). As of the date of this annual report, the relevant stock exchanges are Bursa Securities, Singapore Exchange, The Stock Exchange of Thailand, Indonesia Stock Exchange and The Philippine Stock Exchange Inc. MyETF-MSEAD is designed to provide investment results that closely correspond to the performance of its Benchmark Index i.e. MSCI AC ASEAN IMI Islamic High Dividend Yield 10/40 Index ("MIISOD4P Index").

Structured as an ETF, MyETF-MSEAD is a liquid and cost efficient financial instrument for investors who wish to get potential periodic income and capital gain from the vast universe of companies of the SEA countries. MyETF-MSEAD was listed on the Main Market of Bursa Securities on 7 May 2015. The short name and stock number for MyETF-MSEAD are "METFSID" and "0825EA" respectively.

The Benchmark Index, MIISOD4P Index, is a free-float adjusted, market capitalisation weighted index, maintained and published by MSCI Inc. It may consist up to 30 Shariah-compliant companies listed on the relevant stock exchanges in Southeast Asia countries with dividend yields that are at least 30% higher than average dividend yield of the SEA equity universe that are deemed sustainable and persistent by MSCI. The Benchmark Index is reviewed and rebalanced periodically by MSCI's Shariah Supervisory Committee and review committees to ensure the investability, Shariah-compliance and continuous representation of the dividend yielding opportunity set of the index are maintained.

## FUND INFORMATION

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

Registered Address

Level 9, Block B, HP Towers  
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 59-65 for profile of the Directors)*

Rosli Bin Abdullah

*Chairman/Independent Non-Executive Director*

Sharifatu Laila Binti Syed Ali

*Non-Independent Non-Executive Director*

Hassan Bin Ibrahim

*Independent Non-Executive Director*

Y.M. Tunku Afwida Binti Tunku A. Malek

*Independent Non-Executive Director*

Nik Amlizan Binti Mohamed

*Non-Independent Non-Executive Director*

Datuk Mohd. Nasir Bin Ali

*Independent Non-Executive Director*

Mahdzir Bin Othman

*Non-Independent Executive Director/Chief Executive Officer*  
(resigned effective 13 August 2017)

Khairi Shahrin Arief Bin Baki

*Non-Independent Executive Director/Chief Executive Officer*  
(appointed effective 11 January 2018)

Company Secretaries

Firdaus Bin Ahmad Radhi (LS 0009423)

Mirza Mohamad (MAICSA 7051997)

Level 10, Block B, HP Towers

No. 12 Jalan Gelenggang

Bukit Damansara

50490 Kuala Lumpur

Malaysia

Tel. no.: +603 2788 5111

## FUND INFORMATION *(continued)*

<b>Investment Committee</b> <i>(Please refer to page 67 for profile of the Members)</i>	: Y.M. Tunku Afwida Binti Tunku A. Malek <i>Chairman/Independent Member</i>  Hassan Bin Ibrahim <i>Independent Member</i>  Shaharin Bin Md. Hashim <i>Non-Independent Member</i>
<b>Trustee</b>	: 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.dtmdb@db.com
<b>Auditor of the Manager and the Fund</b>	: PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146)  <u>Registered/ Business Address</u> Level 10, 1 Sentral Jalan Rakyat Kuala Lumpur Sentral 50706 Kuala Lumpur Malaysia  <u>Mailing Address</u> PO Box 10192 50706 Kuala Lumpur Malaysia  Tel. No. +603 2173 1188 Fax No. +603 2173 1288
<b>Tax Consultant</b>	: PricewaterhouseCoopers Taxation Services Sdn. Bhd. (464731-M) Level 10, 1 Sentral Jalan Rakyat Kuala Lumpur Sentral PO Box 10192 50706 Kuala Lumpur Malaysia  Tel. No. +603 2173 1188 Fax No. +603 2173 1288

## FUND INFORMATION *(continued)*

**Fund Accountant** : Deutsche Bank (Malaysia) Berhad (312552-W)  
Level 20, Menara IMC  
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Tel. No. +603 2053 6788  
Fax No. +603 2031 8710  
Email [dbkl.dfs@db.com](mailto:dbkl.dfs@db.com)  
Website [www.db.com](http://www.db.com)

**Shariah Adviser** : Amanie Advisors Sdn Bhd (684050-H)

*(Please refer to  
pages 69-71 for  
corporate  
information,  
experience and  
details of the  
designated person  
for the Shariah  
Adviser)*

Registered address  
Unit 11-3A, 3rd Mile Square,  
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58100 Kuala Lumpur

Business address  
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Fax no.: (+603) 2181 8219  
Website: [www.amanieadvisors.com](http://www.amanieadvisors.com)

**Participating  
Dealers** : CIMB Bank Berhad (13491-P)  
Level 13, Menara CIMB  
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Level 3A, Tower One  
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**Index Licensor** : MSCI Inc.  
One Chase Manhattan Plaza, 44th Floor  
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United States of America

Tel No. +1 212 804 3901  
Fax No. +1 212 809 1213

## FUND INFORMATION *(continued)*

**Share Registrar** : Symphony Share Registrars Sdn. Bhd. (378993-D)  
Level 6, Symphony House  
Pusat Dagangan Dana 1  
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47301 Petaling Jaya  
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Malaysia

Helpdesk No. +603 7849 0777  
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## MANAGER'S REPORT

For the Financial Period 1 January to 31 December 2017

<b>Name of Fund</b>	: MyETF MSCI SEA Islamic Dividend (“MyETF-MSEAD” or “the Fund”)
<b>Type of Fund</b>	: Exchange Traded Fund
<b>Fund Category</b>	: Shariah-Compliant Equity
<b>Commencement Date</b>	: 29 April 2015
<b>Listing Date</b>	: 7 May 2015
<b>Benchmark Index</b>	: MSCI AC ASEAN IMI Islamic High Dividend Yield 10/40 Index (“MIISOD40 Index” or “Benchmark Index”)
<b>Manager</b>	: i-VCAP Management Sdn. Bhd. (“i-VCAP”)

### 1. Investment Objective

MyETF-MSEAD aims to provide investment results that closely correspond to the performance of the Benchmark Index regardless of its performance.

### 2. Benchmark Index

The Benchmark Index, namely the MSCI AC ASEAN IMI Islamic High Dividend Yield 10/40 Index<sup>1</sup> is a free-float adjusted, market capitalisation weighted, price return index calculated, maintained and published by MSCI.

The Benchmark Index is designed as a performance benchmark for the high dividend-yielding segment of its Parent Index, the MSCI AC ASEAN IMI Islamic Index<sup>2</sup>. The Parent Index is a free-float adjusted market

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<sup>1</sup> Previously known as MSCI South East Asia IMI Islamic High Dividend Yield 10/40 Index. In December 2016, MSCI Inc. has informed on the rebranding exercise for all its South East Asia-related indices to include the ASEAN trademark in the indices' names.

Following this exercise, MyETF-MSEAD's Benchmark Index, i.e. MSCI South East Asia IMI High Dividend Yield 10/40 Index has assumed a new name of MSCI AC ASEAN IMI Islamic High Dividend Yield 10/40 Index which took effect from 12 January 2017. The change of name however does not involve any change in the Benchmark Index's methodology, computation as well as the geographical exposure; and shall continue to be maintained and computed by MSCI. In addition, there is no change to the Fund's name, stock number and stock code pursuant to the change of name of the Fund's Benchmark Index.

<sup>2</sup> Previously known as MSCI South East Asia IMI Islamic Index. The name was changed due to the rebranding exercise for all MSCI's South East Asia-related indices to include the ASEAN trademark in the indices' names. The change took effect from 12 January 2017.



capitalisation weighted index that is designed to measure the equity market performance of selected South East Asia countries.

The Benchmark Index shall comprise up to 30 Shariah-compliant companies listed on the stock exchanges in South East Asia countries with dividend yields that are at least 30% higher than the Parent Index yield that are deemed both sustainable and persistent by MSCI.

The weight of any single group entity in the Benchmark Index is capped at 10% of the Benchmark Index weight and the sum of the weights of all group entities representing more than 5% is capped at 40% of the Benchmark Index weight. The Benchmark Index is calculated and published in Ringgit Malaysia.

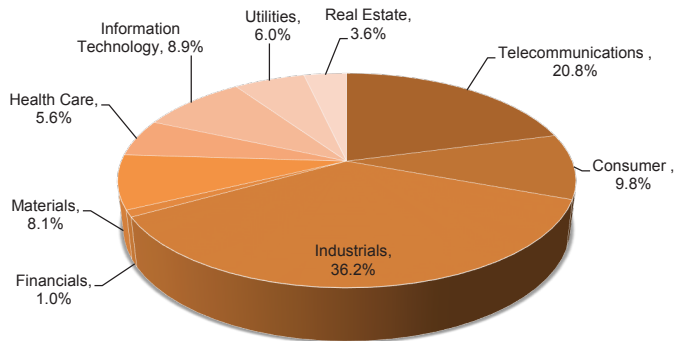
The Parent Index and Benchmark Index consist only of Shariah-compliant securities which are approved by the MSCI Shariah Supervisory Committee based on the MSCI Islamic Index Series Methodology. The MSCI Shariah Supervisory Committee will review and audit the Benchmark Index, the Parent Index as well as the MSCI Islamic Index Series Methodology on a regular basis to ensure compliance with Shariah.

In November 2017, S&P Dow Jones Indices, a leading provider of financial market indices, and MSCI Inc., a leading provider of research-based indexes and analytics, have announced a result of their annual review of the Global Industry Classification Standard (GICS®) structure, the Telecommunication Services Sector is being broadened and renamed as Communication Services to include companies that facilitate communication and offer related content and information through various media. The renamed Sector will include the existing telecommunication companies, as well as companies selected from the Consumer Discretionary Sector currently classified under the Media Industry Group and the Internet & Direct Marketing Retail Sub-Industry, along with select companies currently classified in the Information Technology Sector.

Another important change being made to the GICS structure is the reclassification of online marketplaces for consumer products and services regardless of whether they hold inventory to the Internet & Direct Marketing Retail Sub-Industry under the Consumer Discretionary Sector. All of these e-commerce companies are dominant players in the Internet Retail Industry, targeting the same consumers and competing with one another. The changes to the GICS structure will be implemented after the close of business (ET) on Friday, September 28, 2018.

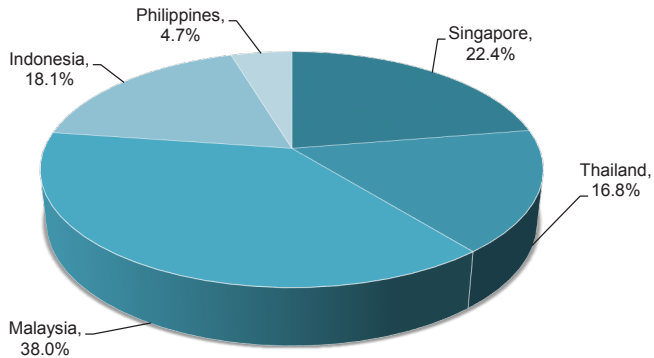
Based on the latest quarterly review (as at 30 November 2017), the sector allocation of MIISOD40 Index based on MSCI sector classifications are as follows:

**Chart 1: Sector Classification – MSCI**



Sources: MSCI, i-VCAP

**Chart 2: Country Exposure**



Sources: MSCI, i-VCAP

### **3. Investment Strategy**

During the 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 will generally adopt a replication strategy to manage the Fund. The Manager may use techniques including indexing via full or partial replication in seeking to achieve the investment objective of the Fund, subject to conformity with Shariah.

### **4. Fund Performance**

For Financial Year 2017, the Fund's NAV has met its investment objective of closely correspond to the performance of the underlying benchmark, i.e. MIISOD40 Index. The tracking error of the Fund and the Benchmark Index on Price Return and Total Return basis were 1.53% and 1.37% respectively. In terms of NAV movement, the Fund's NAV per unit decreased by 2.02% to RM0.9090 from RM0.9277 at the end of the previous year while the Benchmark Index and Benchmark's Total Return Index increased by 0.24% and 3.47% respectively for the year.

The Fund started strongly, hitting a high of RM0.9472 on 6 January but the NAV per unit gradually descended throughout the year. The Fund hit the year's low of RM0.8741 on 6 December before rebounding and closed the year at RM0.9090. Similarly, the Fund's unit price traded on the Bursa Securities moved in tandem with the NAV and closed the year at RM0.9000, translating to a decrease of 3.43%. During the year, the Fund also declared an income distribution of 2.34 sen per unit, translating to the total return of the Fund of 0.51%. As at end of December, total NAV of the Fund stood at RM48.18 million with 53 million units in circulation. The key statistics and comparative performance of the Fund as compared to the previous years are summarised as follows:

**Table 1: Key Statistics**

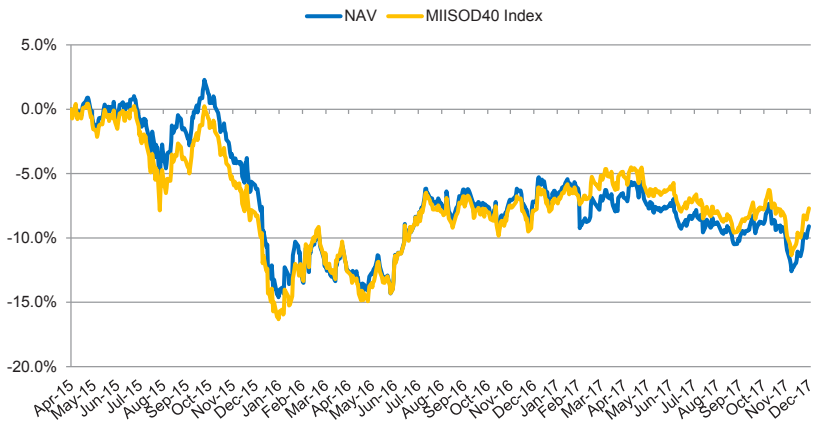
	As at 31-Dec-17	As at 31-Dec-16	YoY Change	As at 31-Dec-15
NAV per unit (RM) #	0.9090	0.9277	(2.02%)	0.9381
- Highest	0.9472 (6 Jan)	0.9383 (8 Dec)		1.0228 (22 Oct)
- Lowest	0.8741 (6 Dec)	0.8539 (28 Jan)		0.9357 (21 Dec)
<i>(During the year)</i>				
Price per unit (RM) #	0.9000	0.9320	(3.43%)	0.9330
- Highest	0.9450 (20 Feb)	0.9380 (11 Aug)		1.0150 (28 Oct)
- Lowest	0.8860 (18 Dec)	0.8500 (28 Jan)		0.9330 (31 Dec)
<i>(During the year)</i>				
Units in Circulation	53,000,000	53,000,000	0.00%	21,000,000
Total NAV (RM)	48,177,498	49,168,342	149.59%	19,699,942
Market Capitalisation (RM)	49,396,000	49,396,000	(2.02%)	19,593,000
MIISOD40 Index	2,227.35	2,222.04	0.24%	2,213.71
MIISOD40 Total Return	3,788.95	3,661.88	3.47%	3,506.08
Tracking Error vs. Price Return MIISOD40 Index (%)*	1.53	1.38		1.35
Tracking Error vs. Total Return MIISOD40 Index (%)*	1.37	1.11		0.94
Management Expense Ratio (%)	1.01	1.04		1.40

Sources: Bloomberg, i-VCAP

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

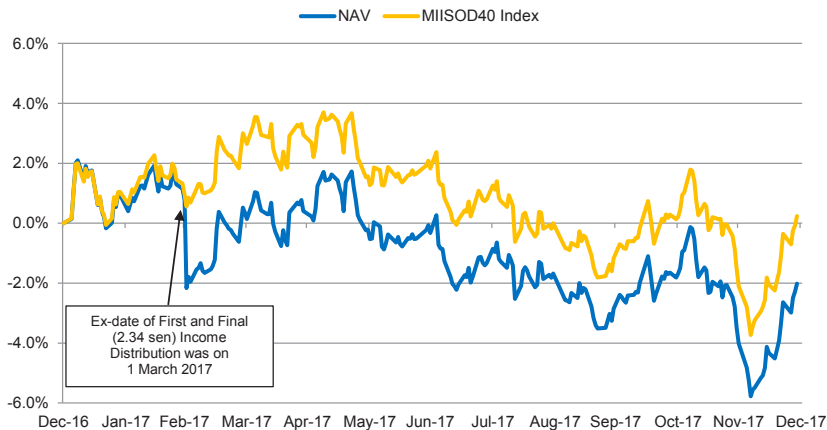
\* The tracking error (calculated since inception and on daily basis) between the NAV per unit of the Fund and the Price Return and Total Return Benchmark Index. The calculation was independently sourced from Novagni Analytics and Advisory Sdn. Bhd.

Chart 3(a): Fund NAV Per Unit vs. Benchmark Index – Performance Since Inception



Sources: Bloomberg, i-VCAP

Chart 3(b): Fund NAV Per Unit vs. Benchmark Index – Performance in 2017



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 Returns**

	2017 (%)	2016 (%)	2015 (%)
MyETF- MSEAD - NAV Price Return <sup>(a)</sup>	(2.02)	(1.11)	(6.19)
MIISOD40 - Price Return Index	0.24	0.38	(8.26)
MyETF- MSEAD - NAV Total Return <sup>(a)</sup>	0.51	1.32	(6.19)
MIISOD40 - Total Return Index	3.47	4.44	(4.81)

Sources: Bloomberg, i-VCAP

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

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

	Cumulative Returns <sup>(b)</sup>			
	3 Month (%)	6 Month (%)	1 Year (%)	Since Inception (%)
MyETF- MSEAD - NAV Price Return <sup>(a)</sup>	0.87	(1.70)	(2.02)	(9.10)
MIISOD40 - Price Return Index	1.43	(1.56)	0.24	(7.69)
MyETF- MSEAD - NAV Total Return <sup>(a)</sup>	0.87	(1.70)	0.51	(4.47)
MIISOD40 - Total Return Index	1.76	(0.42)	3.47	2.87

Sources: Bloomberg, i-VCAP

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

(b) Cumulative returns are up to 31 December 2017

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

	Average Returns <sup>(b)</sup>			
	3 Month (%)	6 Month (%)	1 Year (%)	Since Inception (%)
MyETF- MSEAD - NAV Price Return <sup>(a)</sup>	3.43	(3.37)	(2.02)	(3.40)
MIISOD40 - Price Return Index	5.67	(3.09)	0.24	(2.87)
MyETF- MSEAD - NAV Total Return <sup>(a)</sup>	3.43	(3.37)	0.51	(1.67)
MIISOD40 - Total Return Index	7.00	(0.83)	3.47	1.07

Sources: Bloomberg, i-VCAP

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

(b) Average returns for MIISOD40 Price Return Index and MIISOD40 Total Return Index are annualized figures computed based on the price and total returns for the respective period.

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

	2016	2015
	<u>Final</u>	<u>Final</u>
Income Distribution Per Unit (Sen)	2.34	2.15
Income Distribution Yield (%)*	2.56	3.70
Declaration Date	13 Feb 2017	10 Feb 2016
Ex-Date	1 Mar 2017	26 Feb 2016
Payment Date	30 Mar 2017	29 Mar 2016
NAV Per Unit Before Ex-Date (RM)	0.9349	0.8888
NAV Per Unit On Ex-Date (RM)	0.9076	0.8757

Source: i-VCAP

\* Annualised figure based on market price on income distribution declared date.

^ The Fund was initially created at RM1.00 per unit based on the close of 29 April 2015. The Fund had its listing debut on 7 May 2015.

The Benchmark Index is reviewed quarterly and rebalanced semi-annually and any changes to the constituents of the Benchmark Index will be implemented at the close of the last business day of May and November. Meanwhile, the Parent Index of MIISOD40 Index, the MSCI AC ASEAN IMI Islamic Index is reviewed quarterly (in February, May, August and November) and will not result in any change on the Benchmark Index except for inclusion or deletion of companies from the Parent Index due to corporate events and changes in the weightings of the Benchmark Index constituents. During the year, the Benchmark Index underwent four reviews which were in February, May, August and November. During the reviews, 22 stocks were removed while 22 stocks were included into the Fund. A summary of the changes are as follows:

**Table 3: List of Stock Inclusion and Exclusion in 2017**

	Stock Inclusions	Stock Exclusions
<b>1Q2017</b>	Malaysian Pacific Industries Bhd MC Group PCL-NVDR Siam Future Development PCL-NVDR Ta Ann Holdings Bhd	Matrix Concepts Holdings Bhd MISC Bhd M1 Ltd Silverlake Axis Ltd
<b>2Q2017</b>	DMCI Holdings Inc Home Product Center PCL-NVDR KCE Electronics PCL-NVDR Lingkar Trans Kota Holdings Bhd PT AKR Corporindo TBK Robinson PCL-NVDR SATS Ltd Sheng Siong Group Ltd Singapore Airlines Ltd Time DotCom Bhd	Hong Leong Industries Bhd Matrix Concepts Holdings Bhd MC Group PCL-NVDR Mega Lifesciences PCL-NVDR Padini Holdings Bhd Riverstone Holdings Ltd Siam Future Development PCL-NVDR Singapore Telecommunications Ltd Supermax Corporation Bhd Ta Ann Holdings Bhd
<b>3Q2017</b>	LPN Development PCL-NVDR Riverstone Holdings Ltd	Digi.Com Bhd VGI Global Media PCL-NVDR
<b>4Q2017</b>	Bangkok Aviation Fuel Services PCL-NVDR Eastern Polymer Group PCL-NVDR Jasmine International PCL-NVDR Siam Future Development PCL-NVDR Supermax Holdings Bhd Unisem (Malaysia) Bhd	Singapore Press Holdings Ltd PT Matahari Department Store TBK Singapore Post Ltd Home Product Center PCL-NVDR Religare Health Trust Riverstone Holdings Ltd

Sources: MSCI, i-VCAP

The Manager had undertaken rebalancing exercises during the reviews to ensure that the Fund's investment would be in line with the changes in the Benchmark Index. In terms of sectoral weightings, notable changes to the Fund's sector composition as compared to the previous year were the increase in Industrials from 21.75% to 36.70% and Information Technology increased from 2.81% to 8.64%. On the other hand, the weighting of Telecommunications decreased from 32.10% to 20.88% and Consumer reduced from 16.79% to 9.46%. As a result of the inclusion of DMCI Holdings Inc during the semi-annual review which was undertaken in May 2017, the Fund has a single exposure in Philippines. Details of the Fund's key holdings, sector allocation as well as country exposure as at the end of the year are as follows:

**Table 4: Top Ten Holdings of the Fund as at 31 December 2017**

Stock	Country	% of NAV
1. PT Telekomunikasi Indonesia Persero TBK	Indonesia	9.47
2. Singapore Airlines Limited	Singapore	8.95
3. Comfortdelgro Corporation Limited	Singapore	6.63
4. Petronas Gas Berhad	Malaysia	6.38
5. Maxis Berhad	Malaysia	6.03
6. Top Glove Corporation Berhad	Malaysia	5.41
7. PT Indocement Tunggal Prakarsa TBK	Indonesia	5.22
8. SATS Limited	Singapore	4.50
9. DMCI Holdings Inc	Philippines	4.47
10. Robinson PCL-NVDR	Thailand	4.40
<b>Total</b>		<b>61.46</b>

Sources: Bloomberg, i-VCAP

**Table 5: Fund's Sector Allocation \***

Sector	As at 31-Dec-17	As at 31-Dec-16	Change (%)
Industrials	36.70%	21.75%	14.95
Telecommunications	20.88%	32.10%	(11.22)
Consumer	9.46%	16.79%	(7.33)
Information Technology	8.64%	2.81%	5.83
Materials	7.09%	6.17%	0.92
Utilities	6.38%	4.89%	1.49
Health Care	5.95%	8.20%	(2.25)
Properties	3.42%	2.27%	1.15
Financial	1.07%	4.60%	(3.53)
Cash & Others	0.41%	0.42%	(0.01)

Sources: MSCI, i-VCAP

\* Based on MSCI classification

**Table 6: Country Exposure**

Country	As at 31-Dec-17	As at 31-Dec-16	Change (%)
Malaysia	38.86%	40.00%	(1.14%)
Singapore	21.83%	37.00%	(15.17%)
Indonesia	18.72%	18.80%	(0.08%)
Thailand	16.11%	15.20%	0.91%
Philippines	4.48%	-	4.48%

Sources: MSCI, i-VCAP



Details of the Fund's quoted Investments as at 31 December 2017 are as follows:

**Table 7: MyETF-MSEAD's Investment in Listed Equities**

	Country	Quantity (Units)	Market Value (RM)	Market Value as a percentage of Net Asset Value (%)
<b><u>Industrials</u></b>				
1. Singapore Airlines Limited	Singapore	133,500	4,311,083	8.95
2. Comfortdelgro Corporation Limited	Singapore	533,200	3,195,185	6.63
3. SATS Limited	Singapore	137,800	2,168,669	4.50
4. DMCI Holdings Inc	Philippines	1,843,100	2,153,534	4.47
5. Westports Holdings Berhad	Malaysia	539,400	1,995,780	4.14
6. PT AKR Corporindo TBK	Indonesia	1,006,100	1,903,843	3.95
7. Eastern Polymer Group PCL-NVDR	Thailand	529,200	742,035	1.54
8. Lingkaran Trans Kota Holdings Berhad	Malaysia	111,300	617,715	1.28
9. Bangkok Aviation Fuel Services PCL-NVDR	Thailand	103,200	598,670	1.24
			<b>17,686,514</b>	<b>36.70</b>
<b><u>Telecommunications</u></b>				
10. PT Telekomunikasi Indonesia Persero TBK	Indonesia	3,446,600	4,560,265	9.47
11. Maxis Berhad	Malaysia	483,400	2,905,234	6.03
12. Time Dotcom Berhad	Malaysia	167,900	1,527,890	3.17
13. Jasmine International PCL-NVDR	Thailand	1,206,100	1,062,595	2.21
			<b>10,055,984</b>	<b>20.88</b>
<b><u>Consumer</u></b>				
14. Robinson PCL-NVDR	Thailand	233,800	2,117,843	4.40
15. Bermaz Auto Berhad	Malaysia	401,100	882,420	1.83
16. Sheng Siong Group Limited	Singapore	286,000	800,661	1.66
17. Thai Vegetable Oil PCL-NVDR	Thailand	205,150	757,329	1.57
			<b>4,558,253</b>	<b>9.46</b>
<b><u>Information Technology</u></b>				
18. KCE Electronics PCL-NVDR	Thailand	142,600	1,464,245	3.04
19. V.S Industry Berhad	Malaysia	361,700	1,088,717	2.26
20. Unisem Berhad	Malaysia	278,400	1,016,160	2.11
21. Malaysian Pacific Industries Berhad	Malaysia	47,000	593,140	1.23
			<b>4,162,262</b>	<b>8.64</b>
<b><u>Materials</u></b>				
22. PT Indocement Tunggal Prakarsa TBK	Indonesia	384,250	2,513,418	5.22
23. Scientex Berhad	Malaysia	103,800	898,908	1.87
			<b>3,412,326</b>	<b>7.09</b>
<b><u>Utilities</u></b>				
24. Petronas Gas Berhad	Malaysia	175,900	3,074,732	6.38
			<b>3,074,732</b>	<b>6.38</b>
<b><u>Health Care</u></b>				
25. Top Glove Corporation Berhad	Malaysia	326,100	2,605,539	5.41
26. Supermax Corporation Berhad	Malaysia	130,400	260,800	0.54
			<b>2,866,339</b>	<b>5.95</b>
<b><u>Properties</u></b>				
27. UOA Development Berhad	Malaysia	278,440	665,472	1.38
28. LPN Development PCL-NVDR	Thailand	303,100	496,462	1.03
29. Siam Future Development PCL-NVDR	Thailand	504,900	488,682	1.01
			<b>1,650,616</b>	<b>3.42</b>
<b><u>Financial</u></b>				
30. Syarikat Takaful Malaysia Berhad	Malaysia	136,540	513,390	1.07
			<b>513,390</b>	<b>1.07</b>
			<b>47,980,416</b>	<b>99.59</b>

Sources: MSCI, i-VCAP

## **5. Distribution Policy**

The Fund may distribute to the Unit Holders all or a substantial portion of the Fund's Distributable Income, pro-rated based on the number of Units held by each Unit Holder as at the entitlement date of the income distribution.

Income distributions (if any) are expected to be made annually. The amount to be distributed will be at the discretion of the Manager. However, if the distribution available is too small or insignificant, any distribution may not be of benefit to the Unit Holders as the total cost to be incurred in any such distribution may be higher than the amount for distribution.

During the Financial Year under review, the Fund paid an income distribution amounted to RM1,240,200 in March 2017 in relation to the first and final income distribution of 2.34 sen per unit for Financial Year Ended 2016 (declared in February 2017). For Financial Year Ended 2017, the Fund has announced the first and final income distribution of 1.51 sen per unit, to be paid to the unitholders in March 2018. The first and final income distribution amount is derived from the dividend income that the Fund received from its stocks investment holding and profit income in 2017.

## **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 year 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 not to receive any goods or services by way of soft commission.

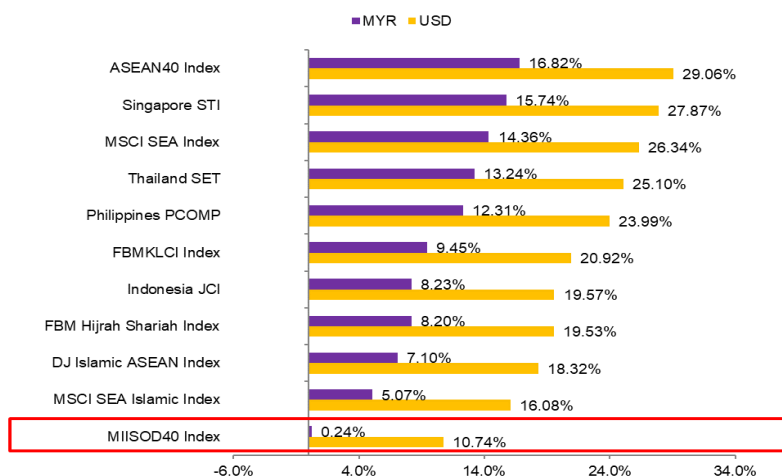
## **8. Market Review and Outlook**

Global economic numbers were stronger in 2017 supported by synchronised expansion in both the advanced economies as well as emerging markets. The combination of accommodative monetary policy and expansionary fiscal policy has helped to boost domestic demand across many large economies. The effectiveness of countercyclical policies contributed to the rebound in the global industrial production and trades. The EU and Japan continued with quantitative easing while Fed remains data dependent in determining interest rate path. China's economy is growing at a faster pace, supported by accelerated infrastructure spending and continued credit expansion.

Most ASEAN economies continued to show growth resiliency, which have seen growth speed up as an upturn in global demand. The Philippines remains one of the fastest growing economies in the ASEAN region in the third quarter of 2017 after posting a GDP growth of 6.9%, positioned it as one of the fastest expanding countries in the world. Other countries that also reported strong GDP growth in 3Q2017 were Malaysia, Singapore and Indonesia with 6.2%, 5.2% and 5.06% respectively driven by stronger domestic demand, particularly private sector spending. Meanwhile, Thailand's gross domestic product grew 4.3 per cent year on year in the third quarter 2017, beating expectations and was the fastest pace of growth since the first quarter of 2013.

Among emerging markets, ASEAN has in the recent decade become an attractive target for global investors given the relatively stable economies and increase in total trade. This in turn has attracted large capital flows into the region and recovery in the region's currencies against the US dollar. Meanwhile, Ringgit continued to perform well against other currencies as the market is forecasting Ringgit to rebound from its sharp depreciation last year given that Malaysia's fundamentals remain intact.

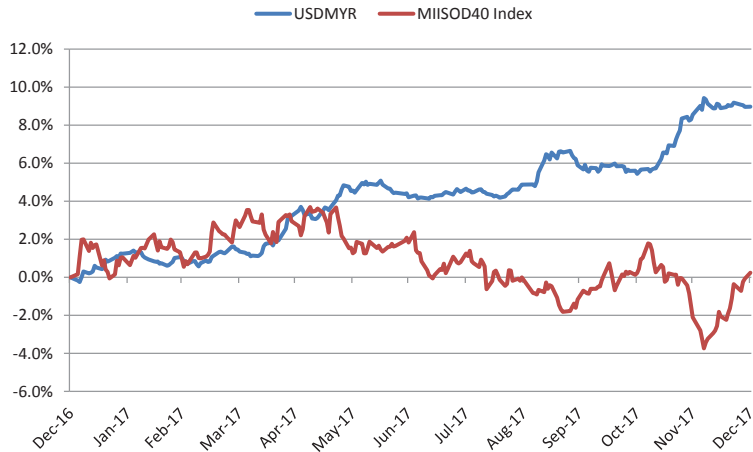
**Chart 5: ASEAN Equity Market Performance in 2017**



Sources: i-VCAP, Bloomberg

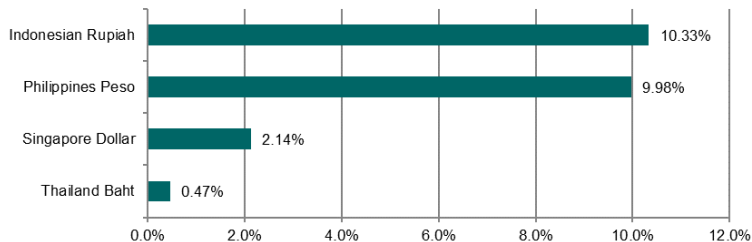
The MIISOD40 Index had a good start to the year to reach its highest level of the year of 2,304.24 points on 8 May. The benchmark index however, retraced and reached its lowest level for the year of 2,139.12 points on 6 December before recovering and closed the quarter at 2,227.35 points, representing an increase of 0.24% yoy. On regional comparison, MIISOD40 Index which has priced in Ringgit lagged most of other big-cap ASEAN indices. The weaker performance was attributed to the continued strengthening of Ringgit against regional currencies.

**Chart 6: MIISOD40 Index and Ringgit Performance in 2017**



Sources: Bloomberg, I-VCAP

**Chart 7: Performance of Ringgit against ASEAN-5 Currencies in 2017**



Sources: Bloomberg, I-VCAP

Looking ahead, the global economic recovery is expected to continue into 2018, with increasing growth driven by continuing recovery in the advanced economies and sustained growth in the developing economies. The favourable global growth outlook, with a cyclical upswing in investment and manufacturing activities, will continue to have a positive impact on global trade flows. Based on International Monetary Fund (IMF)'s forecast, global growth is projected to rise to 3.8% in 2018 from the estimated 3.6% in 2017.

The growth outlook for regional economies also remains promising, with strong growth driven by robust private sector expenditure and increased external demand. China's economic growth is projected to moderate to 6.4% in 2018 from the estimated 6.8% growth in 2017 as the economy is rebalancing towards domestic consumption and away from investment and external demand. The favourable outlook for these economies is predicated on expectations of continued high levels of private sector expenditure, which will remain the primary driver of growth, with further impetus from increasing global trade and manufacturing activity.

With global trade on a cyclical uptrend, ASEAN-5 is expected to see sustained momentum in 2018. Malaysia, Singapore and Thailand would be the main beneficiaries due to relatively open economies. Indonesia's GDP growth could hover between 5.0-5.5% supported by private consumption, stronger investment flows and improvement in government spending. In Thailand, BOT sees higher growth of 3.8% in 2018, outlining a potential sustained momentum on the external front. Philippines infrastructure spending could see further uptick with ongoing Investment Priority Plan (IPP). Given the encouraging economic numbers, investors who have ASEAN region in their investment radar may consider MyETF-MSEAD in their portfolio, backed by the dividend yielding feature of its stock constituents that can provide downside support during any uncertain market environment.

**TRUSTEE'S REPORT TO THE UNIT HOLDERS OF  
MyETF MSCI SEA ISLAMIC DIVIDEND**

Deutsche Bank



Deutsche Trustees Malaysia Berhad  
(Company No. 763590-H)

Level 18-20, Menara IMC  
8 Jalan Sultan Ismail  
50250 Kuala Lumpur

Tel +603 2053 7522  
Fax +603 2053 7526

**TRUSTEE'S REPORT**

**TO THE UNITHOLDERS OF MyETF MSCI SEA ISLAMIC DIVIDEND**

We have acted as Trustee for MyETF MSCI SEA Islamic Dividend (the "Fund") for the financial year ended 31 December 2017. 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 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 for the Fund has been carried out in accordance with the Deed(s) of the Fund and applicable regulatory requirements; and
- (c) creation and cancellation of units for the Fund have been 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 2017 by the Manager is not inconsistent with the objectives of the Fund.

For Deutsche Trustees Malaysia Berhad

A handwritten signature in black ink.

**Soon Lai Ching**  
Senior Manager, Trustee Operations

12 Feb 2018  
Kuala Lumpur

A handwritten signature in black ink.

**Richard Lim Hock Seng**  
Chief Executive Officer



**SHARIAH ADVISER'S REPORT TO THE UNITHOLDERS  
OF MyETF MSCI SEA ISLAMIC DIVIDEND**

We have acted as the Shariah Adviser of MyETF MSCI SEA Islamic Dividend ("the Fund") for the financial year ended 31 December 2017. 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 the Shariah Investment Guidelines and complied with applicable guidelines, rulings or decisions issued by the Securities Commission Malaysia pertaining to Shariah matters for the financial year ended 31 December 2017.

In addition, 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 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 of the Fund, as the body, and for no other purpose. 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

**12 Feb 2018**

**AMANIE ADVISORS SDN BHD 684050-H**  
Level 33 Menara Binjai \* No. 2 Jalan Binjai \* Off Jalan Ampang \* 50450 Kuala Lumpur \* Malaysia  
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**MALAYSIA | UNITED ARAB EMIRATES | UNITED KINGDOM | KAZAKHSTAN**

## 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 30 to 57 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 2017 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.



**KHAIRI SHAHRIN ARIEF BIN BAKI**

For and on behalf of the Manager,  
i-VCAP Management Sdn. Bhd.

Kuala Lumpur  
12 February 2018



## **INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF MyETF MSCI SEA ISLAMIC DIVIDEND**

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

#### Our opinion

In our opinion, the financial statements of MyETF MSCI SEA Islamic Dividend ("the Fund") give a true and fair view of the financial position of the Fund as of 31 December 2017, 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 2017, 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 30 and 57.

#### 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 MSCI SEA ISLAMIC DIVIDEND (CONTINUED)**

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

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**

**Valuation and existence of financial assets at fair value through profit or loss**

Refer to Note F (Summary of significant accounting policies), Note 10 and Note 22 (Notes to the financial statements).

The investment portfolio at the year-end comprised listed equity investments valued at RM 47,980,416.

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.

We have tested the valuation of the listed equity investments by agreeing the prices used in the valuation to independent third party sources. No misstatements were identified by our testing.

We have tested the existence of the investment portfolio by agreeing the holdings for investments to an independent custodian confirmation. No exceptions were identified.

## **INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF MyETF MSCI SEA ISLAMIC DIVIDEND (CONTINUED)**

### **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 MSCI SEA ISLAMIC DIVIDEND (CONTINUED)**

### **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 MSCI SEA ISLAMIC DIVIDEND (CONTINUED)**

### **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 REPORTING RESPONSIBILITIES**

The supplementary information set out in Note 23 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Manager is responsible for the preparation of the supplementary information in accordance with 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 ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF  
MyETF MSCI SEA ISLAMIC DIVIDEND (CONTINUED)**

**OTHER MATTERS**

This report is made solely to the members of the Fund 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  
02954/03/2019 J  
Chartered Accountant

Kuala Lumpur  
12 February 2018

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

	<u>Note</u>	<u>2017</u> <u>RM</u>	<u>2016</u> <u>RM</u>
<b>INVESTMENT INCOME</b>			
Gross dividend income		1,523,549	1,699,656
Profit from short term Shariah-compliant deposits		9,153	6,355
Net loss on financial assets at fair value through profit or loss	10	(209,503)	(181,833)
Net foreign exchange loss		(343,676)	(349,868)
		<u>979,523</u>	<u>1,174,310</u>
<b>EXPENSES</b>			
Management fee	4	(314,790)	(208,975)
Trustee's fee	5	(21,793)	(16,626)
License fee	6	(29,375)	(19,290)
Transaction cost		(144,243)	(97,067)
Auditors' remuneration		(16,592)	(15,580)
Tax agent's fee		(4,795)	(9,380)
Shariah adviser's fee		(9,436)	(8,000)
Purification of non Shariah-compliant income		(13,407)	(18,470)
Other expenses	7	(92,064)	(46,698)
		<u>(646,495)</u>	<u>(440,086)</u>
<b>PROFIT BEFORE TAXATION</b>			
Taxation	8	333,028 (83,672)	734,224 (23,724)
<b>PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR</b>			
		<u>249,356</u>	<u>710,500</u>
Profit after taxation is made up as follows:			
Realised amount		(816,991)	(156,441)
Unrealised amount		1,066,347	866,941
		<u>249,356</u>	<u>710,500</u>

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

**STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2017**

	<u>Note</u>	<u>2017</u> <u>RM</u>	<u>2016</u> <u>RM</u>
<b>ASSETS</b>			
Financial assets at fair value through profit or loss	10	47,980,416	48,961,117
Dividends receivable	11	5,631	92,212
Cash and cash equivalents	12	295,473	205,728
<b>TOTAL ASSETS</b>		<u>48,281,520</u>	<u>49,259,057</u>
<b>LIABILITIES</b>			
Amount due to Manager		24,328	26,171
Amount due to Trustee		1,684	1,812
Auditors' remuneration		15,548	15,580
Tax agent's fee		4,136	9,380
Shariah adviser's fee		7,113	6,000
Payables	13	51,213	31,772
<b>TOTAL LIABILITIES</b>		<u>104,022</u>	<u>90,715</u>
<b>NET ASSET VALUE OF THE FUND</b>		<u>48,177,498</u>	<u>49,168,342</u>
<b>EQUITY</b>			
Unit holders' capital		50,161,700	50,161,700
Accumulated losses		(1,984,202)	(993,358)
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS</b>	15	<u>48,177,498</u>	<u>49,168,342</u>
<b>NUMBER OF UNITS IN CIRCULATION</b>	15	<u>53,000,000</u>	<u>53,000,000</u>
<b>NET ASSET VALUE PER UNIT (RM)</b>		<u>0.9090</u>	<u>0.9277</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 2017**

	<b>Note</b>	<b>Unit holders' capital</b>	<b>Accumulated losses</b>	<b>Total</b>
		<b>RM</b>	<b>RM</b>	<b>RM</b>
Balance as at 1 January 2017		50,161,700	(993,358)	49,168,342
Total comprehensive income for the financial year		-	249,356	249,356
Distribution for the financial year ended 31 December 2016	9	-	(1,240,200)	(1,240,200)
Balance as at 31 December 2017		<u>50,161,700</u>	<u>(1,984,202)</u>	<u>48,177,498</u>
Balance as at 1 January 2016		20,973,800	(1,273,858)	19,699,942
Total comprehensive income for the financial year		-	710,500	710,500
Distribution for the financial year ended 31 December 2015	9	-	(430,000)	(430,000)
Creation of units		30,056,400	-	30,056,400
Cancellation of units		(868,500)	-	(868,500)
Balance as at 31 December 2016		<u>50,161,700</u>	<u>(993,358)</u>	<u>49,168,342</u>

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

**STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

	<u>Note</u>	<u>2017</u> RM	<u>2016</u> RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash used in purchase of investments		(41,856,945)	(55,794,919)
Proceeds from sales of investments		42,628,143	26,132,596
Dividends received		1,266,454	1,649,452
Profit from short term Shariah-compliant deposits		9,153	6,355
Management fee paid		(316,633)	(193,800)
Trustee fee paid		(21,921)	(15,833)
License fee paid		(21,572)	(18,373)
Purification of non Shariah-compliant income		(15,341)	(14,955)
Payment for other fees and expenses		(341,393)	(544,734)
Net cash generated from/(used in) operating activities		1,329,945	(28,794,211)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from creation of units	21	-	30,056,400
Payments for cancellation of units	21	-	(868,500)
Payment for income distribution	9	(1,240,200)	(430,000)
Net cash (used in)/generated from financing activities		(1,240,200)	28,757,900
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
		89,745	(36,311)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR</b>			
		205,728	242,039
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>			
	12	295,473	205,728

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 2017**

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

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

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

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

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

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

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

#### **(a) The new amendments to published standards that are effective:**

The Fund has applied the following amendments for the first time for the financial year beginning on 1 January 2017:

- Amendments to MFRS 107 "Statement of Cash Flows - Disclosure Initiative" introduce an additional disclosure on changes in liabilities arising from financing activities.

The adoption of these amendments did not have any impact on the current or any prior periods and is not likely to affect future periods.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (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 January 2018

- MFRS 9 “Financial Instruments” (effective from 1 January 2018) will replace MFRS 139 “Financial Instruments: Recognition and Measurement”.

MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income (“OCI”). The basis of classification depends on the entity’s business model and the cash flow characteristics of the financial asset. Investments in equity instruments are always measured at fair value through profit or loss with an irrevocable option at inception to present changes in fair value in OCI (provided the instrument is not held for trading).

A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

For liabilities, the standard retains most of the MFRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. 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.

MFRS 9 introduces an expected credit loss (“ECL”) model on impairment that replaces the incurred loss impairment model used in MFRS 139. The expected credit loss model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

The Fund has reviewed its financial assets and liabilities and does not expect any impact from the adoption of the new standard on 1 January 2018.

There will be no impact on the Fund’s accounting for financial assets as the Fund’s equity investments currently measured at fair value through profit or loss will continue to be measured on the same basis under MFRS 9.

There will be no impact on the Fund’s accounting for financial liabilities as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Fund does not have any such liabilities.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (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: (continued)

(i) Financial year beginning on/after 1 January 2018 (continued)

- MFRS 9 "Financial Instruments" (effective from 1 January 2018) will replace MFRS 139 "Financial Instruments: Recognition and Measurement" (continued)

The new impairment model requires the recognition of impairment provisions based on expected credit loss rather than only incurred credit losses as is the case under MFRS 139. It applies to financial assets classified at amortised cost. Based on the assessments undertaken to date, the Fund does not expect any loss allowance to be recognised upon adoption of MFRS 9.

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

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

Dividend income is recognised on the ex-dividend date 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 profit income or dividend income from fortuitous activities (does not comply with the Shariah principles) of the underlying companies is considered non Shariah-compliant income.

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

**D TAXATION**

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

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

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTINUED)**

**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 FINANCIAL ASSETS**

**(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.

Financing and 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 financing and receivables comprise cash and cash equivalents receivable which are all expected to be realised within 12 months.

**(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.

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.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTINUED)**

**F FINANCIAL ASSETS (CONTINUED)**

**(ii) Recognition and measurement (continued)**

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.

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, which is reasonable estimate of fair value due to the short-term nature of the deposits. Financing and receivables are subsequently carried at amortised cost using the effective profit rate method.

**(iii) Impairment of financial assets**

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective profit rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If the financial asset has a variable profit rate, the discount rate for measuring any impairment loss is the current effective profit rate determined under the contract. As a practical expedient, the Fund may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss. When an asset is uncollectible, it is written off against the related allowance account. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

For assets carried at amortised cost, the Fund assesses at the end of the reporting year whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (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 classifies Amount due to Manager, Amount due to Trustee, Auditors' remuneration, Tax agent's fee, Shariah adviser's fee and Payables.

(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 the unit holder exercises the right to put the unit back to the Fund.

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



**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTINUED)**

**I PRESENTATION AND FUNCTIONAL CURRENCY**

**(i) Presentation and functional currency**

Items included in the financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is the Fund's functional and presentation currency.

**(ii) Transactions and balances**

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

**J SEGMENT REPORTING**

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

**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 DISTRIBUTION**

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

### 1 INFORMATION ON THE FUND

The Exchange-Traded Fund (the "Fund") was constituted under the name MyETF MSCI SEA Islamic Dividend pursuant to the execution of a trust deed dated 6 February 2015 and supplemental deed dated 9 December 2016 and 19 June 2017 (the "Deed") entered into between i-VCAP Management Sdn. Bhd. (the "Manager") and Deutsche Trustees Malaysia Berhad (the "Trustee").

The Fund was launched on 8 April 2015 and commenced operations on 29 April 2015. The Fund will continue its operations until terminated in accordance with Part 26 of the Deed.

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

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

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

These financial statements were authorised for issue by the Manager on 12 February 2018.

### 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:

		<b>Financing and receivables</b>	<b>Financial asset at fair value through profit or loss</b>	<b>Total</b>
		<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>2017</b>				
Financial assets at fair value through profit or loss	10	-	47,980,416	47,980,416
Dividends receivable		5,631	-	5,631
Cash and cash equivalents	12	295,473	-	295,473
<b>Total</b>		<b>301,104</b>	<b>47,980,416</b>	<b>48,281,520</b>
<b>2016</b>				
Financial assets at fair value through profit or loss	10	-	48,961,117	48,961,117
Dividends receivable		92,212	-	92,212
Cash and cash equivalents	12	205,728	-	205,728
<b>Total</b>		<b>297,940</b>	<b>48,961,117</b>	<b>49,259,057</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTINUED)**

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

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

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

Market risk

Price Risk

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

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

	<u>2017</u> RM	<u>2016</u> RM
Financial assets at fair value through profit or loss	47,980,416	48,961,117

The table below summarises the sensitivity of the Fund's unrealized income or loss to equity price movements as at 31 December. The analysis is based on the assumptions that the MSCI AC ASEAN IMI Islamic High Dividend Yield 10/40 Index ("the Index") increased by 10% and decreased by 10%, with all other variables held constant, and that the fair value of the Fund's portfolio of equity securities moved in correlation with the Index.

<u>% Change in benchmark index</u>	<u>Benchmark index</u>	<u>Market value</u> RM	<u>Impact to profit</u> <u>after tax/NAV</u> RM
<b><u>2017</u></b>			
-10%	2,004.62	46,046,404	(1,934,012)
0%	2,227.35	47,980,416	-
10%	2,450.09	49,914,428	1,934,012
<b><u>2016</u></b>			
-10%	1,999.84	47,703,857	(1,257,260)
0%	2,222.04	48,961,117	-
10%	2,444.24	50,218,377	1,257,260

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 2017 (CONTINUED)**

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

Market risk (continued)

Currency risk

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

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

	<b>Financial assets at fair value through profit or loss RM</b>
<b><u>2017</u></b>	
SGD	10,475,597
IDR	8,977,526
THB	7,727,862
PHP	2,153,534
	<u>29,334,519</u>
<b><u>2016</u></b>	
SGD	17,876,271
IDR	9,161,936
THB	2,254,513
	<u>29,292,720</u>

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTINUED)**

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

Market risk (continued)

Currency risk (continued)

	Change in foreign exchange rate %	Impact to profit or loss/NAV RM
<b><u>2017</u></b>		
SGD	+/- 3.53	+/- 369,796
IDR	+/- 2.99	+/- 268,100
THB	+/- 3.29	+/- 254,496
PHP	+/- 4.21	+/- 90,646
<b><u>2016</u></b>		
SGD	+/- 6.25	+/- 1,117,267
IDR	+/- 7.32	+/- 670,654
THB	+/- 7.47	+/- 168,412

Profit rate risk

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTINUED)**

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

Credit/Default risk

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

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

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

The maximum exposure to credit risk before any credit enhancements as at 31 December is the carrying amount of the financial assets as set out below.

	<b>Cash and cash equivalent</b>	<b>Dividends receivable</b>	<b>Total</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b><u>2017</u></b>			
Financial institutions			
- AAA	265,810	-	265,810
- AA1	29,663	-	29,663
Others	-	5,631	5,631
	<u>295,473</u>	<u>5,631</u>	<u>301,104</u>
	<u><u>295,473</u></u>	<u><u>5,631</u></u>	<u><u>301,104</u></u>
<b><u>2016</u></b>			
Financial institutions			
- AAA	140,714	-	140,714
- AA1	65,014	-	65,014
Others	-	92,212	92,212
	<u>205,728</u>	<u>92,212</u>	<u>297,940</u>
	<u><u>205,728</u></u>	<u><u>92,212</u></u>	<u><u>297,940</u></u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTINUED)**

**3 CAPITAL AND LIQUIDITY RISK MANAGEMENT**

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

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

	<b><u>Within one month</u></b>	<b><u>One month to one year</u></b>	<b><u>Total</u></b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b><u>2017</u></b>			
Amount due to Manager	24,328	-	24,328
Amount due to Trustee	1,684	-	1,684
Auditors' remuneration	-	15,548	15,548
Tax agent's fee	-	4,136	4,136
Shariah adviser's fee	-	7,113	7,113
Payables	3,133	48,080	51,213
	<u>29,145</u>	<u>74,877</u>	<u>104,022</u>
<b><u>2016</u></b>			
Amount due to Manager	26,171	-	26,171
Amount due to Trustee	1,812	-	1,812
Auditors' remuneration	-	15,580	15,580
Tax agent's fee	-	9,380	9,380
Shariah adviser's fee	-	6,000	6,000
Payables	1,679	30,093	31,772
	<u>29,662</u>	<u>61,053</u>	<u>90,715</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTINUED)**

**4 MANAGEMENT FEE**

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

For the financial year ended 31 December 2017, the management fee was recognised at a rate of 0.65% (2016: 0.65%) per annum on the NAV of the Fund, calculated on a daily basis.

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

**5 TRUSTEE'S FEE**

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

For the financial year ended 31 December 2017, the Trustee's fee was recognised at a rate of 0.045% (2016: 0.045%) per annum on the NAV of the Fund, subject to a minimum of RM12,000 per annum, inclusive of local custodian fee and excluding foreign custodian fee, calculated on a daily basis.

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

**6 LICENSE FEE**

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

For the financial year ended 31 December 2017, the License Fee was recognised at a rate of 0.06% (2016: 0.06%) per annum of the Net Asset Value ("NAV") of the Fund, calculated on a daily basis.

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



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTINUED)**

## 7 OTHER EXPENSES

	<u>2017</u> RM	<u>2016</u> RM
Printing cost	3,500	3,500
GST expense	34,175	25,209
Other expenses	54,389	17,989
	<u>92,064</u>	<u>46,698</u>

## 8 TAXATION

	<u>2017</u> RM	<u>2016</u> RM
Tax charged for the financial year:		
- Current taxation	83,672	23,724
	<u>83,672</u>	<u>23,724</u>

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

	<u>2017</u> RM	<u>2016</u> RM
Profit before taxation	333,028	734,224
Tax at Malaysian statutory rate of 24%	79,927	176,214
Tax effect of:		
Investment income not subject to tax	(235,089)	(246,733)
Effect of lower foreign tax rate	83,672	(23,958)
Restriction on tax deductible expenses for exchange-traded funds	80,372	48,986
Expenses not deductible for tax purposes	74,790	69,215
	<u>83,672</u>	<u>23,724</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTINUED)**

**9 INCOME DISTRIBUTION**

Distribution to unit holders is from the following sources:

	<u>2017</u> RM	<u>2016</u> RM
Undistributed net exempt income brought forward	1,240,200	430,000
Exempt dividend income	-	-
Profits from money market placements	-	-
	<u>1,240,200</u>	<u>430,000</u>
Less: Expenses		
Exempt Non Shariah-compliant income	-	-
Fund related expenses	-	-
	<u>-</u>	<u>-</u>
Total amount of income distribution	<u>1,240,200</u>	<u>430,000</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><u>2017</u></b>			
1 March 2017	0.9310	0.0234	0.9076
<b><u>2016</u></b>			
26 February 2016	0.8977	0.0215	0.8757

Included in the above is an amount of RM1,240,400 distributed from previous financial year's undistributed net realised exempt income.

The first and final income distribution for the financial year ended 31 December 2016 of 2.34 sen per unit was declared on 13 February 2017 based on the financial position of the Fund as at 31 December 2016 with the ex-date on 1 March 2017 and entitlement date on 3 March 2017. The total amount of income distributed was RM1,240,400 based on 53,000,000 of the Fund's units in circulation, which was paid out to unit holders on 30 March 2017.

There is no interim income distribution declared for the financial year ended 31 December 2017.

Subsequent to 31 December 2017, the first and final income distribution for the financial year ended 31 December 2017 of 1.51 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTINUED)**

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

	<u>2017</u> RM	<u>2016</u> RM
Designated at fair value through profit or loss at inception		
- Quoted shares – local	18,645,897	19,668,397
- Quoted shares - foreign	29,334,519	29,292,720
	<u>49,980,416</u>	<u>48,961,117</u>
Net loss on financial assets at fair value through profit or loss		
- Realised loss	(1,275,347)	(1,048,743)
- Unrealised gain	1,065,844	866,910
	<u>(209,503)</u>	<u>(181,833)</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.

## 12 CASH AND CASH EQUIVALENTS

	<u>2017</u> RM	<u>2016</u> RM
Shariah-compliant deposits with a licensed bank	265,810	140,714
Cash at bank – From Shariah-compliant income	27,906	61,323
Cash at bank – From non Shariah-compliant income	1,757	3,691
	<u>295,473</u>	<u>205,728</u>

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

	<u>2017</u> % p.a.	<u>2016</u> % p.a.
Shariah-compliant deposits with a licensed bank	<u>3.05</u>	<u>3.20</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTINUED)**

**12 CASH AND CASH EQUIVALENTS (CONTINUED)**

As at the end of financial year ended 31 December 2017, the Shariah-compliant deposit with a licensed bank of the Fund have a weighted average maturity period of 2 days (2016: 4 days) and are denominated in Ringgit Malaysia.

**13 PAYABLES**

	<u>2017</u> RM	<u>2016</u> RM
Amount due to index licensor	14,534	6,731
Amount due to beneficial organisations (Note 14)	1,757	3,691
Printing costs	3,500	3,500
Other payables	31,422	17,850
	<u>51,213</u>	<u>31,772</u>

**14 AMOUNT DUE TO BENEFICIAL ORGANISATIONS**

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

	<u>2017</u> RM	<u>2016</u> RM
Cash at bank – non Shariah-compliant income	<u>1,757</u>	<u>3,691</u>

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

**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>2017</u> RM	<u>2016</u> RM
Unit holders' contribution	(a)	50,161,700	50,161,700
Accumulated losses		(1,984,202)	(993,358)
		<u>48,177,498</u>	<u>49,168,342</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTINUED)**

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

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

	<b>2017</b>		<b>2016</b>	
	<b>No. of Units</b>	<b>RM</b>	<b>No. of Units</b>	<b>RM</b>
At beginning of the financial year	53,000,000	50,161,700	21,000,000	20,973,800
Creation during the financial year	-	-	33,000,000	30,056,400
Cancellation during the financial year	-	-	(1,000,000)	(868,500)
At the end of the financial year	<u>53,000,000</u>	<u>50,161,700</u>	<u>53,000,000</u>	<u>50,161,700</u>

**16 TRANSACTIONS WITH BROKERS**

Details of transactions with the brokers for the financial year ended 31 December 2017 are as follows:

<b><u>Name of brokers</u></b>	<b><u>Value of trade</u></b>	<b><u>Percentage of total trades</u></b>	<b><u>Brokerage fees</u></b>	<b><u>Percentage of total brokerage</u></b>
	<b>RM</b>	<b>%</b>	<b>RM</b>	<b>%</b>
Maybank Investment Bank Bhd.	35,146,252	42.75	40,666	41.78
CIMB Investment Bank Bhd.	25,135,754	30.58	30,256	31.08
RHB Investment Bank Bhd.	14,818,405	18.03	17,816	18.30
BIMB Securities Sdn. Bhd.	5,659,276	6.88	6,871	7.06
Alliance Investment Bank Bhd.	838,961	1.02	1,007	1.03
Affin Hwang Investment Bank Bhd.	606,366	0.74	728	0.75
	<u>82,205,014</u>	<u>100.00</u>	<u>97,344</u>	<u>100.00</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTINUED)**

**16 TRANSACTIONS WITH BROKERS (CONTINUED)**

Details of transactions with the brokers for the financial year ended 31 December 2016 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	%
CIMB Investment Bank Bhd.	32,573,033	39.76	39,205	39.79
Maybank Investment Bank Bhd.	27,738,635	33.86	33,337	33.82
BIMB Securities Sdn. Bhd.	13,593,556	16.59	16,312	16.57
RHB Investment Bank Bhd.	8,022,291	9.79	9,673	9.82
	<u>81,927,515</u>	<u>100.00</u>	<u>98,527</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>
iVCAP 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>2017</u>		<u>2016</u>	
	<u>No. of Units</u>	<u>RM</u>	<u>No. of Units</u>	<u>RM</u>
The Manager	76,800	69,811	214,100	198,621
Valuecap	44,503,300	40,453,500	44,503,300	41,285,711
Shareholders of Valuecap	2,000,000	1,818,000	2,000,000	1,855,400
	<u>46,580,100</u>	<u>42,341,311</u>	<u>46,717,400</u>	<u>43,339,732</u>

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTINUED)**

**17 UNITS HELD BY THE MANAGER AND PARTIES RELATED TO THE MANAGER (CONTINUED)**

(b) Transactions with Government-related entities

Shareholders of Valuecap are entities 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.

**18 MANAGEMENT EXPENSE RATIO ("MER")**

	<u>2017</u> %	<u>2016</u> %
MER	0.99	0.99

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 RM48,691,162 (2016: RM32,283,335).

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTINUED)**

19 PORTFOLIO TURNOVER RATIO ("PTR")

	<u>2017</u>	<u>2016</u>
PTR (times)	<u>0.88</u>	<u>1.29</u>

PTR is derived from the following calculation:

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

where: total acquisition for the financial year = RM41,856,945 (2016: RM55,794,919)

total disposal for the financial year = RM42,903,489 (2016: RM27,181,339)

The average net asset value of the Fund for the financial year calculated on a daily basis is RM48,691,162 (2016: RM32,283,335).

20 SEGMENT REPORTING

The internal reporting provided to the CEO for the Fund's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of MFRS. The CEO is responsible for the performance of the fund and considers the business to have a single operating segment located in Malaysia. Asset allocation decisions are based on a single, integrated investment strategy and the Fund's performance is evaluated on an overall basis.

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

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



**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTINUED)**

**21 NON CASH TRANSACTIONS**

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

	<u>2017</u> <u>RM</u>	<u>2016</u> <u>RM</u>
Creation		
- Fair value of benchmark index shares	-	-
- Cash component	-	30,056,400
	<u>-</u>	<u>30,056,400</u>
	<u>-</u>	<u>-</u>
Cancellation		
- Fair value of benchmark index shares	-	-
- Cash component	-	868,500
	<u>-</u>	<u>868,500</u>
	<u>-</u>	<u>-</u>

**22 FAIR VALUES OF FINANCIAL INSTRUMENTS**

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

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

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

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

(i) Fair value hierarchy

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

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTINUED)**

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

(i) Fair value hierarchy

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>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	RM	RM	RM	RM
<b><u>2017</u></b>				
Financial assets at fair value through profit or loss				
- Quoted shares	<u>47,980,416</u>	<u>-</u>	<u>-</u>	<u>47,980,416</u>
<b><u>2016</u></b>				
Financial assets at fair value through profit or loss				
- Quoted shares	<u>48,961,117</u>	<u>-</u>	<u>-</u>	<u>48,961,117</u>

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

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. These include forward foreign currency contracts. As Level 2 instruments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

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.

## ANALYSIS OF UNIT HOLDINGS

### Summary of Unit Holders

*As at 30 January 2018*

	No. of unit holders	% of unit holders	No. of units held	% of units in circulation
Less than 100	6	1.07	130	0.00
100 - 1,000	231	41.25	145,470	0.27
1,001 - 10,000	247	44.11	1,227,500	2.32
10,001 - 100,000	66	11.78	1,921,800	3.63
100,001 to less than 5% of issued units	9	1.61	5,201,800	9.81
5% and above of issued units	1	0.18	44,503,300	83.97
<b>TOTAL</b>	<b>560</b>	<b>100.00</b>	<b>53,000,000</b>	<b>100.00</b>

## PROFILE OF DIRECTORS OF THE MANAGER & INVESTMENT COMMITTEE MEMBERS OF THE FUND

### DIRECTORS' PROFILE

<b>Name:</b>	<b>Rosli Bin Abdullah</b>
<b>Age:</b>	65
<b>Nationality:</b>	Malaysian
<b>Designation:</b>	Independent Non-Executive Chairman
<b>Qualifications:</b>	Master in Business Administration from Universiti Kebangsaan Malaysia, Post-Graduate Diploma in Accounting and Bachelor in Economics (Honours) both from Universiti Malaya. Chartered Accountant and Member of Malaysian Institute of Accountants.
<b>Working Experience and Occupation:</b>	<p>Rosli is currently serving as a Director on the Boards of CapitaLand Malaysia Mall REIT Management Sdn. Bhd. (formerly known as CapitaMalls Malaysia REIT Management Sdn Bhd) ("CapitaLand REIT"), Dagang NeXchange Berhad (formerly known as Time Engineering Berhad) and Malaysia Airports Holdings Berhad and Group.</p> <p>The SC had in its letter dated 11 June 2012 approved an exemption from Clause 3.11(a) of the Guidelines on Real Estate Investment Trusts in respect of CapitaMalls REIT for Rosli to assume his directorship at the CapitaMalls REIT notwithstanding his directorship at i-VCAP.</p> <p>Rosli was the Registrar of MIA for 5 years until 2012, where he also served as the CEO. He has served in various capacities in the public sector as the Chief Accountant of the Ministry of Works, Chief Accountant of the Ministry of Education, Chief Accountant of the Public Services Department (Pension Division), the Secretary to the Teachers Provident Fund, the Bursar of the University Putra Malaysia and the Director of Corporate Services, Accountant General Department, Ministry of Finance Malaysia.</p> <p>Subsequently, he joined the private sector and served as the Financial Controller / General Manager Finance of Kuala Lumpur International Airport Berhad and the Senior General Manager of Putrajaya Holdings Sdn Bhd (a company under the Petronas Group). He also served as an Adviser to the Economic Planning Unit of the Prime Ministers Department upon his retirement in 2008/2009.</p>
<b>Date Appointed to Board:</b>	16 December 2009
<b>Details of Membership of any Board Committee:</b>	None
<b>Directorship of other public companies:</b>	<ul style="list-style-type: none"> <li>CapitaLand Malaysia Mall REIT Management Sdn. Bhd. (formerly known as CapitaMalls Malaysia REIT Management Sdn. Bhd.)</li> <li>Dagang NeXchange Berhad (formerly known as Time Engineering Berhad)</li> <li>Malaysia Airports Holdings Berhad and Group</li> </ul>
<b>Family relationship with any director:</b>	None
<b>Conflict of interest with the Fund:</b>	None

## DIRECTORS' PROFILE *(continued)*

**List of convictions for offences within the past 10 years other than traffic offences:**

None

<b>Name:</b>	<b>Sharifatu Laila Binti Syed Ali</b>
<b>Age:</b>	56
<b>Nationality:</b>	Malaysian
<b>Designation:</b>	Non-Independent Non-Executive Director
<b>Qualifications:</b>	Master in Business Administration from Universiti Malaya and Bachelor of Science (Hons) from Universiti Kebangsaan Malaysia. Completed the Harvard Advanced Management Programme at Harvard Business School.
<b>Working Experience and Occupation:</b>	<p>Sharifatu Laila was appointed as CEO of Valuecap in 2002 and played a key role in the setting up of the company by the Malaysian government then. She has extensive experience in the field of portfolio investments both in the domestic and regional environment. She was appointed Group CEO in 2015 and appointed as Managing Director of Valuecap, effective 1 January 2018.</p> <p>Sharifatu Laila began her career in Permodalan Nasional Berhad's ("PNB") and later held various positions at the Employees Provident Fund (EPF), including Head of Treasury overseeing a portfolio in excess of RM100 billion and subsequently Head of Equity, overseeing the pension fund's domestic and regional equity portfolios. She subsequently served as Head of Investment at Pilgrims Fund prior to her appointment as CEO of Valuecap. She holds a Capital Markets Services Representative License and also sits on the Board of VCAP Asset Managers Sdn Bhd, Valuecap's wholly-owned subsidiary.</p>
<b>Date Appointed to Board:</b>	25 October 2007
<b>Details of Membership of any Board Committee:</b>	None
<b>Directorship of other public companies:</b>	None
<b>Family relationship with any director:</b>	None
<b>Conflict of interest with the Fund:</b>	Sharifatu Laila is the Managing Director and Group CEO of Valuecap of which is a unit holder of the Fund
<b>List of convictions for offences within the past 10 years other than traffic offences:</b>	None

## DIRECTORS' PROFILE *(continued)*

<b>Name:</b>	<b>Hassan Bin Ibrahim</b>
<b>Age:</b>	66
<b>Nationality:</b>	Malaysian
<b>Designation:</b>	Independent Non-Executive Director
<b>Qualifications:</b>	Bachelor of Laws from University of Singapore
<b>Working Experience and Occupation:</b>	<p>Hassan established the firm of Messrs. Hassan &amp; Associates in March 2007, focusing on corporate and conveyancing matters. Prior to that, he was a partner with Messrs. Zainal Abidin &amp; Co. since 1989, with involvement in the same areas of specialisation.</p> <p>During his tenure with Messrs. Zainal Abidin &amp; Co., he had attended to the preparation and completion of several project financing facility documents based on the Shariah principle of Al-Ijarah, Murabahah and Bai-Bithaman Ajil.</p> <p>He has over ten (10) years of experience serving Bank Pembangunan Malaysia Berhad from 1976 to 1988 in Project Evaluation &amp; Investment functions. He is currently a Director of Syarikat Perumahan Negara Berhad.</p>
<b>Date Appointed to Board:</b>	2 November 2007
<b>Details of Membership of any Board Committee:</b>	Hassan is a member of the Board Audit and Risk Committee and of the Investment Committee.
<b>Directorship of other public companies:</b>	Syarikat Perumahan Negara Berhad & Group
<b>Family relationship with any director:</b>	None
<b>Conflict of interest with the Fund:</b>	None
<b>List of convictions for offences within the past 10 years other than traffic offences:</b>	None

## DIRECTORS' PROFILE *(continued)*

<b>Name:</b>	<b>Y.M. Tunku Afwida Binti Tunku A. Malek</b>
<b>Age:</b>	53
<b>Nationality:</b>	Malaysian
<b>Designation:</b>	Independent Non-Executive Director
<b>Qualifications:</b>	Bachelor in Science (Hons.) majoring in Economics and Accountancy from The City University (London). She also qualified as a Chartered Accountant from The Institute of Chartered Accountants in England and Wales and she is also a Member of the Malaysian Institute of Accountants.
<b>Working Experience and Occupation:</b>	<p>Tunku Afwida is currently a Director / Shareholder of Asia Equity Research Sdn Bhd, a licensed entity specializing in corporate finance advisory, supported by research capabilities in specific sectors, namely energy, infrastructure and plantation in selected emerging economies.</p> <p>She is currently an Independent Director of Exim Bank Berhad, Gamuda Berhad, Lafarge Malaysia Berhad and Telekom Malaysia Berhad. She had previously served as an Independent Director of Cagamas Berhad, Transnational Insurance Brokers Sdn Bhd and Unitar Berhad. Tunku Afwida had also served as CEO and Executive Director ("ED") of Kenanga Investment Bank Berhad (2006 to 2008), CEO and ED of MIMB Investment Bank Berhad (2003 to 2006) and ED / CIO of Commerce Asset Fund Managers Sdn Bhd (1995 to 2003).</p>
<b>Date Appointed to Board:</b>	17 July 2009
<b>Details of Membership of any Board Committee:</b>	Tunku Afwida is a member of the Board Audit and Risk Committee and a member and Chairman of the Investment Committee.
<b>Directorship of other public companies:</b>	<ul style="list-style-type: none"> <li>• Gamuda Berhad</li> <li>• Export-Import Bank of Malaysia Berhad</li> <li>• Lafarge Malaysia Berhad</li> <li>• Telekom Malaysia Berhad</li> </ul>
<b>Family relationship with any director:</b>	None
<b>Conflict of interest with the Fund:</b>	None
<b>List of convictions for offences within the past 10 years other than traffic offences:</b>	None

## DIRECTORS' PROFILE (continued)

<b>Name:</b>	<b>Nik Amlizan Binti Mohamed</b>
<b>Age:</b>	50
<b>Nationality:</b>	Malaysian
<b>Designation:</b>	Non-Independent Non-Executive Director
<b>Qualifications:</b>	Bachelor's Degree in Economics/Accounting from Claremont McKenna College, USA
<b>Working Experience and Occupation:</b>	<p>Nik Amlizan assumes her current role of Chief Investment Officer ("CIO") of Kumpulan Wang Persaraan (Diperbadankan) ("KWAP") in September 2014. Prior to the appointment, she was the Director/Head of Equity, a position she held since joining KWAP in 2007 before she became Senior Director, Equity in February 2014. Her current responsibilities include developing and overseeing investment functions for KWAP namely creation and implementation of investment organization, policies and procedures, performance matrix, recruitment of staff, development of asset allocation models, and formulating KWAP Fund Investment Strategies across all asset classes.</p> <p>She currently sits on the Board of Directors for Prestariang Berhad, Prima Ekuiti (UK) Limited, a wholly owned subsidiary of KWAP and Harta Integra Berkat Sdn. Bhd. She is also a member of the Institute of Integrity Malaysia since 2015.</p> <p>She has over twenty (20) years of experience in the fund management industry. Her last position before she joined KWAP in 2007 was General Manager / Head of Equity (Shariah / Ethical) at RHB Asset Management Sdn Bhd. She served as the Head of Investment Research / Senior Portfolio Manager at Mayban Investment Sdn Bhd until 2001. She started her career in the fund management industry in 1994 when she joined BBMB Unit Trust Management Sdn. Bhd. after a 2-year stint with Georgiou Incorporated, San Francisco, California, U.S.</p>
<b>Date Appointed to Board:</b>	1 January 2016
<b>Details of Membership of any Board Committee:</b>	None
<b>Directorship of other public companies:</b>	Prestariang Berhad
<b>Family relationship with any director:</b>	None
<b>Conflict of interest with the Fund:</b>	Nik Amlizan is the Chief Investment Officer of KWAP of which is a unit holder of the Fund
<b>List of convictions for offences within the past 10 years other than traffic offences:</b>	None



## DIRECTORS' PROFILE (continued)

<b>Name:</b>	<b>Datuk Mohd. Nasir Bin Ali</b>
<b>Age:</b>	60
<b>Nationality:</b>	Malaysian
<b>Designation:</b>	Independent Non-Executive Director
<b>Qualifications:</b>	Bachelor of Economics from University of Malaya and Master of Science in Financial Studies from University of Strathclyde (United Kingdom).
<b>Working Experience and Occupation:</b>	<p>Datuk Mohd. Nasir was previously Group Executive Director with Utusan Melayu (Malaysia) Berhad. Other various positions held by him were Executive Director/Chief Executive Officer with Kuala Lumpur City Securities Sdn. Bhd., General Manager, Dealing &amp; Research with Mayban Securities Sdn. Bhd., Investment Manager with BBMB Unit Trust Management Berhad and Senior Financial &amp; Marketing Executive, Amanah Saham Nasional Berhad &amp; Investment Executive with Permodalan Nasional Berhad.</p> <p>Apart from his directorships on the boards of Plenitude Berhad and E.A. Technique (M) Berhad, he also sits on the boards of Amanah Raya Berhad, Goodyear Malaysia Berhad and some private limited companies.</p>
<b>Date Appointed to Board:</b>	1 January 2016
<b>Details of Membership of any Board Committee:</b>	Datuk Mohd. Nasir is a member and Chairman of the Board Audit and Risk Committee.
<b>Directorship of other public companies:</b>	<ul style="list-style-type: none"> <li>• Plenitude Berhad &amp; Group</li> <li>• E.A. Technique (M) Berhad</li> <li>• Amanah International Finance Sdn. Bhd. (Subsidiary of Malaysian Industrial Development Finance (MIDF) Berhad</li> <li>• Amanah Raya Berhad</li> <li>• Goodyear Malaysia Berhad (appointed effective 1 January 2018)</li> </ul>
<b>Family relationship with any director:</b>	None
<b>Conflict of interest with the Fund:</b>	None
<b>List of convictions for offences within the past 10 years other than traffic offences:</b>	None

## DIRECTORS' PROFILE (continued)

<b>Name:</b>	<b>Khairi Shahrin Arief Bin Baki</b>
<b>Age:</b>	37
<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 Management Sdn Bhd ("i-VCAP") in January 2018 and bringing with him 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:</b>	None
<b>Family relationship with any director:</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 10 years other than traffic offences:</b>	None

**Date of first appointment as Director and attendance of Board Meetings during 2017:**

<b><u>Name</u></b>	<b><u>Date First Appointed</u></b>	<b><u>Attendance</u></b>
<b>Rosli Bin Abdullah</b>	16 December 2009	14 of 14
<b>Sharifatu Laila Binti Syed Ali</b>	25 October 2007	13 of 14
<b>Hassan Bin Ibrahim</b>	2 November 2007	13 of 14
<b>Y.M. Tunku Afwida Binti Tunku A. Malek</b>	17 July 2009	14 of 14
<b>Nik Amlizan Binti Mohamed</b>	1 January 2016	11 of 14
<b>Datuk Mohd. Nasir Bin Ali</b>	1 January 2016	14 of 14
<b>Mahdzir Bin Othman</b> (resigned as Director effective 13 August 2017)	13 December 2010	8 of 14

## INVESTMENT COMMITTEE MEMBER'S PROFILE

The Investment Committee has three (3) members, including Tunku Afwida Binti Tunku A. Malek (Chairman/Independent) and Hassan Bin Ibrahim (Independent) whose profiles are set out in the Director's Profile section of this Annual Report, whilst the profile of the other one (1) member of the Investment Committee is as follows:-

<b>Name:</b>	<b>Shaharin Bin Md. Hashim</b>
<b>Age:</b>	48
<b>Nationality:</b>	Malaysian
<b>Designation:</b>	Non-Independent Member of the Investment Committee
<b>Qualifications:</b>	Bachelor of Arts in Mathematics and Economics from University of Pennsylvania, Philadelphia, USA.
<b>Working Experience and Occupation:</b>	Shaharin is currently Head, Group Strategy and Markets of Valuecap. He joined Valuecap in 2005 and is involved in various strategic initiatives relevant to the Group. He has more than 20 years of working experience encompassing areas of analysis and policy and product research & development works in the Malaysian capital and financial markets through his various stints at Bank Negara Malaysia, Malaysian Technology Development Corporation and Bursa Malaysia Berhad.
<b>Date First Appointed to Investment Committee:</b>	18 February 2011
<b>Conflict of interest with the Fund:</b>	Shaharin is the Head, Group Strategy and Markets of Valuecap of which is a unit holder of the Fund.
<b>List of convictions for offences within the past 10 years other than traffic offences:</b>	None

**Date of first appointment on Investment Committee and attendance of Investment Committee Meetings for the Fund during 2017:**

<u>Name</u>	<u>Date First Appointed</u>	<u>Attendance</u>
Y.M. Tunku Afwida Binti Tunku A. Malek (Chairman)	17 July 2009	7 of 7
Hassan Bin Ibrahim	7 January 2008	7 of 7
Shaharin Bin Md. Hashim	18 February 2011	7 of 7

## 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 advisory company for Islamic unit trust 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 six (6) 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 May 2017, Amanie has become the Shariah Adviser for more than 150 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) Mohd Zikri Mohd Shairy  
(2) Ainul Azura Zakiyudin  
(3) Nurul Liyana Kasman

## **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**

Datuk Dr. Mohd Daud Bakar is the Founder and Executive Chairman of Amanie Group that deals with many facets of global Islamic finance from Shariah advisory to structured training to media and to Big Data Analytics. Amanie, one of the companies under the Group, has presence in eight major cities in the world. He currently sits as a Chairman of the Shariah Advisory Council of Bank Negara Malaysia, the SC SAC, the Labuan Financial Services Authority and the International Islamic Liquidity Management Corporation (IILM). He is also a Shariah board member of various financial institutions, including the National Bank of Oman (Oman), Noor Islamic Bank (Dubai), Amundi Asset Management (France), Morgan Stanley (Dubai), Bank of London and Middle East (London), BNP Paribas (Bahrain), Dow Jones Islamic Market Index (New York), First Gulf Bank (UAE), amongst many others. Prior to this, he was the deputy vice-chancellor at the International Islamic University Malaysia. 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. He has published a number of articles in various academic journals and has made many presentations in various conferences both local and overseas. On the recognition side, Datuk Dr. Mohd Daud has been honored with "The Asset Triple A Industry Leadership Award" at The Asset Triple A Islamic Finance Award 2014 by The Asset magazine and been named as the "Most Outstanding Individual", awarded by His Majesty, the King of Malaysia, in conjunction with the national-level Prophet Muhammad's birthday 2014. Datuk is currently the 3rd Professorial Chairholder in Islamic Banking and Finance of Tun Ismail Foundation (YTI-PNB) by Islamic Science University of Malaysia (USIM) and also sits as a Board Director to Sime Darby Berhad.

### **Mohd Zikri Mohd Shairy**

With more than 10 years' experience in Islamic finance industry, Zikri spearheads Amanie (Kuala Lumpur office) as Chief Executive Officer. He read law in International Islamic University Malaysia for his LL.B (Hons) and Master of Comparative Laws. He joined Amanie in 2015 and since then has been involved in various key Shariah consultancy and advisory services encompassing setting up Islamic banking window as well as conversion from conventional to Islamic financial institution, drafting Shariah related regulatory documents for Bank Negara Malaysia, funds and sukuk structuring, product development, asset management and many others. His hands on experience in Shariah risk management has remarkably enriched Shariah audit coverage undertaken by his team on local and international clients. Prior to joining Amanie, Zikri gained his ground exposure as Financing Executive in Bank Muamalat Malaysia Berhad and RHB Islamic Bank Berhad. He then joined Bank Islam Malaysia Berhad where he led the Shariah Risk Management Department before joining Amanie. In the training field, Zikri is the Accredited Training Professional granted by Institute of Leadership and Management, United Kingdom. Zikri had conducted hundreds of training sessions on Shariah related modules including Shariah risk management in Malaysia, Singapore, Brunei and Afghanistan.

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

### **Ainul Azura Zakiyudin**

Ainul Azura Zakiyudin is the Chief Operating Officer of Amanie Kuala Lumpur, Malaysia office. She holds Bachelor of Law (Honours), MARA University of Technology Malaysia and was admitted to the Malaysian Bar as an Advocate and Solicitor of the High Courts of Malaya in 2000. Azura joined Amanie (Kuala Lumpur) in 2013 and has been involved in various product structuring, development and enhancement of Shariah compliant products for Islamic financial institutions, corporate bodies and non-Islamic financial institutions. She has also been involved in providing Shariah advisory services for issuance of sukuk, conversion exercises, establishment of Islamic financial business, establishment of Shariah compliant products for non-financial business, Shariah monitoring and compliance review for various clients including financial institutions and global asset management companies. Prior to joining Amanie, Azura was an in-house legal adviser in PLUS Expressways Berhad (PLUS), the biggest highway concessionaire in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad. In PLUS, she received a wide exposure in corporate legal work and was involved directly in the issuance of several sukuk, restructuring of sukuk and other corporate exercises initiated by the company. Azura has a combined experience of more than 16 years mainly in corporate legal and Islamic financial matters.

### **Nurul Liyana Kasman**

Nurul Liyana is an Associate Consultant at Amanie Advisors Kuala Lumpur, Malaysia. She graduated with a Bachelor of Business Administration (HONS) Islamic Banking from MARA University of Technology Malaysia.

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 search, identify and monitor Shariah compliance stock for investment related decision before joining Amanie Advisors in 2017.



## 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.
- The following sanction and/or penalty was imposed on the Manager or its Directors during the financial year:-
  - A penalty of RM50 was imposed by the Companies Commission of Malaysia ("CCM") for late submission of notification of change in directorship of public company by one of its directors.
- There was no material litigation involving the Fund since the last annual balance sheet date.
- The amount of non-audit fees incurred for the Financial Year 2017 for services rendered by PricewaterhouseCoopers Taxation Services Sdn. Bhd. a company affiliated to the Auditor of the Fund is RM4,795.
- There were fourteen (14) Board of Directors Meetings held in the Financial Year 2017.
- There were seven (7) Investment Committee Meetings for the Fund held in the Financial Year 2017.

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

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