

ANNUAL REPORT **2018**



**MYETF MSCI MALAYSIA
ISLAMIC DIVIDEND**

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INTRODUCTION

MyETF MSCI Malaysia Islamic Dividend or MyETF-MMID is the first 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 Bursa Malaysia Securities Berhad (“Bursa Securities”). It is designed to provide investment results that closely correspond to the performance of its Benchmark Index i.e. MSCI Malaysia IMI Islamic High Dividend Yield 10/40 Index (“MIIMYD4P Index”).

Structured as an ETF, MyETF-MMID is a liquid and cost efficient financial instrument for investors who wish to get potential periodic income and capital gain from Malaysia’s Shariah equity market. MyETF-MMID was listed on the Main Market of Bursa Securities on 21 March 2014. The short name and stock number for MyETF-MMID are “MYETFID” and “0824EA” respectively.

The Benchmark Index, MIIMYD4P Index, is a free-float adjusted, market capitalisation weighted index, maintained and published by MSCI Inc. It may consist between 16 to 30 Shariah-compliant companies listed on Bursa Securities with higher than average dividend yield (of the Malaysia Shariah 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, Plaza Zurich
No. 12 Jalan Gelenggang
Bukit Damansara
50490 Kuala Lumpur
Malaysia

Tel. No. (+603) 2093 7119

Fax No. (+603) 2094 7119

Board of Directors

(Please refer to pages 58-62 for profile of the Directors)

Rosli Bin Abdullah

Chairman/Independent Non-Executive Director

(resigned effective 31 December 2018)

Roslina Binti Abdul Rahman

Chairman/Non-Independent Non-Executive Director

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

Sharifatu Laila Binti Syed Ali

Non-Independent Non-Executive Director

(resigned effective 31 July 2018)

Hassan Bin Ibrahim

Independent Non-Executive Director

(resigned effective 31 December 2018)

Y.M. Tunku Afwida Binti Tunku A. Malek

Independent Non-Executive Director

(resigned effective 31 December 2018)

Nik Amlizan Binti Mohamed

Non-Independent Non-Executive Director

(resigned effective 30 September 2018)

Datuk Mohd. Nasir Bin Ali

Independent Non-Executive Director

(resigned effective 31 December 2018)

Khairi Shahrin Arief Bin Baki

Non-Independent Executive Director/Chief Executive Officer

(appointed effective 11 January 2018)

Datuk Dr Syed Muhamad Bin Syed Abdul Kadir

Independent Non-Executive Director

(appointed effective 1 January 2019)

Encik Mohd Asri Bin Awang

Independent Non-Executive Director

(appointed effective 1 January 2019)

FUND INFORMATION (*continued*)

Manager	: <u>Company Secretaries</u> Firdaus Bin Ahmad Radhi (LS 0009423) Mirza Binti Mohamad (MAICSA 7051997) Level 10, Block B, Plaza Zurich No. 12 Jalan Gelenggang Bukit Damansara 50490 Kuala Lumpur Malaysia Tel. no.: (+603) 2788 5111
Trustee	: Deutsche Trustees Malaysia Berhad (763590-H) Level 20, Menara IMC 8, Jalan Sultan Ismail 50250 Kuala Lumpur Malaysia Tel. No. (+603) 2053 7522 Fax No. (+603) 2053-7526 Email cisops.dtmdb@db.com
Custodian (Trustee's Delegate) (Please refer to page 67 for Trustee's Delegate information)	Deutsche Bank (Malaysia) Berhad (312552-W) Level 18, Menara IMC 8, Jalan Sultan Ismail 50250 Kuala Lumpur Malaysia Tel. No. (+603) 2053 6788 Email dbmb-dcs.cs@db.com Website www.db.com
Auditor of the Manager and the Fund	: PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146) Level 10, 1 Sentral Jalan Rakyat Kuala Lumpur Sentral 50706 Kuala Lumpur Malaysia Tel. No. (+603) 2173 1188 Fax No. (+603) 2173 1288
Tax Consultant	: PricewaterhouseCoopers Taxation Services Sdn. Bhd. (464731-M) Level 15, 1 Sentral Jalan Rakyat Kuala Lumpur Sentral 50706 Kuala Lumpur Malaysia Tel. No. (+603) 2173 1188 Fax No. (+603) 2173 1288

FUND INFORMATION *(continued)*

Fund Accountant : Deutsche Trustees Malaysia Berhad (763590-H)
Level 20, Menara IMC
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50250 Kuala Lumpur
Malaysia

Tel. No. (+603) 2053 6788
Fax No. (+603) 2031 8710
Email Malaysia.team@list.db.com
Website www.db.com

Shariah Adviser : Amanie Advisors Sdn Bhd (684050-H)
(Please refer to pages 68-70 for corporate information, experience and details of the designated person for the Shariah Adviser)
Level 33, Menara Binjai,
No. 2, Jalan Binjai, Off Jalan Ampang,
50450 Kuala Lumpur

Tel. no.: (+603) 2181 8228
Fax no.: (+603) 2181 8219
Website: www.amanieadvisors.com

Participating Dealers : CIMB Bank Berhad (13491-P)
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Index Licensor : MSCI Inc.
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United States of America

Tel No. (+1) 212 804 3901
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FUND INFORMATION *(continued)*

Share Registrar : Boardroom Share Registrars Sdn Bhd (378993-D)
(formerly known as Symphony Share Registrars Sdn Bhd)
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
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Email bsr.helpdesk@boardroomlimited.com

MANAGER'S REPORT

For the Financial Period 1 January to 31 December 2018

Name of Fund	: MyETF MSCI Malaysia Islamic Dividend (“MyETF-MMID” or “the Fund”)
Type of Fund	: Exchange Traded Fund
Fund Category	: Shariah-Compliant Equity
Commencement Date	: 17 March 2014
Benchmark Index	: MSCI Malaysia IMI Islamic High Dividend Yield 10/40 Index (“MIMYDY40 Index” or “Benchmark Index”)
Manager	: i-VCAP Management Sdn. Bhd. (“i-VCAP”)

1. Investment Objective

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

2. Benchmark Index

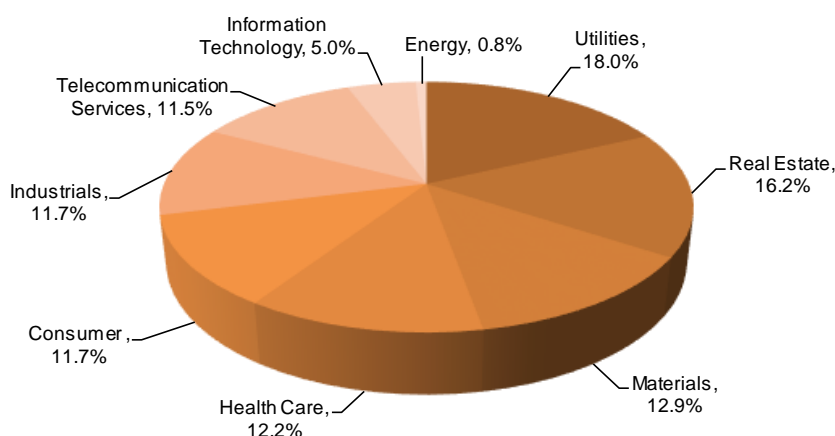
The Benchmark Index is a market capitalisation weighted and free-float adjusted index provided by MSCI Inc (“MSCI”). The Benchmark Index is designed as a performance benchmark for the high dividend-yielding companies of its Parent Index, i.e. the MSCI Malaysia IMI Islamic Index. The Benchmark Index shall consist between 16 to 30 Shariah-Compliant companies listed on Bursa Malaysia Securities Berhad (“Bursa Securities”) with higher than the average dividend yield of the Parent Index and are deemed both sustainable and persistent by MSCI.

The weight of any single group or entity in the Benchmark Index is capped at 10% of the Index total market capitalisation and the sum of weights of all groups or entities representing more than 5% of the Index is capped at 40% of the Index total market capitalisation.

The Parent Index is a free-float adjusted market capitalisation weighted index that is designed to measure the equity market performance of Malaysia. The Parent Index and Benchmark Index consist only of Shariah-compliant securities which are approved by the MSCI Shariah Supervisory Committee (“MSSC”) based on the MSCI Islamic Index Series Methodology. The MSSC 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.

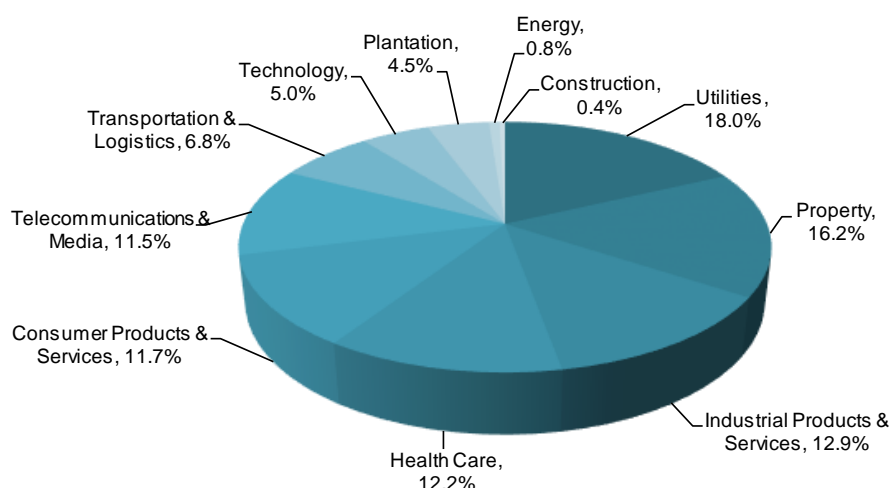
Based on the latest quarterly review (30 November 2018), the sector allocation of MIMYDY40 Index based on MSCI and Bursa Securities sector classifications are as follows:

Chart 1(a): Sector Classification – MSCI



Source: MSCI

Chart 1(b): Sector Classification - Bursa Securities



Sources: Bursa Malaysia, MSCI

3. Investment Strategy

During the period 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 largely the same weightings as they appear in the Benchmark Index.

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

4. Fund Performance

In its FY2018, the Fund achieved its investment objective to track closely the underlying benchmark, i.e. MIMYDY40 Index. As at 31 December 2018, the 3-year rolling tracking errors¹ between the NAV per unit of the Fund and the Benchmark Index on Price Return and Total Return basis were 0.05% and 0.06% respectively, well within the 3% limit stipulated under the Fund's investment objective.

In terms of NAV movement, the Fund's NAV per unit decreased y-o-y by 2.71% to RM1.1457 from RM1.1776 while the Benchmark Index and Benchmark's Total Return Index (MIMYDY40 Total Return Index) decreased by 3.65% and 0.30% respectively over the same period. The difference between the performance of the Fund and its Benchmark Index can largely be attributed to the Fund's operational costs. Tracking the movement of the Fund's NAV per unit, the Fund's units that are listed on Bursa Malaysia were generally traded at a slight premium to the Fund's NAV per unit throughout the year, compared to a discount in 2017. The Fund's price per unit increased by 1.75% y-o-y.

As at end-December 2018, total units in circulation for the Fund decreased slightly to 46.40 million units from 48.00 million units as at end-2017. The Fund closed its FY2018 with its total NAV contracted to RM53.82 million from RM54.72 million a year earlier, tracking the performance of the broad domestic equity market. The key statistics of the Fund for the year can be summarized as follows:

¹ Independently sourced from Novagni Analytics and Advisory Sdn. Bhd.

Table 1: Key Statistics

	As at 31-Dec-18	As at 31-Dec-17	As at 31-Dec-16	As at 31-Dec-15	As at 31-Dec-14^
NAV per unit (RM) [#]	1.1457	1.1776	1.0210	1.0782	0.9933
NAV per unit (RM) <i>(before distribution)</i>	1.2136	1.0385	1.0512	1.0326	
NAV per unit (RM) <i>(after distribution)</i>	1.1836	1.0303	1.0125	1.0103	
- Highest	1.2239 (28 Aug)	1.1776 (29 Dec)	1.0794 (6 Jan)	1.0801 (29 Dec)	1.0742 (3 Nov)
- Lowest	1.1086 (26 Oct)	1.0175 (19 Jan)	0.9755 (16 Jun)	0.9376 (17 Aug)	0.9513 (16 Dec)
<i>(During the period)</i>					
Price per unit (RM) [#]	1.1600	1.1400	1.0150	1.0750	0.9900
- Highest	1.2100 (2 Aug)	1.1400 (29 Dec)	1.0750 (6 Jan)	1.0750 (29 Dec)	1.0650 (3 Nov)
- Lowest	1.0900 (24 May)	1.0150 (3 Jan)	0.9740 (24 Jun)	0.9400 (17 Aug)	0.9550 (17 Dec)
<i>(During the period)</i>					
Units in Circulation	46,400,000	48,000,000	51,600,000	21,600,000	21,600,000
Total NAV (RM)	53,158,345	56,522,726	52,683,579	23,289,939	21,454,482
Total NAV (RM) <i>(before distribution)</i>	39,745,078	53,947,832	22,550,945	22,309,093	
Total NAV (RM) <i>(after distribution)</i>	38,823,398	53,163,512	21,870,545	21,823,093	
Market Capitalisation (RM)	53,824,000	54,720,000	52,374,000	23,220,000	21,384,000
MIMYDY40 Index	2,569.68	2,666.89	2,349.94	2,446.78	2,267.53
MIMYDY40 Total Return Index	4,289.31	4,302.13	3,666.03	3,696.95	3,307.79
Tracking Error vs. MIMYDY40 Price Return Index (%) [*]	0.05	1.09	1.06	1.97	1.30
Tracking Error vs. MIMYDY40 Total Return Index (%) [*]	0.06	0.89	0.85	1.88	1.15
Management Expense Ratio (%)	0.63	0.69	0.71	0.61	0.68

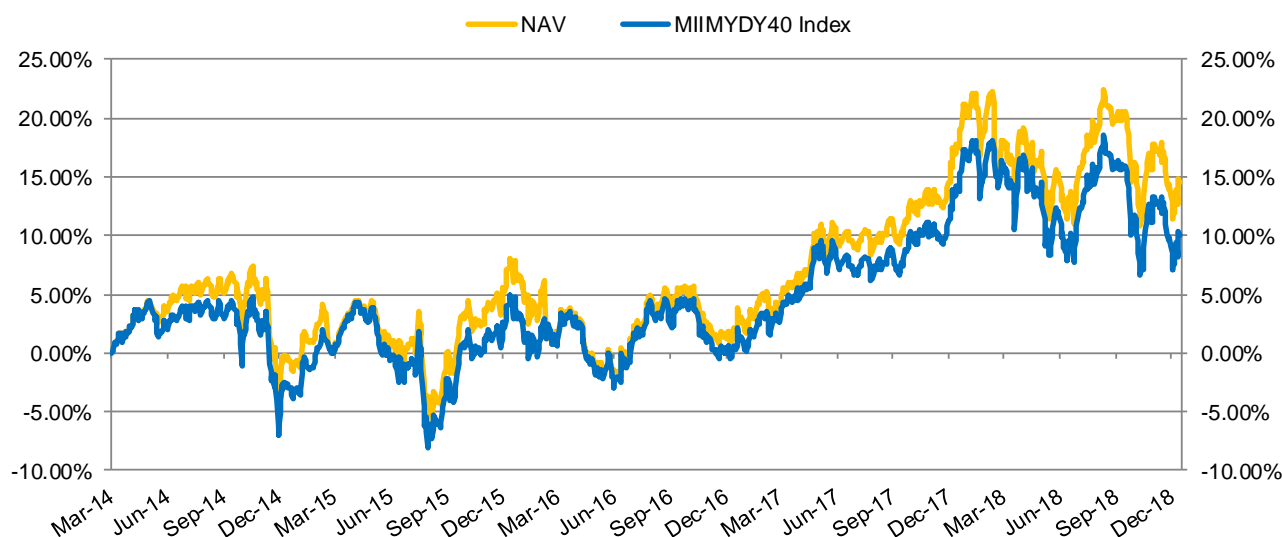
Sources: Bloomberg, i-VCAP

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

^{*} Based on 3-year rolling tracking error. The calculation was independently sourced from Novagni Analytics and Advisory Sdn. Bhd.

[^] The Fund was initially created at RM1.00 per unit based on the close of 17 March 2014. The Fund had its listing debut on 21 March 2014.

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



Sources: Bloomberg, i-VCAP

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

Table 2(a): Annual Return

	YTD (%)	2017 (%)	2016 (%)	2015 (%)	2014 [^] (%)
MyETF-MMID - NAV Price Return ^(a)	(2.71)	15.34	(5.31)	8.55	(0.67)
MIMYDY40 - Price Return Index	(3.65)	13.49	(3.96)	7.91	(2.90)
MyETF-MMID - NAV Total Return ^(a)	(0.40)	17.04	(2.36)	10.96	(0.67)
MIMYDY40 - Total Return Index	(0.30)	17.35	(0.84)	11.76	0.16

Sources: Bloomberg, i-VCAP

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

[^] Performance from inception date on 17 March 2014.

Table 2(b): Cumulative Returns

	Cumulative Returns (b)		
	1-Year (%)	3-Year (%)	Since Inception [^] (%)
MyETF- MMID - NAV Price Return ^(a)	(2.71)	6.26	14.57
MIMYDY40 - Price Return Index	(3.65)	5.02	10.03
MyETF- MMID - NAV Total Return ^(a)	(0.40)	13.82	25.46
MIMYDY40 - Total Return Index	(0.30)	16.02	29.88

Sources: Bloomberg, i-VCAP

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

(b) Cumulative returns are up to 31 December 2018.

[^] Performance from inception date on 17 March 2014.

Table 2(c): Average Returns (Annualised)

	Average Returns (b)		
	1-Year (%)	3-Year (%)	Since Inception^ (%)
MyETF- MMID - NAV Price Return ^(a)	(2.71)	2.08	3.04
MIMYDY40 - Price Return Index	(3.65)	1.67	2.09
MyETF- MMID - NAV Total Return ^(a)	(0.40)	4.60	5.30
MIMYDY40 - Total Return Index	(0.30)	5.33	6.22

Sources: Bloomberg, i-VCAP

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

(b) Average returns for MIMYDY40 Price Return Index and MIMYDY40 Total Return Index are annualized figures computed based on the price and total returns for the respective period.

^ Performance from inception date on 17 March 2014.

Table 2(d): Historical Income Distribution

	For Financial Year Ended		
	2017	2016	2015
	<u>First & Final</u>	<u>First & Final</u>	<u>First & Final</u>
Income Distribution Per Unit (Sen)	2.81	1.52	3.15
Income Distribution Yield (%)*	2.37	1.45	3.03
Declaration Date	12-Feb-18	13-Feb-17	10-Feb-16
Ex-Date	1-Mar-18	1-Mar-17	26-Feb-16
Payment Date	29-Mar-18	30-Mar-17	29-Mar-16
NAV Per Unit Before Ex-Date (RM)	1.2136	1.0385	1.0512
NAV Per Unit On Ex-Date (RM)	1.1836	1.0303	1.0125

Sources: Bloomberg, i-VCAP

* Based on NAV on income distribution declared date.

The Benchmark Index is reviewed quarterly and rebalanced semi-annually and any changes to the constituents of Benchmark Index will be implemented at the close of the last business day of May and November. Meanwhile, the Parent Index of MIMYDY40 Index, the MSCI Malaysia 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 or Shariah status and changes in the weighting of the Benchmark Index's constituents. During the year, nine stocks were removed while thirteen stocks were included into the Fund at its quarterly reviews. The summary of the changes are as follows:

Table 3: List of Stock Inclusions and Exclusion

Stock Inclusions		Stock Exclusions
1Q18	-	V.S Industry Bhd
	-	Malaysian Pacific Industries Bhd
2Q18	Petronas Chemicals Group Bhd	Telekom Malaysia Bhd
	MISC Bhd	Hong Leong Industries Bhd
	Sime Darby Bhd	-
	Sime Darby Plantation Bhd	-
	Unisem (M) Bhd	-
3Q18	-	Top Glove Corporation Bhd
	-	MISC Bhd
4Q18	Sime Darby Property Bhd	Bermaz Auto Bhd
	Nestle (Malaysia) Bhd	Syarikat Takaful Malaysia Keluarga Bhd
	Mah Sing Group Bhd	Ta Ann Holdings Bhd
	Globetronics Technology Bhd	-
	Kossan Rubber Industries Bhd	-
	Petron Malaysia Refining & Marketing Bhd	-
	Vitrox Corporation Bhd	-
	Kerjaya Prospek Group Bhd	-

Source: MSCI

Table 4: Fund's Sector Allocation

	As at 31-Dec-18	As at 31-Dec-17*	Change (%)
Utilities	18.24%	18.04%	0.20%
Property	16.09%	8.53%	7.56%
Industrial Products & Services	12.82%	7.78%	5.04%
Health Care	12.15%	18.29%	(6.14%)
Consumer Products & Services	11.90%	10.08%	1.82%
Telecommunications & Media	11.68%	22.06%	(10.38%)
Transportation & Logistics	6.95%	8.71%	(1.76%)
Plantation	4.39%	1.43%	2.96%
Technology	2.33%	1.73%	0.60%
Energy	0.66%	-	0.66%
Construction	0.31%	-	0.31%
Financial Services	-	2.85%	(2.85%)
Cash & Others	2.48%	0.50%	1.98%

Sources: Bursa Malaysia, i-VCAP

* Restated based on Bursa Malaysia's latest sector classification.

Details of the Fund's quoted Investments as at 31 December 2018 are as follows:

Table 5: MyETF-MMID's Investment in Listed Equities

	Quantity (Units)	Market Value (RM)	Market Value as a percentage of Net Asset Value (%)
<u>Utilities</u>			
1. Petronas Gas Bhd	260,700	5,005,440	9.42
2. Tenaga Nasional Bhd	344,600	4,686,560	8.82
		9,692,000	18.24
<u>Property</u>			
3. Sime Darby Property Bhd	2,488,200	2,475,759	4.66
4. UOA Development Bhd	1,083,800	2,297,656	4.32
5. Mah Sing Group Bhd	2,289,000	2,094,435	3.94
6. Matrix Concepts Holdings Bhd	896,300	1,685,044	3.17
		8,552,894	16.09
<u>Industrial Products & Services</u>			
7. Petronas Chemicals Group Bhd	529,200	4,916,268	9.25
8. Scientex Bhd	113,000	1,000,050	1.88
9. Cahya Mata Sarawak Bhd	334,200	898,998	1.69
		6,815,316	12.82
<u>Health Care</u>			
10. IHH Healthcare Bhd	447,000	2,409,330	4.53
11. Hartalega Holdings Bhd	387,400	2,378,636	4.47
12. Kossan Rubber Industries	242,800	1,053,752	1.98
13. Supermax Corporation Bhd	178,100	619,788	1.17
		6,461,506	12.15
<u>Consumer Products & Services</u>			
14. Nestle (Malaysia) Berhad	16,800	2,476,320	4.66
15. Sime Darby Berhad	1,022,200	2,453,280	4.62
16. QL Resources Bhd	204,600	1,393,326	2.62
		6,322,926	11.90
<u>Telecommunications & Media</u>			
17. Maxis Bhd	902,300	4,827,305	9.08
18. Time Dotcom Bhd	170,500	1,381,050	2.60
		6,208,355	11.68
<u>Transportation & Logistics</u>			
19. Westports Holdings Bhd	656,900	2,377,978	4.47
20. Lingkaran Trans Kota Holdings Bhd	317,700	1,318,455	2.48
		3,696,433	6.95
<u>Plantation</u>			
21. Sime Darby Plantation Bhd	490,100	2,332,876	4.39
		2,332,876	4.39
<u>Technology</u>			
22. Globetronics Technology Bhd	563,600	986,300	1.86
23. Vitrox Corporation Bhd	40,000	251,600	0.47
		1,237,900	2.33
<u>Energy</u>			
24. Petron Malaysia Refining & Marketing Bhd	56,000	351,120	0.66
		351,120	0.66
<u>Construction</u>			
25. Kerjaya Prospek Group Bhd	144,000	165,600	0.31
		165,600	0.31
		51,836,926	97.52

Sources: Bursa Malaysia, i-VCAP

5. Distribution Policy

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

During the Financial Year under review, the Fund paid an income distribution amounted to RM809,280 in March 2018 in relation to the final distribution of 2.81 cent per unit for Financial Year Ended 2017 (declared in February 2018). For Financial Year Ended 2018, the Fund has announced the first and final income distribution of 2.76 cent per unit, to be paid to the unitholders in March 2019. The first and final income distribution amount is derived from the dividend income that the Fund received from its stocks investment holding and the profit income during the year.

6. Other Information

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

7. Cross Trade

It is the Manager's policy not to perform any cross trade transaction.

8. Soft Dollar Commissions

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

9. Market Review and Outlook

The global economic expansion continued, albeit at a more moderate pace in the fourth quarter of 2018. With the exception of the US, other advanced and emerging market economies recorded more moderate growth.

In the advanced economies, improvements in labour markets supported private consumption, as unemployment rates and wage growth remained steady. Consumer Price Indices (“CPI”) recorded a more moderate increase towards the end of the year, as fuel prices moderated. Investment activity registered a slower expansion across most economies. The fiscal impetus from the 2017 tax reforms in the US began to wane in the fourth quarter of 2018.

Closer to home, weaker external demand and uncertainties from the ongoing trade actions affected external demand for regional economies. Most regional economies recorded lower export growth in the fourth quarter of 2018, reflecting lower export shipments to the US, Euro Area and China. By products, the lower regional export growth was due mainly to electrical and electronic products, while lower commodity prices also weighed on overall export performance.

Global financial market volatility continued to rise towards the end of 2018, amid equity selloffs in the US and emerging market economies (“EMEs”). This was attributable partly to the ongoing monetary policy tightening in the US, amid weaker reported corporate profits and lower than expected inflation.

Consequently, financial conditions in emerging markets tightened further, amid sustained capital outflows in Asian and Latin American countries. Trade disruptions from US tariff hikes and speculation over non-tariff retaliatory measures by China further reignited financial market volatility in the fourth quarter of 2018, albeit with some easing in December as the planned tariffs were suspended following the US-China agreement to restart the trade negotiation.

The Malaysian economy grew by 4.7% in the fourth quarter of 2018 (3Q 2018: 4.4%), supported by continued expansion in domestic demand and a positive growth in net exports. Private sector expenditure remained the main driver of domestic demand, while a rebound in real exports of goods and services (+1.3%; 3Q 2018: -0.8%) contributed towards the positive growth of net exports. On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 1.4% (3Q 2018: 1.6%). For 2018 as a whole, the economy expanded by 4.7% (2017: 5.9%).

Headline inflation, as measured by the annual percentage change in the CPI, declined to 0.3% in the fourth quarter of 2018 (3Q 2018: 0.5%). For 2018 as a whole, headline inflation averaged at 1.0% (2017: 3.7%), its lowest level since 2009. The decline in headline inflation was due mainly to transport inflation turning negative (4Q 2018: -1.2%; 3Q 2018: 3.0%), reflecting the fixed domestic RON95 petrol and diesel prices during the quarter compared to the higher fuel prices in the base period of 4Q 2017.

During the fourth quarter, labour market conditions remained supportive of economic activity. Employment continued to expand albeit at a more moderate pace (2.4%, 3Q 2018: 2.6%), amid stable unemployment rate (3.3%; 3Q 2018: 3.4%). Stronger net employment gains were recorded in the services sector.

The ringgit depreciated against the US dollar during the year on the back of cautious investor sentiments in global financial markets and non-resident portfolio outflows from the domestic bond and equity markets that saw the FBM KLCI declining 5.91% in 2018 to close at 1,690.58 at end-December (end-2017: 1,796.81). These outflows were driven mainly by expectations for a faster pace of US monetary policy normalisation that led to a broad-based US dollar strengthening, prior to the US Federal Reserve's (Fed) downward revision of its policy rate projection for 2019 in December 2018. In addition, uncertainties surrounding the moderating momentum of global growth and global trade also led to the unwinding of non-resident investments from other regional financial markets. Going forward, lingering uncertainties on global trade and the trajectory of monetary policy normalisation in the US will continue to influence the performance of regional currencies, including the ringgit.

Going forward, the global economy is expected to expand at a more moderate pace across advanced economies and EMEs in 2019. In advanced economies, growth prospects will continue to be underpinned by healthy labour market conditions, lending sustained support to private consumption, amid more moderate investment activity. However, growth in the US is expected to moderate as the effects of fiscal policies wane, and the impact of higher interest rates begin to affect the economy.

Growth in the Asian region is expected to moderate. Of significance, growth in China is expected to expand at a slower rate, reflecting ongoing structural reforms in the country, amid existing and potential trade actions. This will likely weigh on regional exports. However, domestic demands are expected to support growth in the region.

Overall, there is a higher downside risk to global growth in 2019. Any further deterioration or widening of trade tensions will drag down both global trade and growth. Tightening financial conditions and heightened volatility in financial markets, coupled with country-specific factors ranging from heightened political and policy uncertainty, and elevated debt levels, could also weigh on growth prospects.

Nonetheless, the Malaysian economy is expected to continue to expand at a commendable pace. Private sector demand is expected to remain the main driver of growth amid fiscal rationalisation while the external sector would be weighed down by weaker global demand. Although sentiments have moderated from recent highs, private sector expenditure will continue to be supported by fundamental factors such as continued income and employment growth. That said, risks to growth are tilted to the downside mainly from potential further escalation of trade tensions and tightening of global financial conditions.

Against these backdrops, Malaysian equity markets are expected to be volatile in the near term. However, MyETF-MMID will be less volatile as the stock components are defensive in nature due to the high dividend yields.

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

We have acted as Trustee for MyETF MSCI Malaysia Islamic Dividend (the "Fund") for the financial year ended 31 December 2018. 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 is carried out in accordance with the Deed(s) of the Fund and any regulatory requirements; and
- (c) creation and cancellation of units for the Fund are carried out in accordance with the Deed(s) of the Fund and any regulatory requirements.

We are of the view that the distribution made during the financial year ended 31 December 2018 by the Manager is not inconsistent with the objectives of the Fund.

For Deutsche Trustees Malaysia Berhad

A handwritten signature in black ink, appearing to read 'SLC'.

Soon Lai Ching
Senior Manager, Trustee Operations

A handwritten signature in black ink, appearing to read 'Ng Hon Leong'.

Ng Hon Leong
Head, Trustee Operations

Kuala Lumpur
12 February 2019

SHARIAH ADVISER'S REPORT TO THE UNIT HOLDERS OF MyETF MSCI MALAYSIA ISLAMIC DIVIDEND



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

We have acted as the Shariah Adviser of MyETF MSCI Malaysia Islamic Dividend (the "Fund") for the financial year ended 31 December 2018. 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 2018.

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

21 FEB 2019

AMANIE ADVISORS SDN BHD 684050-H

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STATEMENT BY THE MANAGER

I, Khairi Shahrin Arief Bin Baki, being a Director of the Manager, do hereby state that, in the opinion of the Manager, the financial statements set out on pages 27 to 56 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 2018 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,
iVCAP Management Sdn. Bhd.

Kuala Lumpur

21 February 2019

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF MyETF MSCI MALAYSIA ISLAMIC DIVIDEND

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of MyETF MSCI Malaysia Islamic Dividend ("the Fund") give a true and fair view of the financial position of the Fund as of 31 December 2018, 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 2018, 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 27 to 56.

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 MALAYSIA ISLAMIC DIVIDEND (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Our audit approach

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

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

Key audit matters

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

Key audit matters	How our audit addressed the key audit matters
<p>Valuation and existence of financial assets at fair value through profit or loss</p> <p>Refer to Note F (Summary of significant accounting policies), Note 10 and Note 22 (Notes to the financial statements).</p> <p>The investment portfolio at the year-end comprised listed equity investments valued at RM51,836,926.</p> <p>We focused on the valuation and existence of investments because investments represent the most significant element of the net asset value in the financial statements.</p>	<p>We have tested the valuation of the listed equity investments by agreeing the prices used in the valuation to independent third party sources.</p> <p>We have tested the existence of the investment portfolio by agreeing the holdings for investments to an independent custodian confirmation.</p> <p>Based on the above procedures, no material exceptions were identified.</p>

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF MyETF MSCI MALAYSIA 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 MALAYSIA 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 MALAYSIA 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 MATTERS

This report is made solely to the unit holders 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
21 February 2019

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

	<u>Note</u>	<u>2018</u> <u>RM</u>	<u>2017</u> <u>RM</u>
INVESTMENT INCOME			
Gross dividend income		1,696,103	1,835,488
Profit from short term Shariah-compliant deposits		17,564	8,189
Net (loss)/gain on financial assets at fair value through profit or loss	10	(895,544)	7,349,156
		<u>818,123</u>	<u>9,192,833</u>
EXPENSES			
Management fee	4	(200,254)	(220,753)
Trustee's fee	5	(22,529)	(24,835)
License fee	6	(30,038)	(33,413)
Transaction cost		(117,548)	(104,492)
Auditors' remuneration		(15,601)	(15,670)
Tax agent's fee		(4,613)	(3,900)
Shariah adviser's fee		(6,500)	(7,445)
Purification of non Shariah-compliant income		(9,852)	(13,714)
Other expenses	7	(24,769)	(66,464)
		<u>(431,704)</u>	<u>(490,686)</u>
PROFIT BEFORE TAXATION		386,419	8,702,147
Taxation	8	-	-
PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		<u>386,419</u>	<u>8,702,147</u>
Profit after taxation is made up as follows:			
Realised amount		5,944,607	3,882,758
Unrealised amount		(5,558,188)	4,819,389
		<u>386,419</u>	<u>8,702,147</u>

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

MyETF MSCI MALAYSIA ISLAMIC DIVIDEND

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

	<u>Note</u>	<u>2018</u> RM	<u>2017</u> RM
ASSETS			
Cash and cash equivalents	12	105,924	318,191
Financial assets at fair value through profit or loss	10	51,836,926	56,240,234
Dividends receivable	11	95,041	49,268
Amount due from stockbrokers		1,208,024	-
TOTAL ASSETS		<u>53,245,915</u>	<u>56,607,693</u>
LIABILITIES			
Amount due to Manager		18,020	17,972
Amount due to Trustee		2,027	2,022
Auditors' remuneration		15,671	15,618
Tax agent's fee		4,809	4,105
Shariah adviser's fee		7,105	7,140
Payables	13	39,938	38,110
TOTAL LIABILITIES		<u>87,570</u>	<u>84,967</u>
NET ASSET VALUE OF THE FUND		<u>53,158,345</u>	<u>56,522,726</u>
EQUITY			
Unit holders' capital		44,625,800	47,567,320
Retained earnings		8,532,545	8,955,406
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS	15	<u>53,158,345</u>	<u>56,522,726</u>
NUMBER OF UNITS IN CIRCULATION	15	<u>46,400,000</u>	<u>48,000,000</u>
NET ASSET VALUE PER UNIT (RM)		<u>1.1457</u>	<u>1.1776</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 2018**

	Note	Unit holders' capital RM	Retained earnings RM	Total RM
Balance as at 1 January 2018		47,567,320	8,955,406	56,522,726
Total comprehensive income for the financial year		-	386,419	386,419
Distribution for the financial year ended 31 December 2017	9	-	(809,280)	(809,280)
Creation of units		30,946,880	-	30,946,880
Cancellation of units		(33,888,400)		(33,888,400)
Balance as at 31 December 2018		44,625,800	8,532,545	53,158,345
Balance as at 1 January 2017		51,646,000	1,037,579	52,683,579
Total comprehensive income for the financial year		-	8,702,147	8,702,147
Distribution for the financial year ended 31 December 2016	9	-	(784,320)	(784,320)
Cancellation of units		(4,078,680)	-	(4,078,680)
Balance as at 31 December 2017		47,567,320	8,955,406	56,522,726

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 2018**

	<u>Note</u>	<u>2018</u> RM	<u>2017</u> RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in purchase of investments		(64,160,600)	(29,856,292)
Proceeds from sales of investments		62,575,021	29,403,110
Dividends received		1,650,330	1,852,764
Profit from short term Shariah-compliant deposits		17,564	8,189
Management fee paid		(200,206)	(219,924)
Trustee fee paid		(22,524)	(24,742)
License fee paid		(12,609)	(17,267)
Purification of non Shariah-compliant income		(9,582)	(13,714)
Payment for other fees and expenses		(183,909)	(195,221)
Net cash (used in)/generated in operating activities		(346,785)	936,903
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from creation of units	21	1,039,199	-
Payments for cancellation of units	21	(95,401)	(6,561)
Payment for income distribution	9	(809,280)	(784,320)
Net cash generated/(used in) financing activities		134,518	(790,881)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(212,267)	146,022
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		318,191	172,169
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	12	105,924	318,191

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 2018

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

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

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

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

Estimates and judgements are continually evaluated by the Manager and the Trustee and 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 assumptions concerning the future. The resulting accounting estimates will by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the 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 2018:

- MFRS 9 'Financial Instruments' became effective for annual periods beginning on or after 1 January 2018. It addresses the classification, measurement and derecognition of financial assets and liabilities and replaces the multiple classification and measurement models in MFRS 139.

Classification and measurement of debt assets is driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A debt instrument is measured at amortised cost if the objective of the business model is to hold the financial asset for the collection of the contractual cash flows and the contractual cash flows under the instrument solely represent payments of principal and interest ("SPPI"). A debt instrument is measured at fair value through other comprehensive income if the objective of the business model is to hold the financial asset both to collect contractual cash flows from SPPI and to sell. All other debt instruments must be recognised at fair value through profit or loss. An entity may however, at initial recognition, irrevocably designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency. Derivative and equity instruments are measured at fair value through profit or loss unless, for equity instruments not held for trading, an irrevocable option is taken to measure at fair value through other comprehensive income. MFRS 9 also introduces a new expected credit loss ("ECL") impairment model.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONTINUED)**

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

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

MFRS 9 has been applied retrospectively by the Fund and did not result in a change to the classification or measurement of financial instruments as outlined in Note F.

The Fund's investment portfolio continues to be classified as fair value through profit or loss and other financial assets which are held for collection continue to be measured at amortised cost. There was no material impact on adoption from the application of the new impairment model.

There are no other standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 January 2018 that have a material effect on the financial statements of the Fund.

(b) New standards, amendments and interpretations effective after 1 January 2018 and have not been early adopted:

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning 1 January 2018, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Fund.

B INCOME FROM SHARIAH-COMPLIANT FINANCIAL INSTRUMENTS

Profit income

Profit income from short term deposits with licensed Shariah-compliant financial institutions are recognised based on effective profit rate method on an accrual basis.

From 1 January 2018, profit is calculated by applying the effective profit rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired.

For credit-impaired financial assets the effective profit rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Up to 31 December 2017, when a financing and receivable is impaired, the Fund reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective profit rate of the instrument, and continue unwinding the discount as profit income. Profit income on impaired financing and receivables are recognised using the original effective profit rate.

Dividend income

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

For quoted equities, realised gains and losses on sale of investments are accounted for as the difference between the net disposal proceeds and the carrying amount of investments, determined on a weighted average cost basis.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONTINUED)**

C NON SHARIAH-COMPLIANT INCOME

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

This non Shariah-compliant Income is subject to an income purification process as determined by the Index Provider from time to time and without limitation based on the impure ratio for each component stock as determined by 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.

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 AND LIABILITIES

(i) Classification

Up to 31 December 2017, 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, dividends receivable and amount due from stockbroker which are all expected to realised within 12 months.

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

The Fund's financial liabilities include amount due to Manager, amount due to Trustees, auditors' remuneration, tax agent's fee and Shariah adviser's fee and payable.

From 1 January 2018, the Fund classify its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either other comprehensive income or through profit or loss), and
- Those to be measured at amortised cost

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONTINUED)**

F FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

(i) Classification (continued)

The Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and make decisions. The Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. The contractual cash flows of the Fund's debt securities are solely principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments are measured at fair value through profit or loss.

The Fund classifies cash and cash equivalents, dividend receivables and amount due from brokers at amortised cost as these financial assets are held to collect contractual cash flows consisting of the amount outstanding.

The Fund classifies amount due to Manager, amount due to Trustee, auditors' remuneration, tax agent's fee, Shariah adviser's fee and payables as financial liabilities subsequently measured at amortised cost.

(ii) Recognition and measurement

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

Financial liabilities, within the scope of MFRS 139 up to 31 December 2017 and MFRS 9 from 1 January 2018, are recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

Unrealised gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss are presented in the statement of comprehensive income within 'net gain/(loss) on financial assets at fair value through profit and loss' in the period in which they arise.

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

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

If a valuation based on the market price does not represent the fair value of the securities, for example during the abnormal market conditions or no market price is available, including in the event of a suspension in the quotation of the securities for a period exceeding 14 days, or such shorter period as agreed by Trustee, the securities are valued as determined in good faith by the Manager, based on the methods and bases approved by the Trustee after appropriate technical consultation.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONTINUED)**

F FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

(ii) Recognition and measurement (continued)

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

Islamic deposits with licensed financial institutions are stated at cost plus accrued profit calculated in the effective profit method over the period from the date of placement to the date of maturity of the respective deposits. Financing and receivables are subsequently carried at amortised cost using the effective profit rate method.

(iii) Impairment of financial assets

Up 31 December 2017, 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.

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 asset's 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.

From 1 January 2018 onwards, the Fund measures credit risk and expected credit losses using probability of default and loss given default. Management considers both historical analysis and forward looking information in determining any expected credit loss. Management considers the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12 month expected credit losses as any such impairment would be wholly insignificant to the Fund.

Significant increase in credit risk

A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due or a counterparty credit rating which has fallen below BBB/Baa.

Definition of default and credit-impaired financial assets

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

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONTINUED)**

F FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

(iii) Impairment of financial assets (continued)

Write-off

The Fund writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Fund may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains. There are no write-offs/recoveries during the financial year.

G AMOUNT DUE FROM/TO STOCKBROKERS

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

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

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

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

H UNIT HOLDERS' CAPITAL

The unit holders' contributions to the Fund meet the criteria to be classified as equity instruments under MFRS 132 "Financial Instruments: Presentation". Those criteria include:

- the units entitle the holder to a proportionate share of the Fund's net asset value;
- the units are the most subordinated class and class features are identical;
- there is no contractual obligations to deliver cash or another financial asset other than the obligation on the redemption of units; and
- the total expected cash flows from the units over its life are based substantially on the profit or loss of the Fund.

The outstanding units are carried at the redemption amount that is payable at each financial year if unit holder exercises the right to put the unit back to the Fund.

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

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONTINUED)**

I PRESENTATION AND FUNCTIONAL CURRENCY

The financial statements are presented in Ringgit Malaysia, which is the Fund's presentation and functional currency.

J SEGMENT REPORTING

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

K DISTRIBUTION

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

1 INFORMATION ON THE FUND

The Exchange-Traded Fund (the "Fund") was constituted under the name MyETF MSCI Malaysia Islamic Dividend pursuant to the execution of a trust deed dated 23 December 2013 and supplemental deed dated 9 December 2016, 19 June 2017 and 16 August 2018 (the "Deed") entered into between iVCAP Management Sdn. Bhd. (the "Manager") and Deutsche Trustees Malaysia Berhad (the "Trustee").

The Fund was launched on 27 February 2014 and 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 Malaysia IMI Islamic High Dividend Yield 10/40 Index ("Benchmark Index") regardless of its performance. The Benchmark Index is a free-float adjusted, market capitalisation weighted, price return index representing securities of 16 to 30 leading Shariah-compliant Malaysian companies listed on Bursa Malaysia Securities Berhad as determined by MSCI Inc. All investments will be subjected to the SC Guidelines on Exchange-Traded Funds, the Deed and the objective of the Fund.

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

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

These financial statements were authorised for issue by the Manager on 21 February 2019.

2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

	Note	Amortised cost RM	Financial asset at fair value through profit or loss RM	Total RM
<u>2018</u>				
Cash and cash equivalents	12	105,924	-	105,924
Financial assets at fair value through profit or loss	10	-	51,836,926	51,836,926
Dividends receivable	11	95,041	-	95,041
Amount due from stockbrokers		1,208,024	-	1,208,024
Total		1,408,989	51,836,926	53,245,915

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

2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

	Note	Financing and receivables	Financial asset at fair value through profit or loss	Total
2017				
Cash and cash equivalents	12	318,191	-	318,191
Financial assets at fair value through profit or loss	10	-	56,240,234	56,240,234
Dividends receivable	11	49,268	-	49,268
Total		367,459	56,240,234	56,607,693

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:

	2018 RM	2017 RM
Financial assets at fair value through profit or loss	51,836,926	56,240,234

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

2018

% Change in benchmark index	Benchmark index	Market value RM	Impact to profit after tax/NAV RM
-10%	2,312.71	47,457,686	(4,379,240)
0%	2,569.68	51,836,926	-
10%	2,826.65	56,216,166	4,379,240

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

2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market risk (continued)

Price Risk (continued)

2017

% Change in benchmark index	Benchmark index	Market value	Impact to profit after tax/NAV
		RM	RM
-10%	2,400.20	52,841,469	(3,398,765)
0%	2,666.89	56,240,234	-
10%	2,933.58	59,638,999	3,398,765

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.

Profit rate risk

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

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

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

Credit/Default risk

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

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

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

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

	Cash and cash equivalents	Dividends receivable	Amount due from stockbrokers	Total
	RM	RM	RM	RM
<u>2018</u>				
Financial institutions				
– AAA	105,924	-	-	105,924
Others	-	95,041	1,208,024	1,300,329
	<u>105,924</u>	<u>95,041</u>	<u>1,208,024</u>	<u>1,408,989</u>

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

2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit/Default risk (continued)

	<u>Cash and cash equivalents</u> RM	<u>Dividends receivable</u> RM	<u>Amount due from stockbrokers</u> RM	<u>Total</u> RM
2017				
Financial institutions				
– AAA	318,191	-	-	318,191
Others	-	49,268	-	49,268
	<u>318,191</u>	<u>49,268</u>	<u>-</u>	<u>367,459</u>

3 CAPITAL AND LIQUIDITY RISK MANAGEMENT

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

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

	<u>Within one month</u> RM	<u>One month to one year</u> RM	<u>Total</u> RM
2018			
Amount due to Manager	18,020	-	18,020
Amount due to Trustee	2,027	-	2,027
Auditors' remuneration	-	15,284	15,284
Tax agent's fee	-	4,694	4,696
Shariah adviser's fee	-	7,105	7,105
Payables	-	40,440	40,440
	<u>20,047</u>	<u>67,523</u>	<u>87,570</u>
2017			
Amount due to Manager	17,972	-	17,972
Amount due to Trustee	2,022	-	2,022
Auditors' remuneration	-	15,618	15,618
Tax agent's fee	-	4,105	4,105
Shariah adviser's fee	-	7,140	7,140
Payables	1,200	36,910	38,110
	<u>21,194</u>	<u>63,773</u>	<u>84,967</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (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 2018, the management fee was recognised at a rate of 0.4% (2017: 0.4%) per annum on the NAV of the Fund, calculated on a daily basis.

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

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 2018, the Trustee's fee was recognised at a rate of 0.045% (2017: 0.045%) per annum on the NAV of the Fund, subject to a minimum of RM12,000 per annum, inclusive of local custodian fee, calculated on a daily basis.

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

6 LICENSE FEE

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

For the financial year ended 31 December 2018, the License Fee was recognised at a rate of 0.06% (2017: 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.

7 OTHER EXPENSES

	<u>2018</u> RM	<u>2017</u> RM
Printing cost	3,500	3,500
GST expense	6,459	28,934
Other expenses	14,810	34,030
	<u>24,769</u>	<u>66,464</u>

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

8 TAXATION

	<u>2018</u> RM	<u>2017</u> RM
Tax charged for the financial period:		
- Current taxation	-	-
	<u> </u>	<u> </u>

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

	<u>2018</u> RM	<u>2017</u> RM
Profit before taxation	386,419	8,702,147
Tax at Malaysian statutory rate of 24%	92,741	2,088,515
Tax effect of:		
Investment income not subject to tax	(196,350)	(2,206,280)
Restriction on tax deductible expenses for exchange-traded funds	50,002	60,183
Expenses not deductible for tax purposes	53,607	57,582
	<u> </u>	<u> </u>
	-	-
	<u> </u>	<u> </u>

9 INCOME DISTRIBUTION

Distribution to unit holders is from the following sources:

	<u>2018</u> RM	<u>2017</u> RM
Undistributed net exempt income brought forward	809,280	784,320
Exempt dividend income	-	-
Profits from money market placements	-	-
	<u> </u>	<u> </u>
	809,280	784,320
Less: Expenses		
Exempt non Shariah-compliant income	-	-
Fund related expenses	-	-
	<u> </u>	<u> </u>
Total amount of income distribution	<u>809,280</u>	<u>784,320</u>

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

9 INCOME DISTRIBUTION (CONTINUED)

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 RM</u>	<u>Distribution per unit RM</u>	<u>Ex-distribution RM</u>
2018			
1 March 2018	1.2117	0.0281	1.1836
2017			
1 March 2017	1.0455	0.0152	1.0303

The net asset value prior and subsequent to the income distribution was as follows:

<u>Distribution date (ex-date)</u>	<u>Cum-distribution RM</u>	<u>Total distribution amount RM</u>	<u>Ex-distribution RM</u>
2018			
1 March 2018	39,632,678	809,280	38,823,398
2017			
1 March 2017	53,947,832	784,320	53,163,512

Included in the above is an amount of RM809,280 distributed from previous financial year's undistributed net realised exempt income.

The first and final income distribution for the financial year ended 31 December 2017 of 2.81 sen per unit was declared on 12 February 2018 based on the financial position of the Fund as at 31 December 2017 with the ex-date of 1 March 2018 and entitlement date of 5 March 2018. The total amount of income distributed was RM809,280 based on 28,800,000 of the Fund's units in circulation, which was paid out to unit holders on 29 March 2018.

The first and final income distribution for the financial year ended 31 December 2016 of 1.52 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 of 1 March 2017 and entitlement date of 3 March 2017. The total amount of income distributed was RM784,320 based on 51,600,000 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 2018.

Subsequent to 31 December 2018, the first and final income distribution for the financial year ended 31 December 2018 of 2.76 sen per unit was declared on 21 February 2019 based on the financial position of the Fund as at 31 December 2018 with the ex-date of 11 March 2019 and entitlement date of 13 March 2019.

During the financial year ended 31 December 2018, the Fund incurred unrealised losses on changes in fair values of RM5,558,188. (2017: NIL)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONTINUED)**
10 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>2018</u> RM	<u>2017</u> RM
Designated at fair value through profit or loss at inception		
- Quoted shares - local	51,836,926	56,240,234
Net (loss)/gain on financial assets at fair value through profit or loss		
- Realised gain	4,662,644	2,529,767
- Unrealised (loss)/gain	(5,558,188)	4,819,389
	<u>(895,544)</u>	<u>7,349,156</u>

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2018				
SHARIAH-COMPLIANT QUOTED SECURITIES				
Construction				
Kerjaya Prospek Group Bhd	144,000	176,501	165,600	0.31
Consumer Products & Services				
Nestle Malaysia Bhd	16,800	2,473,929	2,476,320	4.66
QL Resources Bhd	204,600	991,693	1,393,326	2.62
Sime Darby Bhd	1,022,200	2,508,426	2,453,280	4.62
	<u>1,243,600</u>	<u>5,974,048</u>	<u>6,322,926</u>	<u>11.90</u>
Energy				
Petron Malaysia Refining & Marketing Berhad	56,000	394,649	351,120	0.66
Health Care				
Hartalega Holdings Bhd	387,400	1,636,437	2,378,636	4.47
IHH Healthcare Bhd	447,000	2,570,221	2,409,330	4.53
Kossan Rubber Industries Bhd	242,800	1,047,536	1,053,752	1.98
Supermax Corporation Bhd	178,100	486,994	619,788	1.17
	<u>1,255,300</u>	<u>5,741,188</u>	<u>6,461,506</u>	<u>12.15</u>
Industrial Products & Services				
Cahaya Mata Sarawak Bhd	334,200	1,289,378	898,998	1.69
Petronas Chemicals Group Bhd	529,200	4,276,547	4,916,268	9.25
Scientex Bhd	113,000	823,691	1,000,050	1.88
	<u>976,400</u>	<u>6,389,616</u>	<u>6,815,316</u>	<u>12.82</u>
Plantation				
Sime Darby Plantation Bhd	490,100	2,667,865	2,332,876	4.39

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONTINUED)**
10 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2018 (CONTINUED) SHARIAH-COMPLIANT QUOTED SECURITIES (CONTINUED)				
Property				
Mah Sing Group Bhd	2,289,000	2,340,960	2,094,435	3.94
Matrix Concepts Holdings Bhd	896,300	1,768,783	1,685,044	3.17
Sime Darby Property Bhd	2,488,200	2,441,919	2,475,759	4.66
UOA Development Bhd	1,083,800	2,550,236	2,297,656	4.32
	<u>6,757,300</u>	<u>9,101,898</u>	<u>8,552,894</u>	<u>16.09</u>
Technology				
Globetronics Technology Bhd	563,600	1,196,268	986,300	1.86
Vitrox Corporation Bhd	40,000	283,940	251,600	0.47
	<u>603,600</u>	<u>1,480,208</u>	<u>1,237,900</u>	<u>2.33</u>
Telecommunications & Media				
Maxis Bhd	902,300	5,304,967	4,827,305	9.08
Time DotCom Bhd	170,500	1,371,697	1,381,050	2.60
	<u>1,072,800</u>	<u>6,676,664</u>	<u>6,208,355</u>	<u>11.68</u>
Transportation & Logistics				
Lingkar Trans Kota Holdings	317,700	1,595,847	1,318,455	2.48
Westports Holdings Bhd	656,900	2,356,124	2,377,978	4.47
	<u>974,600</u>	<u>3,951,971</u>	<u>3,696,433</u>	<u>6.95</u>
Utilities				
Petronas Gas Bhd	260,700	4,866,673	5,005,440	9.42
Tenaga Nasional Bhd	344,600	5,140,395	4,686,560	8.82
	<u>605,300</u>	<u>10,007,068</u>	<u>9,692,000</u>	<u>18.24</u>
TOTAL SHARIAH- COMPLIANT QUOTED SECURITIES	14,179,000	52,561,676	51,836,926	97.52
ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>(724,750)</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>51,836,926</u>		

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

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2017				
SHARIAH-COMPLIANT QUOTED SECURITIES				
Consumer Products & Services				
Bermaz Auto Bhd	1,188,600	2,508,008	2,614,920	4.63
Hong Leong Industries Bhd	128,300	1,263,260	1,243,227	2.20
QL Resources Bhd	422,400	1,453,014	1,837,440	3.25
	1,739,300	5,224,282	5,695,587	10.08
Financial Services				
Syarikat Takaful Malaysia Keluarga Bhd	428,400	1,545,291	1,610,784	2.85
Health Care				
Hartalega Holdings Bhd	255,900	1,112,005	2,733,012	4.84
IHH Healthcare Bhd	432,200	2,438,213	2,532,692	4.48
Supermax Corporation Bhd	1,088,000	2,209,394	2,176,000	3.85
Top Glove Corporation Bhd	362,300	1,705,752	2,894,777	5.12
	2,138,400	7,465,364	10,336,481	18.29
Industrial Products & Services				
Cahaya Mata Sarawak Bhd	347,900	1,425,111	1,356,810	2.40
Scientex Bhd	163,100	953,015	1,412,446	2.50
V.S Industry Bhd	541,400	740,250	1,629,614	2.88
	1,052,400	3,118,376	4,398,870	7.78
Plantation				
Ta Ann Holdings Bhd	221,500	749,679	810,690	1.43
Property				
Malaysia Pacific Corporation Bhd	77,100	627,164	973,002	1.72
Matrix Concepts Holdings Bhd	1,107,100	2,150,537	2,424,549	4.29
UOA Development Bhd	1,002,400	2,172,013	2,395,736	4.24
	2,186,600	4,949,714	5,793,287	10.25
Telecommunications & Media				
Maxis Bhd	823,300	5,159,695	4,948,033	8.75
Telekom Malaysia Bhd	800,500	5,191,129	5,043,150	8.92
Time Dotcom Bhd	272,900	2,198,591	2,483,390	4.39
	1,896,700	12,549,415	12,474,573	22.06

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

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2017 (CONTINUED)				
SHARIAH-COMPLIANT QUOTED SECURITIES (CONTINUED)				
Transportation & Logistics				
Lingkar Transkota Holdings	421,800	2,482,673	2,340,990	4.14
Westports Holdings Bhd	698,000	2,861,046	2,582,600	4.57
	<u>1,119,800</u>	<u>5,343,719</u>	<u>4,923,590</u>	<u>8.71</u>
Utilities				
Petronas Gas Bhd	307,100	6,094,610	5,368,108	9.50
Tenaga Nasional Bhd	316,400	4,366,346	4,828,264	8.54
	<u>623,500</u>	<u>10,460,956</u>	<u>10,196,372</u>	<u>18.04</u>
TOTAL SHARIAH-COMPLIANT QUOTED SECURITIES	11,406,600	51,406,796	56,240,234	99.49
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>4,833,438</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u><u>56,240,234</u></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>2018</u> RM	<u>2017</u> RM
Shariah compliant deposit with a licensed bank	-	124,988
Cash at bank – From Shariah-compliant income	105,311	192,983
Cash at bank – From non Shariah-compliant income	613	220
	<u>105,924</u>	<u>318,191</u>

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

12 CASH AND CASH EQUIVALENTS (CONTINUED)

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

	<u>2018</u> %p.a.	<u>2017</u> %p.a.
Shariah compliant deposits with a licensed bank	-	3.05

As at the end of financial year ended 31 December 2018, tShariah-compliant deposits with a licensed bank of the Fund have a weighted average maturity period of nil days (2017: 3 days) and are denominated in Ringgit Malaysia.

13 PAYABLES

	<u>2018</u> RM	<u>2017</u> RM
Amount due to index licensor	17,430	16,147
Amount due to beneficial organisations (Note 14)	613	220
Printing cost	3,500	3,500
Payables	18,395	18,243
	<u>39,938</u>	<u>38,110</u>

14 AMOUNT DUE TO BENEFICIAL ORGANISATIONS

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

	<u>2018</u> RM	<u>2017</u> RM
Cash at bank – non Shariah-compliant income	613	220

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONTINUED)**
15 NUMBER OF UNITS IN CIRCULATION AND NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS

Net asset value attributable to unit holders is represented by:

	Note	2018 RM	2017 RM
Unit holders' contribution	(a)	44,625,800	47,567,320
Retained earnings		8,532,545	8,955,406
		<u>53,158,345</u>	<u>56,522,726</u>

(a) UNIT HOLDERS' CONTRIBUTION/UNITS IN CIRCULATION

	2018		2017	
	No. of Units	RM	No. of Units	RM
At beginning of the financial year	48,000,000	47,567,320	51,600,000	51,646,000
Creation during the financial year	26,800,000	30,946,880	-	-
Cancellation during the financial year	(28,400,000)	(33,888,400)	(3,600,000)	(4,078,680)
At the end of the financial year	<u>46,400,000</u>	<u>44,625,800</u>	<u>48,000,000</u>	<u>47,567,320</u>

16 TRANSACTIONS WITH BROKERS

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

Name of brokers	Value of trade RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage %
Maybank Investment Bank Bhd.	61,428,871	91.79	73,749	91.75
BIMB Securities Sdn. Bhd.	3,935,613	5.89	4,764	5.93
CIMB Investment Bank Bhd.	1,555,775	2.32	1,867	2.32
	<u>66,920,259</u>	<u>100.00</u>	<u>80,380</u>	<u>100.00</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONTINUED)**
16 TRANSACTIONS WITH BROKERS (CONTINUED)

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

<u>Name of brokers</u>	Value of trade	Percentage of total trades	Brokerage fees	Percentage of total brokerage
	RM	%	RM	%
CIMB Investment Bank Bhd.	28,897,968	48.76	34,821	48.77
BIMB Securities Sdn. Bhd.	16,685,465	28.16	20,109	28.16
Maybank Investment Bank Bhd.	5,379,380	9.08	6,518	9.13
MIDF Amanah Investment Bank Bhd.	4,914,971	8.29	5,898	8.26
Alliance Investment Bank Bhd.	2,345,510	3.96	2,815	3.94
RHB Investment Bank Bhd.	1,036,108	1.75	1,243	1.74
	<u>59,259,402</u>	<u>100.00</u>	<u>71,404</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

	2018		2017	
	No. of Units	RM	No. of Units	RM
The Manager	182,000	208,517	487,800	574,433
Valuecap	27,518,100	31,527,487	24,502,200	28,853,791
Shareholders of Valuecap	7,521,967	8,617,918	16,102,500	18,962,304
	<u>35,222,067</u>	<u>40,353,922</u>	<u>41,092,500</u>	<u>48,390,528</u>

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

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

18 MANAGEMENT EXPENSE RATIO ("MER")

	<u>2018</u> %	<u>2017</u> %
MER	0.62	0.69

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 RM50,062,816 (2017: RM55,497,814).

19 PORTFOLIO TURNOVER RATIO ("PTR")

	<u>2018</u>	<u>2017</u>
PTR (times)	1.27	0.57

PTR is derived from the following calculation:

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

where: total acquisition for the financial year = RM64,160,600 (2017: RM29,856,292)
total disposal for the financial year = RM63,005,719 (2017: RM33,475,229)

The average net asset value of the Fund for the financial year calculated on a daily basis is RM50,062,816 (2017: RM55,497,814)

20 SEGMENT REPORTING

The Fund is designed to provide investment results that closely correspond to the performance of the Benchmark Index. The Manager attempts to achieve a tracking error of less than 3% between the net asset value of the Fund and the Benchmark Index.

The internal reporting provided to the CEO for the fund's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of MFRS. The CEO is responsible for the performance of the Fund and considers the business to have a single operating segment.

The investment objective of the Fund is to provide investments results that, before expenses, closely correspond to the performance of the MSCI Malaysia IMI Islamic High Dividend Yield 10/40 Index, regardless of its performance.

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

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

21 NON CASH TRANSACTIONS

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

	<u>2018</u> RM	<u>2017</u> RM
Creation		
- Fair value of benchmark index shares	29,907,681	-
- Cash component	1,039,199	-
	<u>30,946,880</u>	<u>-</u>
Cancellation		
- Fair value of benchmark index shares	33,792,999	4,072,119
- Cash component	95,401	6,561
	<u>33,888,400</u>	<u>4,078,680</u>

22 FAIR VALUES OF FINANCIAL INSTRUMENTS

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

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

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

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

(i) Fair value hierarchy

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

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

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

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

22 FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(i) Fair value hierarchy (continued)

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

The following table analyses within the fair value hierarchy the Fund's financial assets (by class) measured at fair value:

	<u>Level 1</u> RM	<u>Level 2</u> RM	<u>Level 3</u> RM	<u>Total</u> RM
<u>2018</u>				
Financial assets at fair value through profit or loss				
- Quoted shares	51,836,926	-	-	51,836,926
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>2017</u>				
Financial assets at fair value through profit or loss				
- Quoted shares	56,240,234	-	-	56,240,234
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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

- (ii) The carrying values of cash and cash equivalents, dividend receivables, amount due from stockbrokers and all current liabilities are a reasonable approximation of the fair values due to their short term nature.

23 MFRS 9 FINANCIAL INSTRUMENTS

As disclosed in Note A, the Fund have adopted MFRS 9, which resulted in changes to the accounting policies and adjustments to the financial position. The main changes are as follows:

(a) Classification and measurement of financial assets

Up to 31 December 2017, financial assets were classified in the following categories: financial assets at fair value through profit or loss ("FVTPL"), loans and receivables. Note F set out the details of accounting policies for classification and measurement of financial instruments under MFRS 139.

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

23 MFRS 9 FINANCIAL INSTRUMENTS (CONTINUED)

(a) Classification and measurement of financial assets (continued)

From 1 January 2018, the Fund applies the following MFRS 9's classification approach to all types of financial assets:

- Investments in debt instruments: There are 3 subsequent measurement categories: amortised cost, fair value with changes either recognised through other comprehensive income ("FVOCI") or through profit or loss ("FVTPL").
- Investments in equity instruments: These instruments are always measured at fair value with changes in fair value presented in profit or loss unless the Fund has made an irrevocable choice to present changes in fair value in other comprehensive income ("OCI") for investments that are not held for trading.

(b) Impairment

From 1 January 2018 onwards, the Fund measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward looking information in determining any expected credit loss. Management consider the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12 month expected credit losses as any such impairment would be wholly insignificant to the Fund.

Significant increase in credit risk

A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due.

Definition of default and credit-impaired financial assets

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

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

23 MFRS 9 FINANCIAL INSTRUMENTS (CONTINUED)

The measurement category and the carrying amount of financial assets and financial liabilities in accordance with MFRS 139 and MFRS 9 at 1 January 2018 are compared as follows:

	Measurement category		Carrying amount			
	Original (MFRS 139)	New (MFRS 9)	Original (MFRS 139)	Reclassifi- cations	Remeasu- rements	New (MFRS 9)
			RM	RM	RM	RM
Assets						
Cash and cash equivalents	Financing and receivables	Amortised cost	318,191	-	-	318,191
Investment in equity securities	FVTPL	FVTPL	56,240,234	-	-	56,240,234
Dividend receivables	Financing and receivables	Amortised cost	49,268	-	-	49,268
Liabilities						
Amount due to manager	Amortised cost	Amortised cost	17,972	-	-	17,972
Amount due to trustee	Amortised cost	Amortised cost	2,022	-	-	2,022
Auditors' remuneration	Amortised cost	Amortised cost	15,618	-	-	15,618
Tax agent fee	Amortised cost	Amortised cost	4,105	-	-	4,105
Shariah adviser's fee	Amortised cost	Amortised cost	7,140	-	-	7,140
Payables	Amortised cost	Amortised cost	38,110	-	-	38,110

ANALYSIS OF UNIT HOLDINGS

Summary of Unit Holders

As at 31 January 2019

	No. of unit holders	% of unit holders	No. of units held	% of units in circulation
Less than 100	2	2.53	6	0.00
100 - 1,000	26	32.91	13,627	0.03
1,001 - 10,000	27	34.18	136,300	0.32
10,001 - 100,000	11	13.92	343,000	0.80
100,001 to less than 5% of issued units	10	12.66	8,750,067	20.45
5% and above of issued units	3	3.80	33,557,000	78.40
TOTAL	79	100.00	42,800,000	100.00

PROFILE OF DIRECTORS OF THE MANAGER

DIRECTORS' PROFILE

Name:	Roslina Binti Abdul Rahman
Age:	50
Gender:	Female
Nationality:	Malaysian
Designation:	Non-Independent Non-Executive Director Chairman
Qualifications:	Bachelor of Business Administration from Loyola Marymount University, Los Angeles, USA and Master of Business Administration from University of New South Wales & The University of Sydney, Sydney, Australia
Working Experience and Occupation:	<p>Roslina is the Group Chief Executive Officer of Valuecap Sdn. Bhd. She was appointed as Chairman of i-VCAP Management Sdn. Bhd. and VCAP Asset Managers Sdn. Bhd. respectively, effective 22 January 2019.</p> <p>Previously, Roslina served as Managing Director of Amundi Malaysia and Director of Amundi Islamic Malaysia. Roslina joined Amundi Malaysia in 2008, prior to which she held fund management roles at CIMB-Principal Asset Management from 2004 to 2008 and served across various units of AMMB Holdings Berhad – namely AmInvestment Management, Arab-Malaysian Merchant Bank/Arab-Malaysian Asset Management Berhad, and Arab-Malaysian Unit Trusts Berhad – from 1990 to 2004.</p>
Date Appointed to Board:	1 August 2018
Details of Membership of any Board Committee:	None
Directorship of other public companies and listed issuer:	None
Family relationship with any director and/or major shareholder of the Fund:	None
Conflict of interest with the Fund:	Roslina is the Managing Director and Group Chief Executive Officer of Valuecap of which is a unit holder of the Fund.
List of convictions for offences within the past 5 years other than traffic offences and any public sanction or penalty imposed by the relevant regulatory bodies during the financial year:	None

DIRECTORS' PROFILE (continued)

Name:	Khairi Shahrin Arief Bin Baki
Age:	37
Gender:	Male
Nationality:	Malaysian
Designation:	Chief Executive Officer ("CEO") / Non-Independent Executive Director
Qualifications:	Bachelor of Business Administration from Universiti Putra Malaysia and Diploma in Investment Analysis from The Research Institute of Investment Analysts Malaysia (RIIAM)
Working Experience and Occupation:	<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 & Head of Equity Dealing, MIDF Amanah Investment Bank prior to his appointment as CEO of i-VCAP.</p>
Date Appointed to Board:	11 January 2018
Details of Membership of any Board Committee:	None
Directorship of other public companies and listed issuer:	None
Family relationship with any director and/or major shareholder of the Fund:	None
Conflict of interest with the Fund:	Khairi is the CEO of i-VCAP of which is the Manager and unit holder of the Fund.
List of convictions for offences within the past 5 years other than traffic offences and any public sanction or penalty imposed by the relevant regulatory bodies during the financial year:	None

DIRECTORS' PROFILE (continued)

Name:	Datuk Dr Syed Muhamad Bin Syed Abdul Kadir
Age:	71
Gender:	Male
Nationality:	Malaysian
Designation:	Independent Non-Executive Director
Qualifications:	<p>PhD in Business Management from Virginia Polytechnic Institute and State University, Master in Business Administration from University of Massachusetts, Master of Law (Corporate Law) from University Technology MARA, Bachelor of Arts (Hons) Degree from University of Malaya, Bachelor in Jurisprudens from University of Malaya and Diploma in Management Science from National Institute of Public Administration. He is a Member of fellow of The Chartered Institute of Arbitrators, United Kingdom (UK) and Certificate holder of Legal Practice from Legal Profession Board.</p>
Working Experience and Occupation:	<p>Datuk Dr. Syed Muhamad started his career in 1973 as Senior Project Officer, School of Financial Management at the National Institute of Public Administration (INTAN) and in November 1988, he joined the Ministry of Education as Secretary of Higher Education and then assumed the position of Deputy Secretary (Foreign and Domestic Borrowing, Debt Management) Federal Treasury. From 1993, he joined the Board of Directors of Asian Development Bank, first as Alternate Executive Director and later as Executive Director prior to joining the Ministry of Finance as Secretary, Tax Analysis Division and later became Deputy Secretary General (Operations). Prior to his retirement, YBhg. Datuk Dr. Syed was Secretary General in the Ministry of Human Resource. Currently, Datuk Dr. Syed also a Director of Valuecap Sdn. Bhd., the holding company of i-VCAP Management Sdn. Bhd.</p> <p>During his career, he wrote and presented many papers relating to human resources development. His special achievement was that his dissertation A Study on Board of Directors and Organizational Effectiveness was published by Garland Publisher, Inc, of New York in 1991.</p> <p>Datuk Dr. Syed Muhamad is a Director of Euro Holdings Berhad, BSL Corporation Berhad, Malakoff Corporation Berhad and Asia Capital Reinsurance Malaysia Sdn Bhd. He is also Chairman of Sun Life Malaysia Assurance Berhad. In addition, he holds a directorship in number of private companies.</p>
Date Appointed to Board:	1 January 2019
Details of Membership of any Board Committee:	None
Directorship of other public companies and listed issuer:	<ol style="list-style-type: none"> 1. Euro Holding Berhad 2. Solution Engineering Holdings Berhad 3. BSL Corporation Berhad 4. Malakoff Corporation Berhad 5. Sun Life Malaysia Assurance Berhad 6. Sun Life Malaysia Takaful Berhad

DIRECTORS' PROFILE (continued)

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

Conflict of interest with the Fund: None

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

Name: Mohd Asri Bin Awang

Age: 62

Gender: Male

Nationality: Malaysian

Designation: Independent Non-Executive Director

Qualifications: Bachelor of Economics from Macquarie University, Sydney

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

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

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

Date Appointed to Board: 1 January 2019

Details of Membership of any Board Committee: None

DIRECTORS' PROFILE (continued)

Directorship of other public companies and listed issuer: None

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

Conflict of interest with the Fund: None

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

Date of first appointment as Director and attendance of Board Meetings during 2018:

<u>Name</u>	<u>Date First Appointed</u>	<u>Attendance</u>
Rosli Bin Abdullah	16 December 2009 <i>(resigned effective 31 December 2018)</i>	8 of 8
Roslina Binti Abdul Rahman	1 August 2018	3 of 8
Sharifatu Laila Binti Syed Ali	25 October 2007 <i>(resigned effective 31 July 2018)</i>	4 of 8
Hassan Bin Ibrahim	2 November 2007 <i>(resigned effective 31 December 2018)</i>	8 of 8
Y.M. Tunku Afwida Binti Tunku A. Malek	17 July 2009 <i>(resigned effective 31 December 2018)</i>	7 of 8
Nik Amlizan Binti Mohamed	1 January 2016 <i>(resigned effective 30 September 2018)</i>	6 of 8
Datuk Mohd. Nasir Bin Ali	1 January 2016 <i>(resigned effective 31 December 2018)</i>	8 of 8
Khairi Shahrin Arief Bin Baki	11 January 2018	8 of 8
Datuk Dr Syed Muhamad Bin Syed Abdul Kadir	1 January 2019	Not applicable
Mohd Asri Bin Awang	1 January 2019	Not applicable

DIRECTORS' TRAINING

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

The training programmes attended by the Directors for FY2018 are as follows:

Director	Programme Attended	Date	Organising Company
Rosli Bin Abdullah	7th Annual National Procurement Conference 2018 - What's New in Procurement Governance?	8 March 2018	Malaysia Airports Holdings Berhad (MAHB)
	MFRS/IFRS Technical Updates 2018	15 March 2018	
	Audit Committee Conference 2018 - Internal Auditing in the Age of Disruption	27 March 2018	Capitaland
	Seminar on 'Financial Reporting By Listed Issuers	16 July 2018	Dagang NeXchange Berhad
	AMLATFPUAA: Cryptocurrency & Anti Money Laundering Activities.	28 September 2018	iVCAP Management Sdn Bhd
	Cyber Attacks : Are We Ready?	25 October 2018	
	Information Security Management ICT	26 March 2018	
Nik Amlizan Binti Mohamed	Business Communication - Mandarin Class	January 2018	Kumpulan Wang Persaraan (Diperbadankan) (KWAP)
	Cybersecurity Talk: Malware & Phishing by Trend Micro	6 March 2018	
	Information Security Management ICT	26 March 2018	
Y.M Tunku Afwida Binti Tunku A. Malek	Leading in Turbulent Times & Leading Digital Business Transformation	25 January 2018	Telekom Malaysia Berhad
	Gamuda Cyber Security Awareness 2018	12 February 2018	Gamuda Berhad
	Understanding Fintech and Its Implications for Banks	3 July 2018	EXIM Bank
	Cyber Attacks : Are We Ready?	25 October 2018	iVCAP Management Sdn Bhd

DIRECTORS' TRAINING (continued)

Director	Programme Attended	Date	Organising Company
Datuk Mohd Nasir Bin Ali	Audit Committee Conference 2018 - Internal Auditing in the Age of Disruption	27 March 2018	i-VCAP Management Sdn Bhd
	AMLATFPUAA: Cryptocurrency & Anti Money Laundering Activities.	28 September 2018	
	Cyber Attacks : Are We Ready?	25 October 2018	
	ICAAP Workshop	10 February 2018	Malaysian Industrial Development Finance Berhad (MIDF)
	Knowledge Sharing On Islamic Stockbroking Window	22 February 2018	
	ACI Breakfast Roundtable 2018	3 August 2018	Amanah Raya Berhad
Sharifatu Laila Binti Syed Ali	SIDC - CFA Society Malaysia o2o Talk 2018 - Future State of the Investment Profession	26 April 2018	Valuecap Sdn Bhd
	KWAP Inspire: Environmental Conference 2018	17 - 18 July 2018	
Hassan Bin Ibrahim	Audit Committee Conference 2018 - Internal Auditing in the Age of Disruption	27 March 2018	i-VCAP Management Sdn Bhd
	Risk Management Conference 2018	29 August 2018	
	AMLATFPUAA: Cryptocurrency & Anti Money Laundering Activities.	28 September 2018	
	Cyber Attacks : Are We Ready?	25 October 2018	
	Islamic Finance Programme for Board Members	19 November 2018	
	Women on Board : Value, Challenges & Managing Process	9 March 2018	Syarikat Perumahan Negara Bhd (SPNB)
Roslina Binti Abdul Rahman	AMLATFPUAA: Cryptocurrency & Anti Money Laundering Activities.	28 September 2018	i-VCAP Management Sdn Bhd
	Mandatory Accreditation Programme	12 – 13 November 2018	
	Cyber Attacks : Are We Ready?	25 October 2018	

DIRECTORS' TRAINING (continued)

Director	Programme Attended	Date	Organising Company
Khairi Shahrin Arief Bin Baki	CAPITAL MARKET DIRECTORS PROGRAMME (CMDP) – All Module (1,2B,3 & 4)	Mar & May 2018	i-VCAP Management Sdn Bhd
	AMLATFPUAA: Cryptocurrency & Anti Money Laundering Activities.	28 September 2018	
	Exchange - Traded Fund (ETF) Investment & Trading Strategies Workshop	18 January 2018	
	Invest Malaysia 2018 - The Capital Market Conversation	23 -24 January 2018	
	World Capital Markets Symposium 2018	6 – 7 February 2018	
	Bloomberg Buy Side Forum 2018	3 July 2018	
	KWAP Inspire : Environmental Conference 2018	17 & 18 July 2018	
	Business Foresight Forum	8 August 2018	
	AMLATFPUAA: Cryptocurrency & Money Laundering Activities	13 August 2018	
	Global Islamic Finance Forum 2018	3 – 4 October 2018	
	Islamic Finance Programme for Board Members	19 November 2018	

TRUSTEE'S DELEGATE

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

SHARIAH ADVISER'S PROFILE

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

Corporate Information : Principal Activities
Amanie is a Shariah advisory, consultancy, training and research and development boutique for institutional and corporate clientele focusing on Islamic financial services. Amanie is a registered Shariah 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) Ainul Azura Zakiyudin
(2) Amran bin Ibrahim
(3) Ahmad Anas bin Fadzil

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

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

SHARIAH ADVISER'S PROFILE (*continued*)

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

Datuk Dr. Mohd Daud Bakar - Shariah Adviser

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.

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.

SHARIAH ADVISER'S PROFILE *(continued)*

Amran Ibrahim

Amran Ibrahim is a Consultant with Amanie Advisors, based at the Head Office in Kuala Lumpur. He graduated with a Bachelor of Business Administration (Hons) Finance from Mara University of Technology Malaysia. He started his career with CIMB Islamic where he was attached to the Business Financing & Investment Department. In 2006, he joined the Product Development Department, responsible for research, design, development and launching of competitive Islamic banking products.

Prior to joining Amanie, Amran was with Cagamas Berhad, the National Mortgage Corporation of Malaysia as Assistant Vice President in the Islamic Business Department. He was actively involved in the issuance of sukuk as well as conceptualisation and development of new Islamic financial products.

Ahmad Anas Fadzil

Ahmad Anas Fadzil is a Consultant with Amanie Advisors, based at the Head Office in Kuala Lumpur. As part of Amanie Advisors' global team, his primary focus is on advising and delivering projects for various Islamic financial services across the globe on their strategic issues and on Shariah compliant products and instruments.

Prior to joining Amanie Advisors, he was attached with Sigur Ros for Turkey's Project of Century: Turkish Republic North Cyprus Water Supply project where he had been assigned as the Project Accountant based in Turkey overseeing the project cost budgeting, project cost management, project reporting as well other administrative matters.

Prior to that, he was an auditor with Ernst & Young, attached to Global Financial Services department, engaged in performing auditing work for the financial institutions. Ahmad Anas holds a Master of Islamic Finance (MSc) from The Global University of Islamic Finance (INCEIF), and is an accounting graduate from MARA University of Technology (UiTM) and holds a professional certification of Certified Islamic Public Accountant (CIPA) from Accounting and Auditing Organisation for Islamic Financial Institution (AAOIFI). He speaks English, Malays and Turkish.

OTHER INFORMATION

- There were no sanctions and/or penalties imposed on the Fund or its Manager by the relevant regulatory bodies during the financial year and up to the date of this report.
- There was no material litigation involving the Fund since the last annual balance sheet date.
- The amount of audit fees and non-audit fees incurred for the Financial Year 2018 for services rendered by PricewaterhouseCoopers PLT and PricewaterhouseCoopers Taxation Services Sdn. Bhd. (a company affiliated to the Auditor of the Fund) is RM15,601 and RM4,613 respectively.
- There was eight (8) Board of Directors Meetings held in the Financial Year 2018.

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

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