



# **Dow Jones Islamic Market Malaysia Titans 25**

## **SEMI-ANNUAL REPORT**

**22 JANUARY 2008 (DATE OF COMMENCEMENT) - 30 JUNE 2008**

*Manager*



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

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## **Introduction**

MyETF Dow Jones Islamic Market Malaysia Titans 25 or MyETF-DJIM25 is a national Shariah Exchange Traded Fund (“ETF”) and the first Shariah ETF introduced in Asia. It is managed by i-VCAP Management Sdn Bhd, a wholly-owned subsidiary of Valuecap Sdn. Bhd.

The benchmark index for MyETF-DJIM25 is the Dow Jones Islamic Market Malaysia Titans 25 Index. The Index, reviewed quarterly, is based on the securities of 25 leading Shariah-compliant companies that are traded on Bursa Malaysia Securities Berhad (“Bursa Securities”).

MyETF-DJIM25’s status as a national ETF derives from the participation of seven government-linked investment companies as its initial seeders. The seven are Khazanah Nasional Berhad, Kumpulan Wang Persaraan (Diperbadankan), Kumpulan Wang Simpanan Pekerja, Lembaga Tabung Angkatan Tentera, Lembaga Tabung Haji, Permodalan Nasional Berhad and Valuecap Sdn. Bhd.

MyETF-DJIM25 was listed on the Main Board of Bursa Securities on January 31, 2008. The stock short name and stock number for MyETF-DJIM25 is “MYETFDJ” and “0821EA” respectively.

## Fund Information

<b>Manager</b>	:	iVCAP Management Sdn. Bhd.
<b>Trustee</b>	:	Deutsche Trustees Malaysia Berhad
<b>Shariah Advisor</b>	:	CIMB Islamic Bank Berhad
<b>Technical Advisor</b>	:	BNP Paribas Asset Management Malaysia Sdn. Bhd.
<b>Participating Dealers</b>	:	CIMB Investment Bank Berhad OSK Investment Bank Berhad
<b>Index Provider</b>	:	Dow Jones & Company, Inc.

## Manager's Report

### SEMI-ANNUAL FOR FINANCIAL PERIOD ENDED 30 JUNE 2008

<b>Name of Fund</b>	: MyETF Dow Jones Islamic Market Malaysia Titans 25
<b>Type of Fund</b>	: Exchange Traded Fund
<b>Commencement Date</b>	: 22 January 2008
<b>Benchmark Index</b>	: Dow Jones Islamic Market Malaysia Titans 25 Index
<b>Manager</b>	: iVCAP Management Sdn. Bhd. ("iVCAP")

#### Summary of Unit Holders

Size of holdings	No. of unit holders	No. of units held
5,000 – below	191	523,600
5,001 - 10,000	90	832,100
10,001 - 50,000	108	3,124,000
50,001 - 500,000	92	15,464,000
500,001 and above	50	803,056,300
	<b>531</b>	<b>823,000,000</b>

#### 1. Investment Objective

The Fund is designed to provide investment results that closely correspond to the performance of the Benchmark Index, regardless of its performance. 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

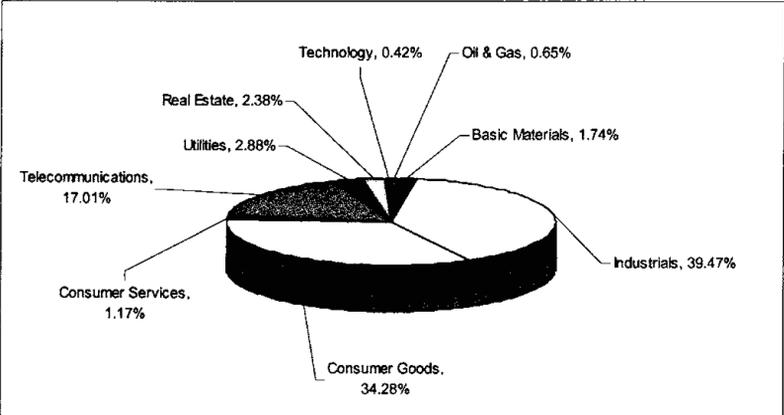
The Benchmark Index, namely the Dow Jones Islamic Market Malaysia Titans 25 ("DJIM25") Index, is a market capitalisation weighted and free-float adjusted index provided by Dow Jones & Company, Inc. ("Dow Jones").

The Benchmark Index was created on 18 January 2008 by Dow Jones and was constructed based on a reference value of 1000 as of 17 January 2008. The Benchmark Index consists of 25 Shariah-compliant securities of companies listed on Bursa Malaysia Securities Berhad, weighted by market capitalization.

The universe for selection of the components of the DJIM25 Index includes all equities in the Dow Jones Islamic Market Malaysia Index, an index comprised of Malaysia-based companies that comply with the methodology established by Dow Jones for screening stocks to comply with the Shariah principles.

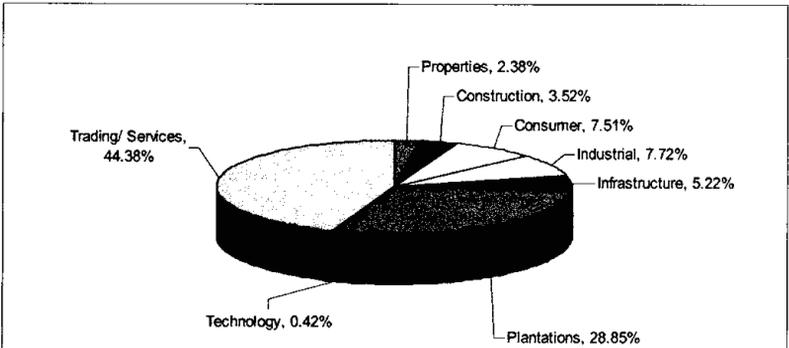
**3. Sector Allocation of Benchmark Index as at 17 June 2008**

**Dow Jones Classification**



Source: Dow Jones

**Bursa Malaysia Classification**



Source: Bursa Malaysia, Dow Jones

#### 4. Investment Strategy

The Manager will seek to track the performance of the Benchmark Index by investing all, or substantially all, of the Fund's assets in the constituents of the Benchmark Index in substantially the same weightings as they appear on the Benchmark Index.

The Manager may use techniques including indexing via full or partial replication and/or invest in certain authorised investments, in seeking to achieve the investment objective of the Fund, subject to conformity to the Shariah principles.

#### 5. Fund Performance

The Fund was launched on 21 January 2008 with an initial NAV of RM1.00 when the Benchmark Index was at 964.25 points. Over the period under review, the NAV per unit of the Fund declined by 14.3% to RM0.8571 as at 30 June 2008. The performance of the Fund was in line with that of the Benchmark Index which fell by 15.1% over the same period. Similarly, the unit price of the Fund dropped by 15.0%. As a result, the tracking error (calculated daily) between the NAV of the Fund and the Benchmark Index as at 30 June 2008 was 0.6%, which was well within the 3% limit stipulated under the Fund's investment objective.

	Interim 30 June 2008	At Commencement*	Percentage (%)
NAV per unit (RM) <sup>^</sup>	0.8571	1.0000	-14.3
Price per unit (RM)	0.8500	1.0000	-15.0
DJIM25 Index	819.12	964.25	-15.1

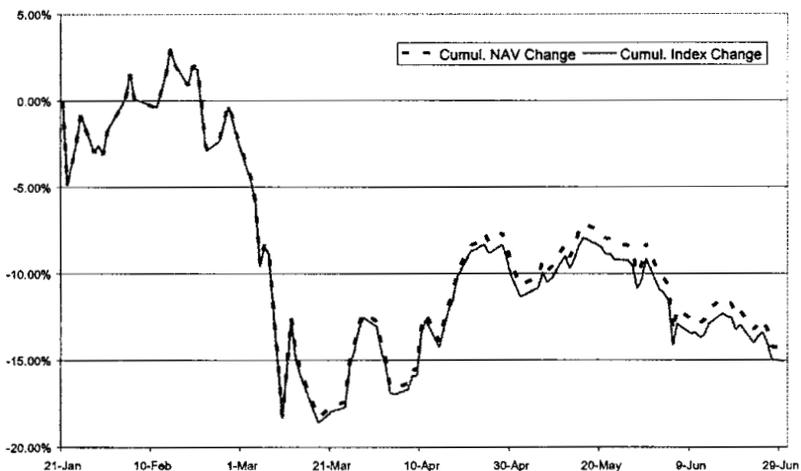
\* Based on closing on 21 January 2008

<sup>^</sup> The highest and lowest NAV per unit during the period under review were RM1.0297 (on 14 February 2008) and RM0.8172 (on 18 March 2008) respectively

Sources: Bloomberg, IVCAP

During the period under review, Dow Jones performed two quarterly reviews (in March and June) and rebalanced the composition of the Benchmark Index, in accordance with its index methodology. Consequently, the Manager also rebalanced the Fund's composition to be in line with the changes in the Benchmark Index.

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



## 6. Income Distribution

The Fund may distribute amongst the unitholders all, or substantially all of the net income (after the income purification process and deduction of relevant fees, expenses and taxes) received by the Fund, pro-rated based on the number of units held by each unitholder as at the entitlement date of the income distribution. The exact amount to be distributed will be at the absolute discretion of the Manager. Distributions (if any) are expected to be made semi-annually.

The Manager did not declare any interim dividend during the period.

## 7. Management Expense Ratio (MER) and Portfolio Turnover Ratio (PTR)

During the period under review, the MER of the Fund was 0.24%.

MER is calculated as follows:

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

A	=	Management fee
B	=	Trustee fee
C	=	Index licensing fee
D	=	Other expenses
E	=	Average daily NAV of the Fund

During the period under review, the PTR of the Fund was 0.28%.

PTR is derived from the following calculation:

$$\frac{(\text{Total purchases for the period} + \text{total sales for the period}) \div 2}{\text{Average NAV of the Fund for the period calculated on a daily basis}}$$

\* Most of the purchases and sales were transacted in June during the rebalancing of the Fund following the major review of the Benchmark Index by the Index Licensor. Therefore, the semi-annual PTR may not be representative of the annual PTR.

During the period under review, the transactions were conducted through two brokers, namely CIMB Investment Bank Berhad and OSK Investment Bank Berhad.

## **8. Other Information**

There is no other material information that will adversely affect the Fund's valuation and the interest of unitholders.

## **9. Soft Dollar Commissions**

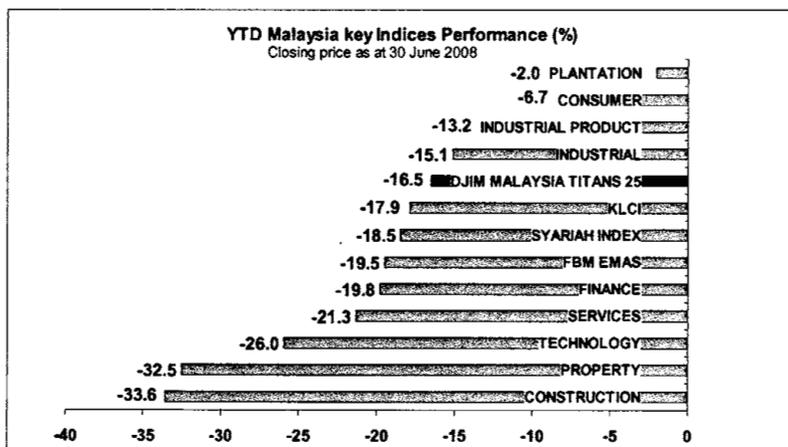
The Manager has not received any goods or services by way of soft commission during the period under review.

## **10. Market Review**

During the period under review, most equity markets globally were in negative territory mainly due to anticipation of a global economic slowdown led by the US economy. World economic growth, based on the World Economic Outlook Update report dated 17 July 2008 by the International Monetary Fund ("IMF"), is expected to decelerate from 5.0% in 2007 to 4.1% and 3.9% in 2008 and 2009 respectively.

Similarly, the Malaysian equity market was adversely affected by the concern over global economic growth. In addition, there were fears of domestic inflationary pressures arising from the substantial hike in petrol and diesel pump prices effective 5 June 2008 following the spike in crude oil prices globally. Furthermore, investor sentiment was affected by changes in the local political environment since the general elections in March.

On sectoral basis, Plantation was the most resilient during the 1<sup>st</sup> Half of 2008, while Construction suffered the biggest decline. The following chart summarises the performance of the various sectors and selected indices during this period.



## Trustee's Report

**Deutsche Bank**  
Group



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

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

Tel 60 3 2053 7522  
Fax 60 3 2053 7526

### TRUSTEE'S REPORT

#### TO THE UNITHOLDERS OF MyETF DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25

We have acted as Trustee for MyETF Dow Jones Islamic Market Malaysia Titans 25 (MyETF-DJIM25) for the financial period from 22 January 2008 (date of commencement) to 30 June 2008. To the best of our knowledge, for the period under review, i-VCAP Management Sdn. Bhd. (Manager) has operated and managed the Fund in accordance with the following:-

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

For Deutsche Trustees Malaysia Berhad

A handwritten signature in black ink, appearing to read 'Mohd Ridzal Sheriff'.

**Mohd Ridzal Sheriff**  
Chief Executive Officer/Director

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

**Richard Lijn**  
Head, Trustee Operations

Date: 5 August 2008

Kuala Lumpur

## Shariah Advisor's Report



### MyETF Dow Jones Islamic Market Malaysia Titans 25

#### Shariah Advisor Report To The Unitholders Of MyETF Dow Jones Islamic Market Malaysia Titans 25 For Financial Period Ended 30 June 2008

We have acted as the Shariah Advisor of **MyETF Dow Jones Islamic Market Malaysia Titans 25 ("MyETF-DJIM25")**. Our responsibility is to ensure that the procedures and investment processes employed by i-VCAP Management Sdn. Bhd. ("i-VCAP") are in accordance with the Shariah principles.

In our opinion, i-VCAP has managed and administered MyETF-DJIM25 in accordance with the Shariah principles and complied with the applicable guidelines, rulings or decisions issued by the Securities Commission pertaining to Shariah matters for the financial period ended 30 June 2008.

We also confirm that the investment portfolio of MyETF-DJIM25 comprises securities which have been classified as Shariah-compliant by the Shariah Advisory Council of the Securities Commission.

A handwritten signature in black ink, appearing to read "Abdul Ghani Endut".

.....  
**Abdul Ghani Endut**  
CIMB Islamic Bank Berhad  
Shariah Advisor

Date : **15 AUG 2008**

## Manager's Declaration

### Statement by the Manager

I, being a director of the Manager, do hereby state that in the opinion of the Manager, the accompanying financial statements give a true and fair view of the Fund as at 30 June 2008.



.....  
**Zainal Izlan bin Zainal Abidin**  
For and on behalf of the Manager  
i-VCAP Management Sdn. Bhd.

Kuala Lumpur  
25 August 2008

## MyETF DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25

### STATEMENT OF ASSETS AND LIABILITIES *(unaudited)* As at 30 June 2008

	Note	<u>RM</u>
<b>ASSETS</b>		
Quoted Investments	4	702,225,098
Dividends Receivable	5	718,939
Dividends Receivable - Impure Portion	5	31,459
Trades Receivable		695,554
Cash At Bank	6	366,595
Short Term Placements	6	2,302,000
		<b>706,339,645</b>
<b>TOTAL ASSETS</b>		<b>706,339,645</b>
<b>LIABILITIES</b>		
Amount due to Manager	7	228,886
Amount due to Trustee	8	60,513
Amount due to Index Licensor	9	132,239
Other Accrued Expenses	10	124,187
Other Payables - Impure Portion	11	387,985
		<b>933,810</b>
<b>TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		<b>933,810</b>
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AS AT 30 JUNE 2008</b>	12	<b>705,405,835</b>
<b>UNITS IN CIRCULATION</b>	12(a)	<b>823,000,000</b>
<b>NET ASSET VALUE PER UNIT</b>	13	<b>0.8571</b>

## MyETF DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25

### **STATEMENT OF INCOME AND EXPENDITURE** (unaudited)

For the period 22 January 2008 (Date of Commencement) to 30 June 2008

	Note	TOTAL <u>RM</u>
<b>INVESTMENT INCOME</b>		
Dividend Income		9,497,418
Profit (Short Term Placements)		32,733
Net Realised Loss on sale of quoted investments		(18,451,849)
Net Unrealised Loss on change in value of quoted investments		(98,534,974)
<b>Gross Income/(Loss)</b>		<u>(107,456,672)</u>
<b>EXPENDITURE</b>		
Manager's Fee	7	1,322,393
Trustee's Fee	8	165,299
License Fee	9	132,239
Other Expenses	10	165,299
Bank Charges		278
<b>TOTAL EXPENDITURE</b>		<u>1,785,508</u>
<b>NET LOSS BEFORE TAXATION</b>		<u>(109,242,180)</u>
<i>Less: Income Tax Expense</i>	14	-
<b>NET LOSS AFTER TAXATION</b>		<u>(109,242,180)</u>
 <b>Net Loss after Income Tax comprises the following</b>		
<b>Realised Loss</b>		(10,707,206)
<b>Unrealised Loss</b>		(98,534,974)
		<u>(109,242,180)</u>

## **MyETF DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25**

### **STATEMENT OF CHANGES IN NET ASSET VALUE *(unaudited)*** **For the period 22 January 2008 (Date of Commencement) to 30 June 2008**

	<b><u>RM</u></b>
Net Asset Value at commencement	628,862,561
Net Income / (Loss) for the period	(109,242,180)
Amount Received from units created	203,409,954
Amount Paid for units redeemed	(17,624,500)
<b>Net Asset Value at end of Period</b>	<b><u>705,405,835</u></b>

## MyETF DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25

### CASH FLOW STATEMENT (unaudited)

For the period 22 January 2008 (Date of Commencement) to 30 June 2008

	<u>RM</u>
<b>CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES</b>	
Net Proceeds from Sale & Purchase of Investments	31,486
Purchase of KNM Rights Issue	(5,159,300)
Dividends Received	8,778,478
Dividends Received – Impure Portion	356,526
Profit from Short Term Placements Received	32,733
Payment for Manager's Fees	(1,093,507)
Payment for Trustee's Fees	(104,786)
Payment for Other Expenses	(41,112)
<b>Net Cash Generated From Operating And Investing Activities</b>	<u>2,800,518</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Proceeds from creation of units	7,562
Payments for release of units	(139,207)
Bank Charges	(278)
<b>Net Cash Used In Financing Activities</b>	<u>(131,923)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	2,668,595
<b>CASH AND CASH EQUIVALENTS AT COMMENCEMENT</b>	-
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<u>2,668,595</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

MyETF Dow Jones Islamic Market Malaysia Titans 25 ("the Fund") was established pursuant to a Deed dated 17 January 2008 ("the Deed"), between *i*-VCAP Management Sdn. Bhd. as the Manager and Deutsche Trustees Malaysia Berhad as the Trustee.

The Fund is an exchange traded fund that is designed to provide investment results that closely correspond to the performance of the Dow Jones Islamic Market Malaysia Titans 25 Index ("Benchmark Index") as provided by Dow Jones & Company, Inc. The Benchmark Index is a free float-adjusted, market capitalization weighted index representing securities of 25 leading Shariah-compliant Malaysian companies listed on Bursa Malaysia Securities Berhad. As provided in the Deed, the financial year shall end on 31 December. The units in the Fund were first offered for sale on 22 January 2008.

### 2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention modified by the revaluation of investments in accordance with applicable Financial Reporting Standards in Malaysia and the Securities Commission's Guidelines on Exchange Traded Funds.

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### Investments

Investments in quoted securities are stated at lower of Costs and Market Value on a portfolio basis in accordance with the provisions of the Deed. For investments in listed securities, market value is determined based on the closing price quoted on Bursa Malaysia Securities Berhad. The difference between the adjusted cost and market value is treated as unrealized gain or loss and is recognized in the statement of income and expenditure. Unrealized gain or loss recognized in the statement of income and expenditure is not distributable in nature.

On disposal of investments, the net realized gain or loss on disposal is measured as the difference between the net disposal proceeds and the carrying amount of the investments. The net realized gain or loss is recognized in the statement of income and expenditure.

#### Income Recognition

Dividend Income from quoted investments is recognized based on the ex-date of the dividend declared.

Profit from short term money market placements on Islamic financial instruments is recognized on an accrual basis.

### **Cash Flow Statement**

The Fund adopts the direct method in the preparation of the cash flow statement.

Cash equivalents are short-term, highly liquid investments with maturity of three months or less from the date of acquisition and are readily convertible to cash with insignificant risk of changes in value.

### **Payables**

The amounts are stated at cost which is the fair value of the consideration to be paid for services received.

### **Receivables**

Sundry receivables are carried at ascertained realizable values.

### **Financial Assets and Liabilities**

Financial assets and financial liabilities carried on the statement of assets and liabilities include cash at banks, investments, including deposits and placements with licensed financial institutions, receivables and payables. The accounting policies on recognition and measurement of these items are disclosed in the respective accounting policies.

Financial instruments are classified as assets or liabilities in accordance with the substance of the contractual arrangement. The accounting policies on the recognition of dividends, gains and losses relating to the financial instruments classified as assets are disclosed in the respective accounting policies.

## **4. QUOTED INVESTMENTS**

	<b>RM</b>
At cost	
Shares quoted in Malaysia	<u>800,760,072</u>
At valuation	
Shares quoted in Malaysia	<u>702,225,098</u>

Details of quoted investments as at 30 June 2008 are as follows:

Name of Company	No of Units	Market Value	Average Purchase Cost	Market value as a percentage of net asset value (%)
<b>Trading/Services</b>				
Sime Darby Bhd	15,443,400	142,851,450	175,426,456	20.25
MISC Bhd	4,417,600	36,445,200	42,541,191	5.17
PLUS Expressways Bhd	7,047,900	18,254,061	22,460,889	2.59
Kencana Petroleum Bhd	2,414,100	4,297,098	5,260,090	0.81
Dialog Group Bhd	4,848,600	6,497,124	7,855,135	0.92
Malaysian Bulk Carriers Bhd	1,776,800	6,503,088	6,595,501	0.92
Telekom Malaysia Bhd	7,956,600	25,301,988	25,877,179	3.59
TM International Bhd	8,452,900	51,985,335	58,812,692	7.37
Star Publications (M) Bhd	1,731,800	6,061,300	5,997,482	0.86
Sarawak Energy Bhd	2,107,200	6,279,456	4,499,422	0.89
	<u>56,196,900</u>	<u>304,476,100</u>	<u>355,326,036</u>	<u>43.16</u>
<b>Plantations</b>				
IOI Corp. Bhd	18,130,500	135,072,225	140,246,669	19.15
Kuala Lumpur Kepong Bhd	2,922,400	51,434,240	51,475,933	7.29
Batu Kawan Bhd	1,162,800	12,325,680	13,458,575	1.75
Asiatic Development Bhd	1,489,700	12,215,540	12,365,313	1.73
	<u>23,705,400</u>	<u>211,047,685</u>	<u>217,546,490</u>	<u>29.92</u>
<b>Industrial Products</b>				
KNM Group Bhd	5,571,625	35,379,819	34,355,861	5.02
Lafarge Malayan Cement Bhd	1,589,100	6,715,748	8,047,756	0.95
Petronas Gas Bhd	1,445,000	14,377,750	15,318,002	2.04
	<u>8,585,725</u>	<u>56,473,317</u>	<u>57,721,619</u>	<u>8.01</u>
<b>Consumer Products</b>				
PPB Group Bhd	3,245,900	35,055,720	34,286,850	4.97
UMW Holdings Bhd	2,629,700	15,778,200	19,208,561	2.24
Lion Diversified Holdings Bhd	1,749,100	2,203,866	2,926,724	0.31
	<u>7,624,700</u>	<u>53,037,786</u>	<u>56,422,135</u>	<u>7.52</u>
<b>Infrastructure</b>				
DiGi.com Bhd	1,563,100	37,358,090	37,007,686	5.30
	<u>1,563,100</u>	<u>37,358,090</u>	<u>37,007,686</u>	<u>5.30</u>
<b>Constructions</b>				
Gamuda Bhd	8,780,300	20,545,902	43,329,296	2.91
Zelan Bhd	1,495,200	3,095,064	7,049,741	0.44
	<u>10,275,500</u>	<u>23,640,966</u>	<u>50,379,036</u>	<u>3.35</u>
<b>Properties</b>				
SP Setia Bhd	4,494,100	13,212,654	22,711,373	1.87
	<u>4,494,100</u>	<u>13,212,654</u>	<u>22,711,373</u>	<u>1.87</u>
<b>Technology</b>				
Malaysian Pacific Industries Bhd	425,500	2,978,500	3,645,695	0.42
	<u>425,500</u>	<u>2,978,500</u>	<u>3,645,695</u>	<u>0.42</u>
	<u>112,870,925</u>	<u>702,225,098</u>	<u>800,760,072</u>	<u>99.55</u>

## 5. DIVIDENDS RECEIVABLE

Dividends Receivable represents dividends declared on the Fund's stock components at the Ex-Date and not yet received at the end of the financial period.

Dividends Receivable – Impure Portion represents the portion of the dividends receivable which relates to income that is not compatible with Shariah principles. The level of impure income is based on the impure ratio for each stock component as determined by Dow Jones & Company, Inc.

Dividends declared are recognized on the Ex-Date and are reversed out from the receivables on the payment date.

## 6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following amounts:

	RM
Short-term money market placements in Islamic financial instruments with licensed banks	2,302,000
Cash at Bank – Investment	10,069
Cash at Bank – Impure Portion	356,526
	<hr/>
	2,668,595
	<hr/> <hr/>

## 7. AMOUNT DUE TO MANAGER / MANAGER'S FEE

Manager's Fee was charged at a rate of 0.40% per annum of the Net Asset Value (NAV) of the Fund, calculated on a daily basis, as provided under Clause 14.1 of the Deed.

The Manager's Fee is accrued daily at the end of the day and is reversed out from the Amount Due To Manager on the payment date.

## 8. AMOUNT DUE TO TRUSTEE / TRUSTEE'S FEE

Trustee's Fee was charged at a rate of 0.05% per annum of the Net Asset Value (NAV) of the Fund, calculated on a daily basis, as provided under Clause 14.2 of the Deed.

The Trustee's Fee is accrued daily at the end of the day and is reversed out from the Amount Due To Trustee on the payment date.

## 9. AMOUNT DUE TO INDEX LICENSOR / LICENSE FEE

The Amount Due To Index Licensor is the license fee payable to Dow Jones & Company, Inc., the Benchmark Index provider.

License Fee was charged at a rate of 0.04% per annum of the Net Asset Value (NAV) of the Fund, calculated on a daily basis.

The License Fee is accrued daily at the end of the day and is reversed out from the Amount Due To Index Licensor on the payment date. As at 30 June 2008, no License Fee has been paid out from the Fund.

## 10. OTHER ACCRUED EXPENSES / OTHER EXPENSES

Included in Other Expenses are fees, other than Manager's, Trustee's and License Fees, or expenses incurred by the Fund such as professional fees, printing and stationery, bank charges, fees payable to the independent members of the Investment Committee, lodgment fees and other expenses as permitted by the Deed.

The Other Expenses are provided for at the rate of 0.05% per annum of the Net Asset Value (NAV) of the Fund, calculated and accrued on a daily basis. The expenses are reversed out from the Other Accrued Expenses on the payment date.

## 11. OTHER PAYABLES – IMPURE PORTION

Included in Other Payables – Impure Portion is the total of the impure portion of dividends received and receivable as at 30 June 2008. It comprises the following amounts:

	RM
Cash at Bank – Impure Portion	356,526
Dividends Receivable – Impure Portion	31,459
	<u>387,985</u>

## 12. NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS

Net Assets attributable to unit holders is represented by:

	Note	RM
Unit holders' contribution	(a)	814,648,015
Net Loss After Taxation for the period		<u>(109,242,180)</u>
		<u>705,405,835</u>

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

	<b>No. of Units</b>	<b>RM</b>
At commencement	628,869,000	628,862,561
Created during the period	212,131,000	203,409,954
Redeemed during the period	(18,000,000)	(17,624,500)
At end of period	<u>823,000,000</u>	<u>814,648,015</u>

As provided in the Prospectus dated 21 January 2008, the initial authorized size of the Fund shall not exceed 10 billion units.

The Manager, i-VCAP Management Sdn. Bhd., did not hold any units in the Fund as at 30 June 2008.

Holdings by parties related to the Manager as at 30 June 2008 were 374,848,600 units valued at RM321,282,735.00.

**13. NET ASSET VALUE (NAV) PER UNIT**

The Net Asset Value (NAV) per unit is calculated by dividing the net assets of RM705,405,835 by the 823,000,000 units in circulation as at 30 June 2008.

**14. INCOME TAX EXPENSE**

Income tax payable is calculated on investment income less deduction for permitted expenses as provided for under Section 63B of the Income Tax Act, 1967 ("the Act").

Dividend Income:

The Fund may receive Malaysian dividends which are tax exempt. The exempt dividends may be received from investments in companies which had previously enjoyed or are currently enjoying the various tax incentives provided under the law.

With effect from 1 January 2008, dividends received from companies under the single tier tax system would also be exempted from tax.

In some situations, where the Fund has received tax franked dividends, some portion of the tax credits attached to those dividends can be refunded to the Fund.

Profit (from Money Market Investments):

Pursuant to Paragraph 35A of Schedule 6 of the Act, profits paid or credited by any bank or financial institution licensed under the Banking and Financial Institutions Act 1989 or the Islamic Banking Act 1983 are exempt from tax.

The Fund may also be making Zakat payments. Section 44 (11A) of the Act provides that:

"There shall be deducted from the aggregate income of a person (other than an offshore company), an amount equal to the payment of *zakat perniagaan* which is paid in the basis period for that relevant year to an appropriate religious authority established under any written law or any person authorized by such religious authority. Provided that the amount to be deducted pursuant to this subsection shall not exceed one-fortieth (2.5%) of the aggregate income of that person in the relevant year."

For the period from 22 January 2008 to 30 June 2008, there is no income tax payable by the Fund as the Fund has incurred a Net Loss before Tax of RM109,242,180.

## **15. INCOME DISTRIBUTION**

No income distribution was declared by the Fund during the financial period 22 January 2008 (date of commencement) to 30 June 2008.

## **16. PERFORMANCE REVIEW**

The Fund is designed to provide investment results that closely correspond to the performance of the Dow Jones Islamic Market Malaysia Titans 25 Index ("Benchmark Index"), regardless of its performance. During the period under review, the NAV per unit of the Fund fell by 14.30% while the Benchmark Index was down by 15.10%.

The Malaysian stock market, in line with most bourses globally, registered negative returns during the period largely due to concerns over the potential impact of rising crude oil price on the economy and on corporate earnings. In addition, changes in the domestic political environment subsequent to the Malaysian general elections in March contributed to the lacklustre market performance.

## **17. PROSPECTS**

The future performance of the Fund, which is reflected through its NAV, is dependent on the future performance of the securities held in the Fund which in turn are the components of the Benchmark Index.

**iVCAP Management Sdn. Bhd. (792968-D)**

Level 9, Block B, HP Towers, No. 12, Jalan Gelengang, Bukit Damansara, 50490 Kuala Lumpur, MALAYSIA  
Tel: (+603) 2093 7119 Fax: (+603) 2094 7119