

MyETF DOW JONES U.S TITANS 50

UNAUDITED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2020  
(Financial Year Ending 30 June 2021)

	<u>Note</u>	<u>31 December 2020</u> USD	<u>Audited</u> <u>30 June 2020</u> USD
<b>ASSETS</b>			
Cash and cash equivalents	6	25,394	80,179
Financial assets at fair value through profit or loss	4	8,983,146	9,689,122
Dividends receivable	5	2,769	4,951
Prepayments		6,490	1,509
<b>TOTAL ASSETS</b>		<u>9,017,799</u>	<u>9,775,761</u>
<b>LIABILITIES</b>			
Amount due to Manager		2,890	3,389
Amount due to Trustee		255	296
Audit fee payable		1,897	3,731
Tax agent's fee payable		1,138	-
Shariah Adviser's fee payable		1,836	1,192
Other payables and accruals	7	3,334	1,840
<b>TOTAL LIABILITIES</b>		<u>11,350</u>	<u>10,448</u>
<b>NET ASSET VALUE OF THE FUND</b>		<u>9,006,449</u>	<u>9,765,313</u>
<b>EQUITY</b>			
Unit holders' capital		3,306,700	5,772,520
Retained earnings		5,699,749	3,992,793
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS</b>	9	<u>9,006,449</u>	<u>9,765,313</u>
<b>NUMBER OF UNITS IN CIRCULATION</b>	9	<u>5,512,300</u>	<u>7,312,300</u>
<b>NET ASSET VALUE PER UNIT (USD)</b>		<u>1.6339</u>	<u>1.3355</u>

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

MyETF DOW JONES U.S TITANS 50

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD FROM 1 JULY 2020 TO 31 DECEMBER 2020  
(Financial Year Ending 30 June 2021)

	<u>Note</u>	<u>01.07.2020</u> <u>to</u> <u>31.12.2020</u>	<u>01.07.2019</u> <u>to</u> <u>31.12.2019</u> USD
<b>INVESTMENT INCOME/(LOSS)</b>			
Gross dividend income		55,281	131,038
Net gain/(loss) on financial assets at fair value through profit or loss	4	1,709,901	1,711,109
Net gain on forward foreign currency contracts at fair value through profit or loss		-	491
Net foreign exchange loss		(6)	(106)
		<hr/>	<hr/>
		1,765,176	1,842,532
<b>EXPENSES</b>			
Management fee	12	(16,309)	(29,503)
Trustee's fee	13	(1,558)	(2,588)
License fee	14	(1,626)	(2,954)
Transaction cost		(5,478)	(9,520)
Auditors' remuneration		(1,962)	(3,492)
Tax agent's fee		(1,509)	(581)
Shariah Adviser's fee		(1,027)	(1,193)
Purification of non Shariah-compliant income		(422)	(1,016)
Other expenses	15	(28,329)	(44,849)
		<hr/>	<hr/>
		(58,220)	(95,696)
<b>PROFIT/(LOSS) BEFORE TAXATION</b>			
		<hr/>	<hr/>
		1,706,956	1,746,836
Taxation	16	-	-
		<hr/>	<hr/>
<b>PROFIT/(LOSS) AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL PERIOD</b>			
		<hr/>	<hr/>
		1,706,956	1,746,836
		<hr/> <hr/>	<hr/> <hr/>
Profit/(loss) after taxation is made up as follows:			
Realised amount		1,234,970	284,985
Unrealised amount		471,986	1,461,851
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		1,706,956	1,746,836
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The accompanying notes to the financial statements form an integral part of these financial statements.

MyETF DOW JONES U.S TITANS 50

UNAUDITED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD FROM 1 JULY 2020 TO 31 DECEMBER 2020  
(Financial Year Ending 30 June 2021)

	<b>Note</b>	<b>Unit holders' capital USD</b>	<b>Retained earnings USD</b>	<b>Total USD</b>
Balance as at 1 July 2020		5,772,520	3,992,793	9,765,313
Creation of units	9	1,867,800	-	1,867,800
Cancellation of units	9	(4,333,620)	-	(4,333,620)
Total comprehensive income for the financial period		-	1,706,956	1,706,956
Balance as at 31 December 2020		<u>3,306,700</u>	<u>5,699,749</u>	<u>9,006,449</u>
Balance as at 1 July 2019		13,081,450	1,526,389	14,607,839
Creation of units	9	1,151,850	-	1,151,850
Cancellation of units		(8,460,780)	-	(8,460,780)
Total comprehensive income for the financial year		-	2,466,404	2,466,404
Balance as at 30 June 2020		<u>5,772,520</u>	<u>3,992,793</u>	<u>9,765,313</u>

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

MyETF DOW JONES U.S TITANS 50

UNAUDITED STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL PERIOD FROM 1 JULY 2020 TO 31 DECEMBER 2020  
(Financial Year Ending 30 June 2021)

	<u>01.07.2020</u> <u>to</u> <u>31.12.2020</u> USD	<u>01.07.2019</u> <u>to</u> <u>31.12.2019</u> USD
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash used in purchase of Shariah-compliant investments	(2,322,577)	(883,189)
Proceeds from sales of Shariah-compliant investments	4,710,799	2,600,067
Dividends received	40,512	95,055
Management fee paid	(16,940)	(28,951)
Trustee fee paid	(1,605)	(2,963)
Payment to beneficial organisations	-	-
Payment for other fees and expenses	(21,331)	(3,112)
	<hr/>	<hr/>
Net cash generated from operating activities	2,388,858	1,776,907
	<hr/>	<hr/>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from creation of units	21 1,874,289	-
Payments for cancellation of units	21 (4,317,932)	(1,735,500)
	<hr/>	<hr/>
Net cash used in financing activities	(2,443,643)	(1,735,500)
	<hr/>	<hr/>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	(54,785)	41,407
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD</b>	80,179	114,975
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<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	25,394	156,382
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The accompanying notes to the financial statements form an integral part of these financial statements.

## MyETF DOW JONES U.S TITANS 50

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 1 JULY 2020 TO 31 DECEMBER 2020

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 MyETF Dow Jones U.S Titans 50 (“the Fund”) have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) and International Financial Reporting Standards (“IFRS”).

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

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

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note L.

(a) Standards and amendments to existing standards effective 1 July 2020:

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 July 2020 that have a material effect on the financial statements of the Fund.

(b) New standards, amendments and interpretations effective after 1 July 2020 and have not been early adopted:

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2020, 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

##### Realised gains and losses

Realised gain or loss on disposal of quoted securities is accounted for as the difference between the net disposal proceeds and the carrying amount of quoted securities, determined on a weighted average cost basis.

##### Dividend income

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

## MyETF DOW JONES U.S TITANS 50

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 1 JULY 2020 TO 31 DECEMBER 2020 (CONTINUED)

#### C SHARIAH NON-COMPLIANT INCOME

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

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

#### D TAXATION

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

Withholding taxes on investment income from foreign Shariah-compliant investments are based on tax regime of the respective countries that the Fund invests in. Such withholding taxes are not "income tax" in nature and are recognised, measured based on the requirements of MFRS 137. They are presented within other expenses line in the statement of comprehensive income.

#### E CASH AND CASH EQUIVALENTS

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

#### F FINANCIAL ASSETS

##### (i) Classification

The Fund classifies its financial assets in the following measurement categories:

- those to be measured at fair value through profit or loss, and
- those to be measured at amortised cost

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 Shariah-compliant equity securities as fair value through other comprehensive income.

The Fund classifies cash and cash equivalents and dividends receivable as financial assets at amortised cost as these financial assets are held to collect contractual cash flows consisting of the amount outstanding, which are solely payments of principal and interest.

The Fund classifies amount due to Manager, amount due to Trustee, audit fee payable, tax agent's fee payable, Shariah Adviser's fee payable and other payables and accruals as financial liabilities measured at amortised cost.

## MyETF DOW JONES U.S TITANS 50

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 1 JULY 2020 TO 31 DECEMBER 2020 (CONTINUED)

#### F FINANCIAL ASSETS (CONTINUED)

##### (ii) Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Fund commits to purchase or sell the asset. Investments are initially recognised at fair value. Transaction costs that are directly attributable to the acquisition of financial assets subsequently measured at fair value through profit or loss are expensed in the statement of comprehensive income.

Financial liabilities, within the scope of MFRS 9 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.

Financial liabilities are derecognised when it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expired.

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

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

Investments principally consist of Shariah-compliant 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 Shariah-compliant 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.

Financial assets at amortised cost and other financial liabilities are subsequently carried at amortised cost using the effective profit rate method.

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

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.

## MyETF DOW JONES U.S TITANS 50

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 1 JULY 2020 TO 31 DECEMBER 2020 (CONTINUED)

#### F FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

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

###### 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.

###### 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 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's ("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.

#### H PRESENTATION AND FUNCTIONAL CURRENCY

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

## MyETF DOW JONES U.S TITANS 50

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 1 JULY 2020 TO 31 DECEMBER 2020 (CONTINUED)

#### I 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.

#### J NET GAINS/(LOSSES)

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

#### K TRANSACTION COSTS

Transaction costs are costs incurred to acquire or dispose financial assets or liabilities at fair value through profit or loss. They include fees and commissions paid to agents, advisors, brokers and dealers. Transaction costs, when incurred, are immediately recognised in the statement of comprehensive income as expenses

#### L CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

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

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

In undertaking any of the Fund’s investment, the Manager will ensure that all assets of the Fund under management will be valued appropriately, that is at fair value and in compliance with the SC’s Guidelines on Exchange-Traded Funds.

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

# MyETF DOW JONES U.S TITANS 50

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JULY 2020 TO 31 DECEMBER 2020

### 1 INFORMATION ON THE FUND

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

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

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

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

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

### 2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

	Note	Financial assets at amortised cost USD	Financial asset at fair value through profit or loss USD	Total USD
<b><u>31 December 2020</u></b>				
Cash and cash equivalents	6	25,394	-	25,394
Financial assets at fair value through profit or loss	4	-	8,983,146	8,983,146
Dividends receivable		2,769	-	2,769
Total		28,163	8,983,146	9,011,309
<b><u>30 June 2020</u></b>				
Cash and cash equivalents	6	80,179	-	80,179
Financial assets at fair value through profit or loss	4	-	9,689,122	9,689,122
Dividends receivable		4,951	-	4,951
Total		85,130	9,689,122	9,774,252

## MyETF DOW JONES U.S TITANS 50

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JULY 2020 TO 31 DECEMBER 2020 (CONTINUED)

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

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

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

#### Market risk

##### Price Risk

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

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

	<u>31 December 2020</u> USD	<u>30 June 2020</u> USD
Financial assets at fair value through profit or loss	8,983,146	9,689,122

The table below summarises the sensitivity of the Fund's unrealized income or loss to equity price movements as at 31 December. The analysis is based on the assumptions that the Dow Jones Islamic U.S Titans 50 Index ("the Index") increased by 10% and decreased by 10%, with all other variables held constant, and that the fair value of the Fund's portfolio of Shariah-compliant equity securities moved in correlation with the Index.

<u>% Change in benchmark index</u>	<u>Benchmark index</u>	<u>Market value</u> USD	<u>Impact to profit</u> <u>after tax/NAV</u> USD
<b><u>31 December 2020</u></b>			
-10%	6,985	8,163,477	(819,669)
0%	7,761	8,983,146	-
10%	8,537	9,802,815	819,669
<b><u>30 June 2020</u></b>			
-10%	5,743	8,733,447	(955,675)
0%	6,381	9,689,122	-
10%	7,019	10,644,797	955,675

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

MyETF DOW JONES U.S TITANS 50

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 JULY 2020 TO 31 DECEMBER 2020 (CONTINUED)

2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Currency risk

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

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

	Cash and cash equivalents	Amount due to trustee	Audit fee payable	Tax agent's fee payable	Shariah Adviser's fee payable	Total
	USD	USD	USD	USD	USD	USD
<b>Financial assets and liabilities</b>						
<b>31 December 2020</b>						
MYR	<u>1,379</u>	<u>(255)</u>	<u>(1,897)</u>	<u>(1,138)</u>	<u>(1,836)</u>	<u>(3,747)</u>
		Cash and cash equivalents	Amount due to trustee	Audit fee payable	Shariah Adviser's fee payable	Total
		USD	USD	USD	USD	USD
<b>Financial assets and liabilities</b>						
<b>30 June 2020</b>						
MYR		<u>1,521</u>	<u>(296)</u>	<u>(3,731)</u>	<u>(1,192)</u>	<u>(3,698)</u>

Interest rate risk

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

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

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

Credit/Default risk

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

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

MyETF DOW JONES U.S TITANS 50

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 JULY 2020 TO 31 DECEMBER 2020 (CONTINUED)

2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit/Default risk (continued)

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.

	<b>Cash and cash equivalents USD</b>	<b>Dividends receivable USD</b>	<b>Total USD</b>
<b><u>31 December 2020</u></b>			
Financial institutions			
– AAA	25,394	-	25,394
Others	-	2,769	2,769
	<u>25,394</u>	<u>2,769</u>	<u>28,163</u>
<b><u>30 June 2020</u></b>			
Financial institutions			
– AAA	80,179	-	80,179
Others	-	4,951	4,951
	<u>80,179</u>	<u>4,951</u>	<u>85,130</u>

Reclassification of Shariah-compliant securities risk

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

## MyETF DOW JONES U.S TITANS 50

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JULY 2020 TO 31 DECEMBER 2020 (CONTINUED)

#### 3 CAPITAL AND LIQUIDITY RISK MANAGEMENT

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

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

	<u>Within one month USD</u>	<u>One month to one year USD</u>	<u>Total USD</u>
<b><u>31 December 2020</u></b>			
Amount due to Manager	2,890	-	2,890
Amount due to Trustee	255	-	255
Auditors' remuneration	-	1,897	1,897
Tax agent's fee	-	1,138	1,138
Shariah Adviser's fee	-	1,836	1,836
Payables	-	3,334	3,334
	<u>3,145</u>	<u>8,205</u>	<u>11,350</u>
<b><u>30 June 2020</u></b>			
Amount due to Manager	3,389	-	3,389
Amount due to Trustee	296	-	296
Auditors' remuneration	-	3,731	3,731
Tax agent's fee	-	-	-
Shariah Adviser's fee	-	1,192	1,192
Payables	-	1,840	1,840
	<u>3,685</u>	<u>6,763</u>	<u>10,448</u>

## MyETF DOW JONES U.S TITANS 50

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JULY 2020 TO 31 DECEMBER 2020 (CONTINUED)

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

	<u>31 December 2020</u> USD	<u>30 June 2020</u> USD
Designated at fair value through profit or loss at inception		
- Quoted Shariah-compliant shares	8,983,146	9,689,122
	<u>                    </u>	<u>                    </u>
	<u>01.07.2020 to</u> <u>31.12.2020</u>	<u>01.07.2019 to</u> <u>31.12.2019</u>
Net gain on financial assets at fair value through profit or loss		
- Realised gain	1,237,915	249,258
- Unrealised gain	471,986	1,461,851
	<u>                    </u>	<u>                    </u>
	<u>1,709,901</u>	<u>1,711,109</u>

#### 5 DIVIDENDS RECEIVABLE

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

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

#### 6 CASH AND CASH EQUIVALENTS

	<u>31 December 2020</u> USD	<u>30 June 2020</u> USD
Cash at bank – From Shariah-compliant income	24,538	80,144
Cash at bank – From Shariah non-compliant income	856	35
	<u>                    </u>	<u>                    </u>
	<u>25,394</u>	<u>80,179</u>

#### 7 PAYABLES

	<u>31 December 2020</u> USD	<u>30 June 2020</u> USD
Amount due to beneficial organisations (Note 8)	1,502	1,080
Payables	1,832	760
	<u>                    </u>	<u>                    </u>
	<u>3,334</u>	<u>1,840</u>

## MyETF DOW JONES U.S TITANS 50

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JULY 2020 TO 31 DECEMBER 2020 (CONTINUED)

#### 8 AMOUNT DUE TO BENEFICIAL ORGANISATIONS

Amount due to beneficial organisations is the Shariah non-compliant income portion of dividends received and receivable as at 31 December 2020. It comprises the following amounts:

	<u>31 December 2020</u> USD	<u>30 June 2020</u> USD
Cash at bank – Shariah non-compliant income	856	35
Dividends receivable – Shariah non-compliant income	646	1,045
	<u>1,502</u>	<u>1,080</u>

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

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

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

Net asset value attributable to unit holders is represented by:

	<u>Note</u>	<u>31 December 2020</u> USD	<u>30 June 2020</u> USD
Unit holders' contribution	(a)	3,306,700	5,772,520
Retained earnings		5,699,749	3,992,793
		<u>9,006,449</u>	<u>9,765,313</u>

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

	<u>31 December 2020</u>		<u>30 June 2020</u>	
	No. of Units	USD	No. of Units	USD
At beginning of the financial period/year	7,312,300	5,772,520	13,012,300	13,081,450
Creation during the financial period/year	1,200,000	1,867,800	900,000	1,151,850
Cancellation during the financial period/year	(3,000,000)	(4,333,620)	(6,600,000)	(8,460,780)
At the end of the financial period/year	<u>5,512,300</u>	<u>3,306,700</u>	<u>7,312,300</u>	<u>5,772,520</u>

## MyETF DOW JONES U.S TITANS 50

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JULY 2020 TO 31 DECEMBER 2020 (CONTINUED)

#### 10 TRANSACTIONS WITH BROKERS

Details of transactions with the brokers for the financial period ended 31 December 2020 are as follows:

<b><u>Name of brokers</u></b>	<b>Value of trade</b>	<b>Percentage of total trades</b>	<b>Brokerage fees</b>	<b>Percentage of total brokerage</b>
	<b>USD</b>	<b>%</b>	<b>USD</b>	<b>%</b>
CGS-CIMB Securities Sdn. Bhd.	3,739,257	53.11	11,453	53.00
Maybank Investment Bank Berhad	3,301,059	46.89	10,155	47.00
	<u>7,040,316</u>	<u>100.00</u>	<u>21,608</u>	<u>100.00</u>

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

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

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

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

	<b>31 December 2020</b>		<b>30 June 2020</b>	
	<b>No. of Units</b>	<b>USD</b>	<b>No. of Units</b>	<b>USD</b>
The Manager	-	-	-	-
Valuecap	-	-	-	-
Shareholders of Valuecap	3,333,300	5,446,279	5,990,200	7,999,912
	<u>3,333,300</u>	<u>5,446,279</u>	<u>5,990,200</u>	<u>7,999,912</u>

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

## MyETF DOW JONES U.S TITANS 50

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JULY 2020 TO 31 DECEMBER 2020 (CONTINUED)

#### 12 MANAGEMENT FEE

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

For the financial period ended 31 December 2020, the management fee was recognised at a rate of 0.4% (2019: 0.4%) per annum on the NAV of the Fund, calculated on a daily basis.

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

#### 13 TRUSTEE'S FEE

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

For the financial period ended 31 December 2019, the Trustee's fee was recognised at a rate of 0.035% (2019: 0.035%) per annum on the NAV of the Fund, subject to a minimum of RM12,000 per annum (excluding foreign sub-custodian fees and charges), calculated on a daily basis.

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

#### 14 LICENSE FEE

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

For the financial period ended 31 December 2019, the License Fee was recognised at a rate of 0.04% (2019: 0.04%) per annum, subject to an annual minimum fee of USD8,000 per annum, calculated on a daily basis.

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

#### 15 OTHER EXPENSES

	<u>01.07.2020 to</u> <u>31.12.2020</u> USD	<u>01.07.2019 to</u> <u>31.12.2019</u> USD
Custody fee	7,648	3,433
Other expenses	4,385	3,205
Withholding taxes	16,296	38,211
	<u>28,329</u>	<u>44,849</u>

MyETF DOW JONES U.S TITANS 50

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 JULY 2020 TO 31 DECEMBER 2020 (CONTINUED)

16 TAXATION

	<u>01.07.2020 to</u> <u>31.12.2020</u> USD	<u>01.07.2019 to</u> <u>31.12.2019</u> USD
Tax charged for the financial period:		
- Current taxation	-	-
	<u>                    </u>	<u>                    </u>

The explanation of the relationship between taxation and profit/(loss) before taxation of the Fund is as follows:

	<u>01.07.2020 to</u> <u>31.12.2020</u> USD	<u>01.07.2019 to</u> <u>31.12.2019</u> USD
Profit before taxation	1,706,956	1,746,836
Tax at Malaysian statutory rate of 24% (2019: 24%)	409,669	419,241
Tax effect of:		
- Investment income not subject to tax	(423,643)	(442,090)
- Restriction on tax deductible expenses for exchange-traded funds	4,385	7,919
- Expenses not deductible for tax purposes	9,589	14,930
	<u>                    </u>	<u>                    </u>
	<u>                    </u>	<u>                    </u>

17 INCOME DISTRIBUTION

There is no income distribution declared for the financial period ended 31 December 2020.

MyETF DOW JONES U.S TITANS 50

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 JULY 2020 TO 31 DECEMBER 2020 (CONTINUED)

18 MANAGEMENT EXPENSE RATIO ("MER")

	<u>01.07.2020 to</u> <u>31.12.2020</u> %	<u>01.07.2019 to</u> <u>31.12.2019</u> %
MER	<u>0.45</u>	<u>0.33</u>

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 transaction costs)
H	=	Average net asset value of Fund calculated on daily basis

The average net asset value of the Fund for the financial period calculated on a daily basis is USD8,070,068 (2019: USD14,471,344).

19 PORTFOLIO TURNOVER RATIO ("PTR")

	<u>01.07.2020 to</u> <u>31.12.2020</u>	<u>01.07.2019 to</u> <u>31.12.2019</u>
PTR (times)	<u>0.44</u>	<u>0.11</u>

PTR is derived from the following calculation:

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

where: total acquisition for the financial period	=	USD2,312,219 (2019: USD879,925)
total disposal for the financial period	=	USD4,728,097 (2019: USD2,313,008)

## MyETF DOW JONES U.S TITANS 50

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JULY 2020 TO 31 DECEMBER 2020 (CONTINUED)

#### 20 SEGMENT REPORTING

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

As at 31 December 2020, there were single unit holder (31 December 2019: 2 unit holders) who held more than 10% of the Fund's NAV. The unit holders' holding were 37.01% (31 December 2019: 76.85% and 13.33% respectively).

#### 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>31 December 2020</u> USD	<u>31 December 2019</u> USD
Creation		
- Cash component	1,874,289	-
	<u>1,874,289</u>	<u>-</u>
	<u>1,874,289</u>	<u>-</u>
Cancellation		
- Cash component	4,317,932	1,735,500
	<u>4,317,932</u>	<u>1,735,500</u>
	<u>4,317,932</u>	<u>1,735,500</u>

#### 22 FAIR VALUES OF FINANCIAL INSTRUMENTS

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

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

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

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

## MyETF DOW JONES U.S TITANS 50

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JULY 2020 TO 31 DECEMBER 2020 (CONTINUED)

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

##### (i) Fair value hierarchy

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

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

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

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

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

	<u>Level 1</u> USD	<u>Level 2</u> USD	<u>Level 3</u> USD	<u>Total</u> USD
<b><u>31 December 2020</u></b>				
Financial assets at fair value through profit or loss				
- Quoted Shariah-compliant shares	8,983,146	-	-	8,983,146
	<u>8,983,146</u>	<u>-</u>	<u>-</u>	<u>8,983,146</u>

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

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