



2017

ANNUAL REPORT

MyETF MSCI Malaysia Islamic Dividend

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

www.myetf.com.my



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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, HP Towers
No. 12 Jalan Gelenggang
Bukit Damansara
50490 Kuala Lumpur
Malaysia

Tel. No. +603 2093 7119

Fax No. +603 2094 7119

Board of Directors

(Please refer to pages 56-62 for profile of the Directors)

Rosli Bin Abdullah

Chairman/Independent Non-Executive Director

Sharifatu Laila Binti Syed Ali

Non-Independent Non-Executive Director

Hassan Bin Ibrahim

Independent Non-Executive Director

Y.M. Tunku Afwida Binti Tunku A. Malek

Independent Non-Executive Director

Nik Amlizan Binti Mohamed

Non-Independent Non-Executive Director

Datuk Mohd. Nasir Bin Ali

Independent Non-Executive Director

Mahdzir Bin Othman

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

Khairi Shahrin Arief Bin Baki

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

Company Secretaries

Firdaus Bin Ahmad Radhi (LS 0009423)

Mirza Mohamad (MAICSA 7051997)

Level 10, Block B, HP Towers

No. 12 Jalan Gelenggang

Bukit Damansara

50490 Kuala Lumpur

Malaysia

Tel. no.: +603 2788 5111

FUND INFORMATION *(continued)*

Investment Committee <i>(Please refer to page 64 for profile of the Members)</i>	: Y.M. Tunku Afwida Binti Tunku A. Malek <i>Chairman/Independent Member</i> Hassan Bin Ibrahim <i>Independent Member</i> Shaharin Bin Md. Hashim <i>Non-Independent Member</i>
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
Auditor of the Manager and the Fund	: PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146) <u>Registered/ Business Address</u> Level 10, 1 Sentral Jalan Rakyat Kuala Lumpur Sentral 50706 Kuala Lumpur Malaysia <u>Mailing Address</u> PO Box 10192 50706 Kuala Lumpur Malaysia Tel. No. +603 2173 1188 Fax No. +603 2173 1288
Tax Consultant	: PricewaterhouseCoopers Taxation Services Sdn. Bhd. (464731-M) Level 10, 1 Sentral Jalan Rakyat Kuala Lumpur Sentral PO Box 10192 50706 Kuala Lumpur Malaysia Tel. No. +603 2173 1188 Fax No. +603 2173 1288

FUND INFORMATION *(continued)*

Fund Accountant : Deutsche Bank (Malaysia) Berhad (312552-W)
Level 20, Menara IMC
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Website www.db.com

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

*(Please refer to
pages 66-68 for
corporate
information,
experience and
details of the
designated person
for the Shariah
Adviser)*

Registered address
Unit 11-3A, 3rd Mile Square,
No. 151, Jalan Klang Lama Batu 3 ½,
58100 Kuala Lumpur

Business address
Level 33, Menara Binjai,
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Tel. no.: (+603) 2181 8228
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Website: www.amanieadvisors.com

**Participating
Dealers** : CIMB Bank Berhad (13491-P)
Level 13, Menara CIMB
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Index Licensor : MSCI Inc.
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United States of America

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Fax No. +1 212 809 1213

FUND INFORMATION *(continued)*

Share Registrar : Symphony Share Registrars Sdn. Bhd. (378993-D)
Level 6, Symphony House
Pusat Dagangan Dana 1
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MANAGER'S REPORT

For the Financial Period 1 January to 31 December 2017

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.

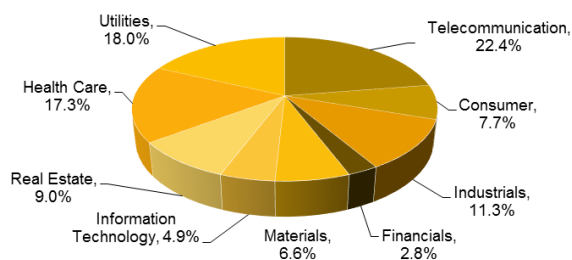
The Parent Index is a free-float adjusted market capitalisation weighted index that is designed to measure the equity market performance of Malaysia. The Parent Index and Benchmark Index consist only of Shariah-compliant securities which are approved by the MSCI Shariah Supervisory Committee ("MSSC")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

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

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

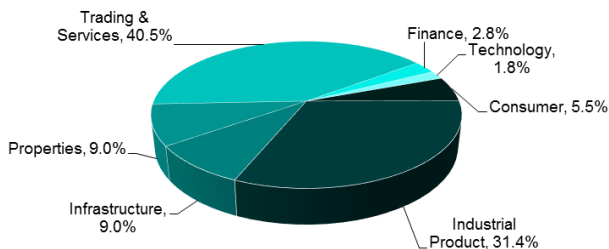
Based on the latest semi-annual review (30 November 2017), the sector allocation of MIMYDY40 Index based on MSCI and Bursa Securities sector classifications are as follows:

Chart 1(a): Sector Classification – MSCI



Source: MSCI

Chart 1(b): Sector Classification - Bursa Securities



Sources: Bursa Malaysia, MSCI

3. Investment Strategy

During the year under review, the Manager tracked the performance of the Benchmark Index by investing all, or substantially all, of the Fund's assets in the constituents of the Benchmark Index in substantially the same weightings as they appear in the Benchmark Index.

The Manager 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

For Financial Year 2017, the Fund continued to achieve its investment objective which is to track closely the underlying Benchmark Index, i.e. MIMYDY40 Index. As at 31 December 2017, the 3-year rolling tracking error¹ between the NAV per unit of the Fund and the Benchmark Index on Price Return and Total Return basis was 1.09% and 0.89% respectively, which were within the 3% limit stipulated under the Fund's investment objective.

In terms of NAV movement, the Fund's NAV per unit increased by 15.34% for the year from RM1.0210 to RM1.1776 in line with the movement of the Benchmark Index and Benchmark's Total Return Index which appreciated by 13.49% and 17.35% respectively for the year. The Fund's NAV per unit which hit the year's low of RM1.0175 on 19 January, gradually improved throughout the year. Despite intermittent pullbacks, the Fund continued to record new year highs before closing the year with the NAV at its highest level of the

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

year of RM1.1776 per unit. Similarly, the Fund's unit price traded on the Bursa Securities moved in tandem with the NAV and closed at the year's high of RM1.1400, representing a 12.32% gain. The Fund also declared an income distribution of 1.52 sen per unit during the year, translating to the total return of the Fund of 17.04%.

As at end of December, total NAV of the Fund stood at RM56.52 million with 48 million units in circulation. The key statistics and comparative performance of the Fund as compared to the previous years are summarised as follows:

Table 1: Key Statistics

	As at 31-Dec-17	As at 31-Dec-16	YoY Change	As at 31-Dec-15
NAV per unit (RM) [#]	1.1776	1.0210	15.34%	1.0782
- Highest	1.1776 (29 Dec)	1.0794 (6 Jan)		1.0801 (29 Dec)
- Lowest	1.0175 (19 Jan)	0.9755 (16 Jun)		0.9376 (17 Aug)
<i>(During the year)</i>				
Price per unit (RM) [#]	1.1400	1.0150	12.32%	1.0750
- Highest	1.1400 (29 Dec)	1.0750 (6 Jan)		1.0750 (29 Dec)
- Lowest	1.0150 (3 Jan)	0.9740 (24 Jun)		0.9400 (17 Aug)
<i>(During the year)</i>				
Units in Circulation	48,000,000	51,600,000	(6.98%)	21,600,000
Total NAV (RM)	56,522,719	52,683,579	7.29%	23,289,939
Market Capitalisation (RM)	54,720,000	52,374,000	4.48%	23,220,000
MIMYDY40 Index	2,666.89	2,349.94	13.49%	2,446.78
MIMYDY40 Total Return Index	4,302.13	3,666.03	17.35%	3,696.95
Tracking Error vs. Price Return MIMYDY40 Index (%) [*]	1.09 [^]	1.06		1.15
Tracking Error vs. Total Return MIMYDY40 Index (%) [*]	0.89 [^]	0.85		0.92
Management Expense Ratio (%)	0.69	0.71		0.61

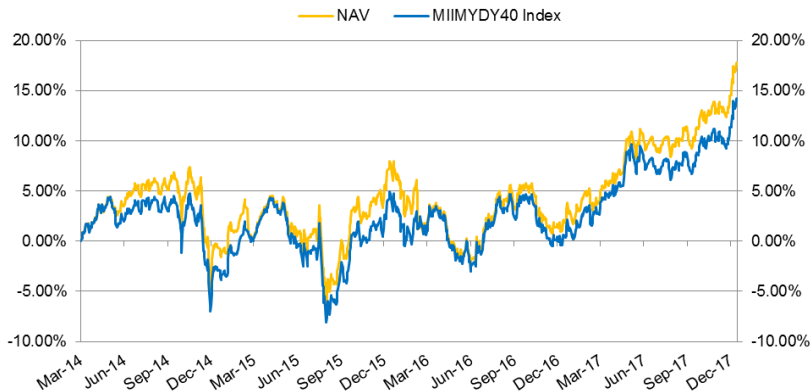
Sources: Bloomberg, i-VCAP

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

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

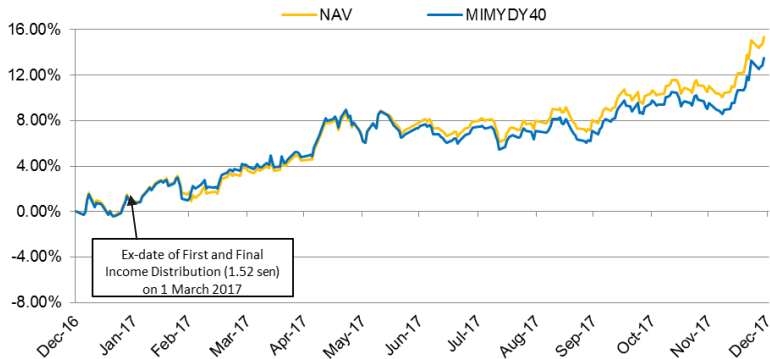
[^] The 3-year rolling tracking error between the NAV per unit of the Fund and the Price Return and Total Return Benchmark Index. The calculation was independently sourced from Novagni Analytics and Advisory Sdn. Bhd.

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



Sources: Bloomberg, i-VCAP

Chart 2(b): Fund NAV Per Unit vs. Benchmark Index – Performance in 2017



Sources: Bloomberg, i-VCAP

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

Table 2(a): Annual Return

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

Sources: Bloomberg, i-VCAP

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

(b) The inception date of the Fund was on 17 March 2014.

Table 2(b): Cumulative Returns

	Cumulative Returns ^(b)				
	3-Month (%)	6-Month (%)	1-Year (%)	3-Year (%)	Since Inception (%)
MyETF-MMID - NAV Price Return ^(a)	6.73	6.87	15.34	18.55	17.76
MIMYDY40 - Price Return Index	5.98	5.56	13.49	17.61	14.20
MyETF-MMID - NAV Total Return ^(a)	6.73	6.87	17.04	26.81	25.96
MIMYDY40 - Total Return Index	6.72	7.12	17.35	30.06	30.27

Sources: Bloomberg, i-VCAP

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

(b) Cumulative returns are up to 31 December 2017.

Table 2(c): Average Returns (Annualised)

	Average Returns ^(b)				
	3-Month (%)	6-Month (%)	1-Year (%)	3-Year (%)	Since Inception (%)
MyETF-MMID - NAV Price Return ^(a)	26.74	13.63	15.34	6.18	4.68
MIMYDY40 - Price Return Index	23.76	11.04	13.49	5.86	3.74
MyETF-MMID - NAV Total Return ^(a)	26.74	13.63	17.04	8.92	6.83
MIMYDY40 - Total Return Index	26.67	14.13	17.35	10.00	7.97

Sources: Bloomberg, i-VCAP

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

(b) Average returns for both MyETF-MMID and MIMYDY40 Index are annualized figures computed based on the price and total returns for the respective period.

Table 2(d): Historical Income Distribution

	2016	2015
	<u>First & Final</u>	<u>First & Final</u>
Income Distribution Per Unit (Sen)	1.52	3.15
Income Distribution Yield (%)*	1.45	3.03
Declaration Date	13-Feb-17	10 Feb 2016
Ex-Date	01-Mar-17	26 Feb 2016
Payment Date	30-Mar-17	29 Mar 2016
NAV Per Unit Before Ex-Date (RM)	1.0385	1.0512
NAV Per Unit On Ex-Date (RM)	1.0303	1.0125

Source: i-VCAP

* Annualised figures 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, six stocks were removed while four stocks were included into the Fund at its quarterly reviews. The summary of the changes are as follows:

Table 3: Summary of Rebalancing Exercises in 2017

	Stock Inclusions	Stock Exclusions
1Q2017	-	MBM Resources Bhd MISC Bhd
2Q2017	Cahaya Mata Sarawak Bhd Tenaga Nasional Bhd	Axiata Group Bhd Padini Holdings Bhd
3Q2017	-	Digi.Com Bhd
4Q2017	IHH Healthcare Bhd Lingkar Trans Kota Holdings Bhd	Kossan Rubber Industries Bhd

Source: MSCI, i-VCAP

The Manager had undertaken rebalancing exercises during the quarterly reviews to ensure that the Fund's investment would be in line with the changes in the Benchmark Index. In terms of sectoral weightings, notable changes to the Fund's sector composition as compared to the previous year were the increase in Industrial Products from 25.76% to 32.52% while the weighting of Trading/Services, Infrastructure and Consumer Products decreased marginally about 2.0-2.8% respectively. Details of the Fund's key holdings as well as sectoral exposure as at the end of the year are as follows:

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

Stock	% of NAV	Y-o-Y Δ (% holdings)
1. Petronas Gas Bhd	9.50	4.80
2. Telekom Malaysia Bhd	8.92	4.62
3. Maxis Bhd	8.75	(0.63)
4. Tenaga Nasional Bhd	8.54	8.54
5. Top Glove Corporation Bhd	5.12	0.15
6. Hartalega Holdings Bhd	4.84	0.30
7. Bermaz Auto Bhd	4.63	0.05
8. Westports Holdings Bhd	4.57	(0.02)
9. IHH Healthcare Bhd	4.48	4.48
10. Time DotCom Bhd	4.39	1.91
Total	63.74	

Sources: Bloomberg, i-VCAP

Table 5: Fund's Sector Allocation *

	As at 31 Dec 2017	As at 31 Dec 2016	Change (%)
Trading/Services	39.89%	41.94%	(2.05)
Industrial Products	32.52%	25.76%	6.76
Infrastructure	8.53%	11.29%	(2.76)
Properties	8.53%	8.71%	(0.18)
Consumer Products	5.45%	7.60%	(2.15)
Finance	2.85%	2.92%	(0.07)
Technology	1.73%	1.45%	0.28
Cash & Others	0.50%	0.33%	0.17

Sources: Bursa Malaysia, i-VCAP

* Based on Bursa Securities classification

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

Table 6: MyETF-MMID's Investment in Listed Equities

	Quantity (Units)	Market Value (RM)	Market Value as a percentage of Net Asset Value (%)
<u>Trading/Services</u>			
1. Telekom Malaysia Berhad	800,500	5,043,150	8.92
2. Maxis Berhad	823,300	4,948,033	8.75
3. Tenaga Nasional Berhad	1,047,800	4,828,264	8.54
4. Bermaz Auto Berhad	1,188,600	2,614,920	4.63
5. Westports Holdings Berhad	698,000	2,582,600	4.57
6. IHH Healthcare Berhad	432,200	2,532,692	4.48
		22,549,659	39.89
<u>Industrial Products</u>			
7. Petronas Gas Berhad	307,100	5,368,108	9.50
8. Top Glove Corporation Berhad	362,300	2,894,777	5.12
9. Hartalega Holdings Berhad	255,900	2,733,012	4.84
10. Supermax Corporation Berhad	1,188,600	2,176,000	3.85
11. V.S Industry Berhad	541,400	1,629,614	2.88
12. Scientex Berhad	163,100	1,412,446	2.50
13. Cahya Mata Sarawak Berhad	347,900	1,356,810	2.40
14. Ta Ann Holdings Berhad	221,500	810,690	1.43
		18,381,457	32.52
<u>Infrastructure</u>			
15. Time DotCom Berhad	272,900	2,483,390	4.39
16. Lingkaran Trans Kota Berhad	421,800	2,340,990	4.14
		4,824,380	8.53
<u>Properties</u>			
17. Matrix Concepts Holdings Berhad	1,107,100	2,424,549	4.29
18. UOA Development Berhad	1,002,400	2,395,736	4.24
		4,820,285	8.53
<u>Consumer Products</u>			
19. QL Resources Berhad	422,400	1,837,440	3.25
20. Hong Leong Industries Berhad	128,300	1,243,227	2.20
		3,080,667	5.45
<u>Finance</u>			
21. Syarikat Takaful Malaysia Berhad	428,400	1,610,784	2.85
		1,610,784	2.85
<u>Technology</u>			
22. Malaysian Pacific Industries Berhad	77,100	973,002	1.73
		973,002	1.73
		56,240,234	99.50

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 RM784,320 in March 2017 in relation to the final distribution of 1.52 sen per unit for Financial Year Ended 2016 (declared in February 2017). For Financial Year Ended 2017, the Fund has announced the first and final income distribution of 2.81 sen per unit, to be paid to the unitholders in March 2018. The first and final income distribution amount is derived from the dividend income that the Fund received from its stocks investment holding and 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 year under review. There is also no other material information that will adversely affect the Fund's valuation and the interest of unit holders.

7. Soft Dollar Commissions

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

8. Market Review and Outlook

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

Amid synchronised global economic growth, the surprisingly strong Malaysian GDP growth has failed to re-rate the Malaysian equity market as earnings delivery in 2017 has lagged expectations while consumer sentiment remains downbeat. Although significantly underperforming global equity markets in 2017, the FBMKLCI was up 9.45% after 4 years of losses, likely due to its severe underperformance, improving macro datapoints and attractive valuations.

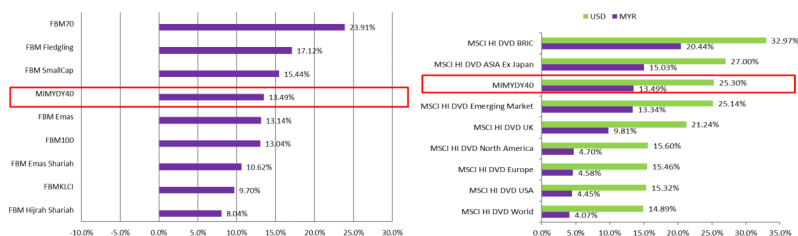
The MIMYDY40 Index had a positive start to the year and managed to sustain the positive momentum throughout the year. The benchmark index closed the year at its year's high of 2,666.89 points, translating to an increase of 14.49% yoy. On comparative performance within domestic indices, the MIMYDY40 Index outperformed other local main indices but lagged behind FBM70, FBM Fledgling and FBM Small Cap indices. Meanwhile, compared to MSCI High Dividend Yield index series, the MIMYDY40 Index outperformed most regional indices. The relatively favourable performance of MIMYDY40 Index during the year was attributed to the strong performance of the mid-cap glove manufacturers, technology and industrial stocks given their resilient earnings with some of them benefiting most from the currency movement.

Chart 3: MIMYDY40 Index Performance in 2017



Sources: Bloomberg, i-VCAP

Chart 4: Comparative Performance of MIMYDY40 Index against Local Indices and MSCI High Dividend Indices



Sources: Bloomberg, i-VCAP

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

The growth outlook for regional economies also remains promising, with strong growth driven by robust private sector expenditure and increased external demand. China's economic growth is projected to moderate to 6.4% in 2018 from the estimated 6.8% growth in 2017 as the economy is rebalancing towards domestic consumption and away from investment and external demand.

The positive outlook for these economies is predicated on expectations of continued high levels of private sector expenditure, which will remain the primary driver of growth, with further impetus from increasing global trade and manufacturing activity. As a result of these factors, expectations for Malaysia's growth outlook have also increased, particularly the expected expansion in Malaysia's exports.

Domestic demand is expected to be the main driver of growth for Malaysia. Favourable labour market conditions and income growth, improved consumer sentiment and ongoing income support measures are expected to sustain the private consumption growth rate. Measures under the 2018 budget to reduce income tax rates for individuals in the lower income brackets and to provide cash bonuses to current and former public servants will also support private consumption. The headline inflation rate is also expected to decline as the price pressures arising from global cost factors recede.

The improving news flows, the undervalued of Ringgit against regional peers, the return of corporate earnings growth and attractive valuations are the main factors which might lead to a re-rating of local equities. As such, MyETF-MMID which comprise of large and mid-cap stocks coupled with competitive dividend payout, can be an option for investors who seek growth and income opportunities.

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 2017. To the best of our knowledge, for the financial year under review, i-VCAP Management Sdn. Bhd. (the "Manager") has operated and managed the Fund in accordance with the following:-

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

We are of the view that the distribution made during the financial year ended 31 December 2017 by the Manager is not inconsistent with the objectives of the Fund.

For Deutsche Trustees Malaysia Berhad

A handwritten signature in black ink, appearing to read 'Soon Lai Ching'.

Soon Lai Ching
Senior Manager, Trustee Operations

12 Feb 2018

Kuala Lumpur

A handwritten signature in black ink, appearing to read 'Richard Lim Hock Seng'.

Richard Lim Hock Seng
Chief Executive Officer

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 2017. Our responsibility is to ensure that the procedures and processes employed by i-VCAP Management Sdn. Bhd are in accordance with Shariah.

In our opinion, the Manager of the Fund, i-VCAP Management Sdn. Bhd. has managed and administered the Fund in accordance with the Shariah Investment Guidelines and complied with applicable guidelines, rulings or decisions issued by the Securities Commission Malaysia pertaining to Shariah matters for the financial year ended 31 December 2017.

In addition, we also confirm that the investment portfolio of the Fund comprises securities which have been classified as Shariah-compliant by the Shariah Advisory Council of the Securities Commission Malaysia. For investments other than abovementioned, we have reviewed the same and of the opinion that these investments were in accordance with the Shariah Investment Guidelines of the Fund.

This report is made solely to the unit holders of the Fund, as the body, and for no other purpose. We do not assume responsibility to any other person for the content of this report and we shall not be liable for any errors or non-disclosure on the part of the Manager.

For and on behalf of Shariah Adviser
Amanie Advisors Sdn. Bhd

DATUK DR MOHD DAUD BAKAR
Executive Chairman

12 Feb 2018

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

STATEMENT BY THE MANAGER

I, Khairi Shahrin Arief Bin Baki, being a Director of the Manager, do hereby state that, in the opinion of the Manager, the financial statements set out on pages 28 to 54 are drawn up in accordance with the provisions of the Deed and give a true and fair view of the state of affairs of the Fund as at 31 December 2017 and of its results, changes in net assets attributable to unit holders and cash flows of the Fund for the financial year ended on that date in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Securities Commission's Guidelines on Exchange-Traded Funds.



KHAIRI SHAHRIN ARIEF BIN BAKI

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

Kuala Lumpur
12 February 2018

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF MyETF MSCI 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 2017, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

What we have audited

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 31 December 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 28 to 54.

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 RM56,240,324.</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. No misstatements were identified by our testing.</p> <p>We have tested the existence of the investment portfolio by agreeing the holdings for investments to an independent custodian confirmation. No 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 REPORTING RESPONSIBILITIES

The supplementary information set out in Note 23 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Manager is responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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

OTHER MATTERS

This report is made solely to the members of the Fund for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

MANJIT SINGH A/L HAJANDER SINGH
02954/03/2019 J
Chartered Accountant

Kuala Lumpur
12 February 2018

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

	<u>Note</u>	<u>2017</u> RM	<u>2016</u> RM
INVESTMENT INCOME			
Gross dividend income		1,835,488	1,123,473
Profit from short term Shariah-compliant deposits		8,189	6,433
Net gain /(loss) on financial assets at fair value through profit or loss	10	7,349,156	(728,688)
		<u>9,192,833</u>	<u>401,218</u>
EXPENSES			
Management fee	4	(220,753)	(148,852)
Trustee's fee	5	(24,835)	(16,746)
License fee	6	(33,413)	(22,328)
Transaction cost		(104,492)	(78,382)
Auditors' remuneration		(15,670)	(15,601)
Tax agent's fee		(3,900)	(9,459)
Shariah adviser's fee		(7,445)	(6,000)
Purification of non Shariah-compliant income		(13,714)	(16,240)
Other expenses	7	(66,464)	(31,570)
		<u>(490,686)</u>	<u>(345,178)</u>
PROFIT BEFORE TAXATION		<u>8,702,147</u>	<u>56,040</u>
Taxation	8	-	-
PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		<u><u>8,702,147</u></u>	<u><u>56,040</u></u>
Profit after taxation is made up as follows:			
Realised amount		3,882,758	1,474,497
Unrealised amount		4,819,389	(1,418,457)
		<u><u>8,702,147</u></u>	<u><u>56,040</u></u>

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

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	<u>Note</u>	<u>2017</u> <u>RM</u>	<u>2016</u> <u>RM</u>
ASSETS			
Financial assets at fair value through profit or loss	10	56,240,234	52,510,014
Dividends receivable	11	49,268	66,544
Cash and cash equivalents	12	318,191	172,169
TOTAL ASSETS		<u>56,607,693</u>	<u>52,748,727</u>
LIABILITIES			
Amount due to Manager		17,972	17,143
Amount due to Trustee		2,022	1,929
Auditors' remuneration		15,618	15,601
Tax agent's fee		4,105	9,459
Shariah adviser's fee		7,140	6,000
Payables	13	38,110	15,016
TOTAL LIABILITIES		<u>84,967</u>	<u>65,148</u>
NET ASSET VALUE OF THE FUND		<u>56,522,726</u>	<u>52,683,579</u>
EQUITY			
Unit holders' capital		47,567,320	51,646,000
Retained earnings		8,955,406	1,037,579
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS	15	<u>56,522,726</u>	<u>52,683,579</u>
NUMBER OF UNITS IN CIRCULATION	15	<u>48,000,000</u>	<u>51,600,000</u>
NET ASSET VALUE PER UNIT (RM)		<u>1.1776</u>	<u>1.0210</u>

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

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

	Note	Unit holders' capital	Retained earnings	Total
		RM	RM	RM
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
Balance as at 1 January 2016		21,628,000	1,661,939	23,289,939
Total comprehensive income for the financial year		-	56,040	56,040
Distribution for the financial year ended 31 December 2015	9	-	(680,400)	(680,400)
Creation of units		30,018,000	-	30,018,000
Balance as at 31 December 2016		51,646,000	1,037,579	52,683,579

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

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

	<u>Note</u>	<u>2017</u> <u>RM</u>	<u>2016</u> <u>RM</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in purchase of investments		(29,856,292)	(20,603,100)
Proceeds from sales of investments		29,403,110	20,448,622
Dividends received		1,852,764	1,078,806
Profit from short term Shariah-compliant deposits		8,189	6,433
Management fee paid		(219,924)	(139,444)
Trustee fee paid		(24,742)	(17,826)
License fee paid		(17,267)	(16,402)
Purification of non Shariah-compliant income		(13,714)	(16,161)
Payment for other fees and expenses		(195,221)	(146,263)
		<hr/>	<hr/>
Net cash generated in operating activities		936,903	594,665
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from creation of units	21	-	157,079
Payments for cancellation of units	21	(6,561)	-
Payment for income distribution	9	(784,320)	(680,400)
		<hr/>	<hr/>
Net cash used in financing activities		(790,881)	(523,321)
NET INCREASE IN CASH AND CASH EQUIVALENTS			
		146,022	71,344
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR			
		<hr/> 172,169	<hr/> 100,825
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR			
	12	<hr/> <hr/> 318,191	<hr/> <hr/> 172,169

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

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

The preparation of financial statements in conformity with MFRS and IFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the financial year. It also requires the Manager to exercise their judgement in the process of applying the Fund's accounting policies. Although these estimates and judgement are based on the 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 2017:

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

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

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

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

- (b) The new standards and amendments to published standards that are applicable to the Fund but not yet effective and have not been early adopted are as follows:

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

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

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

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

For liabilities, the standard retains most of the MFRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

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

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

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

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

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

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

B INCOME FROM SHARIAH-COMPLIANT FINANCIAL INSTRUMENTS

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

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

C NON SHARIAH-COMPLIANT INCOME

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

This non Shariah-compliant Income is subject to an income purification process as determined by the 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

(i) Classification

The Fund designates its investment in equity securities as financial assets at fair value through profit or loss at inception.

Financial assets are designated at fair value through profit or loss when they are managed and their performance evaluated on a fair value basis.

Financing and receivables are non-derivative financial assets with fixed or determinable payment that are not quoted in an active market and have been included in current assets. The Fund's financing and receivables comprise, cash and cash equivalents and dividends receivable which are all expected to realise within 12 months.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (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 are expensed in profit or loss.

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

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

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

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

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

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

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

F FINANCIAL ASSETS (CONTINUED)

(iii) Impairment of financial assets

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.

G FINANCIAL LIABILITIES

(i) Classification

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

The Fund classifies amount due to index licensor, amount due to beneficial organizations, printing costs and other payables and accruals as other financial liabilities.

(ii) Recognition and measurement

Financial liabilities, within the scope of MFRS 139, are recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the financial instrument.

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

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

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.

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 NET GAINS/(LOSSES)

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

L DISTRIBUTION

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

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

L DISTRIBUTION (CONTINUED)

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

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

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

1 INFORMATION ON THE FUND

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

The Fund was launched on 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 12 February 2018.

2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

	Note	Financing and receivables	Financial asset at fair value through profit or loss	Total
		RM	RM	RM
2017				
Financial assets at fair value through profit or loss	10	-	56,240,234	56,240,234
Dividends receivable		49,268	-	49,268
Cash and cash equivalents	12	318,191	-	318,191
Total		367,459	56,240,234	56,607,693
2016				
Financial assets at fair value through profit or loss	10	-	52,510,014	52,510,014
Dividends receivable		66,544	-	66,544
Cash and cash equivalents	12	172,169	-	172,169
Total		238,713	52,510,014	52,748,727

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

2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

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

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

Market risk

Price Risk

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

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

	<u>2017</u> RM	<u>2016</u> RM
Financial assets at fair value through profit or loss	56,240,234	52,510,014

The table below summarises the sensitivity of the Fund's unrealized income or loss to equity price movements as at 31 December. The analysis is based on the assumptions that the MSCI 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.

2017

% Change in benchmark index	Benchmark index	Impact to profit after tax/NAV	
		Market value 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

2016

% Change in benchmark index	Benchmark index	Impact to profit after tax/NAV	
		Market value RM	RM
-10%	2,114.95	48,662,637	(3,847,377)
0%	2,349.94	52,510,014	-
10%	2,584.93	56,357,391	3,847,377

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

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

2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Profit rate risk

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

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

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

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 RM	Dividends receivable RM	Total RM
2017			
Financial institutions			
– AAA	318,191	-	318,191
Others	-	49,268	49,268
	<u>318,191</u>	<u>49,268</u>	<u>367,459</u>
2016			
Financial institutions			
– AAA	172,169	-	172,169
Others	-	66,544	66,544
	<u>172,169</u>	<u>66,544</u>	<u>238,713</u>

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

3 CAPITAL AND LIQUIDITY RISK MANAGEMENT

The capital of the Fund is represented by the net assets attributable to unit holders 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
<u>2017</u>			
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>
<u>2016</u>			
Amount due to Manager	17,143	-	17,143
Amount due to Trustee	1,929	-	1,929
Auditors' remuneration	-	15,601	15,601
Tax agent's fee	-	9,459	9,459
Shariah adviser's fee	-	6,000	6,000
Payables	1,144	13,872	15,016
	<u>20,216</u>	<u>44,932</u>	<u>65,148</u>

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

4 MANAGEMENT FEE

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

For the financial year ended 31 December 2017, the management fee was recognised at a rate of 0.4% (2016: 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 2017, the Trustee's fee was recognised at a rate of 0.045% (2016: 0.045%) per annum on the NAV of the Fund, subject to a minimum of RM12,000 per annum, inclusive of local custodian fee, calculated on a daily basis.

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

6 LICENSE FEE

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

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

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

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

7 OTHER EXPENSES

	<u>2017</u> RM	<u>2016</u> RM
Printing cost	3,500	3,500
GST expense	28,934	15,616
Other expenses	34,030	12,454
	<u>66,464</u>	<u>31,570</u>

8 TAXATION

	<u>2017</u> RM	<u>2016</u> RM
Tax charged for the financial period:		
- Current taxation	-	-

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

	<u>2017</u> RM	<u>2016</u> RM
Profit before taxation	8,702,147	56,040
Tax at Malaysian statutory rate of 24%	2,088,515	13,450
Tax effect of:		
Investment income not subject to tax	(2,206,280)	(96,292)
Restriction on tax deductible expenses for exchange-traded funds	60,183	40,308
Expenses not deductible for tax purposes	57,582	42,534
	<u>-</u>	<u>-</u>

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

9 INCOME DISTRIBUTION

Distribution to unit holders is from the following sources:

	<u>2017</u> <u>RM</u>	<u>2016</u> <u>RM</u>
Undistributed net exempt income brought forward	784,320	680,400
Exempt dividend income	-	-
Profits from money market placements	-	-
	<u>784,320</u>	<u>680,400</u>
Less: Expenses		
Exempt non Shariah-compliant income	-	-
Fund related expenses	-	-
	<u>784,320</u>	<u>680,400</u>
Total amount of income distribution	<u><u>784,320</u></u>	<u><u>680,400</u></u>

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

<u>Distribution</u> <u>date (ex-date)</u>	<u>Cum-distribution</u> <u>RM</u>	<u>Distribution</u> <u>per unit</u> <u>RM</u>	<u>Ex-distribution</u> <u>RM</u>
2017			
1 March 2017	1.0455	0.0152	1.0303
2016			
26 February 2016	1.0440	0.0315	1.0125

Included in the above is an amount of RM784,320 distributed from previous financial year's undistributed net realised exempt income.

The first and final income distribution for the financial year ended 31 December 2016 of 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 2017.

Subsequent to 31 December 2017, 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.

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

10 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>2017</u> RM	<u>2016</u> RM
Designated at fair value through profit or loss at inception		
- Quoted shares - local	56,240,234	52,510,014
	<u>56,240,234</u>	<u>52,510,014</u>
Net gain /(loss) on financial assets at fair value through profit or loss		
- Realised gain	2,529,767	689,769
- Unrealised gain/(loss)	4,819,389	(1,418,457)
	<u>7,349,156</u>	<u>(728,688)</u>

11 DIVIDENDS RECEIVABLE

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

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

12 CASH AND CASH EQUIVALENTS

	<u>2017</u> RM	<u>2016</u> RM
Shariah compliant deposit with a licensed bank	124,988	-
Cash at bank – From Shariah-compliant income	192,983	172,090
Cash at bank – From non Shariah-compliant income	220	79
	<u>318,191</u>	<u>172,169</u>

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

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

As at the end of financial year ended 31 December 2017, the Shariah-compliant deposit with a licensed bank of the Fund have a weighted average maturity period of 3 days (2016: nil) and are denominated in Ringgit Malaysia.

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

13 PAYABLES

	<u>2017</u> RM	<u>2016</u> RM
Amount due to index licensor	16,147	5,926
Amount due to beneficial organisations (Note 14)	220	79
Printing cost	3,500	3,500
Payables	18,243	5,511
	<u>38,110</u>	<u>15,016</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>2017</u> RM	<u>2016</u> RM
Cash at bank – non Shariah-compliant income	220	79

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 2017 (CONTINUED)

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

Net asset value attributable to unit holders is represented by:

	<u>Note</u>	<u>2017</u> <u>RM</u>	<u>2016</u> <u>RM</u>
Unit holders' contribution	(a)	47,567,320	51,646,000
Retained earnings		8,955,406	1,037,579
		<u>56,522,726</u>	<u>52,683,579</u>

(a) UNIT HOLDERS' CONTRIBUTION/UNITS IN CIRCULATION

	<u>No. of Units</u>	<u>2017</u> <u>RM</u>	<u>No. of Units</u>	<u>2016</u> <u>RM</u>
At beginning of the financial year	51,600,000	51,646,000	21,600,000	21,628,000
Creation during the financial year	-	-	30,000,000	30,018,000
Cancellation during the financial year	(3,600,000)	(4,078,680)	-	-
At the end of the financial year	<u>48,000,000</u>	<u>47,567,320</u>	<u>51,600,000</u>	<u>51,646,000</u>

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

16 TRANSACTIONS WITH BROKERS

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>

Details of transactions with the brokers for the financial year ended 31 December 2016 are as follows:

<u>Name of brokers</u>	Value of trade	Percentage of total trades	Brokerage fees	Percentage of total brokerage
	RM	%	RM	%
BIMB Securities Sdn. Bhd.	21,525,903	52.44	25,986	52.39
RHB Investment Bank Bhd.	14,114,611	34.38	17,119	34.52
Alliance Investment Bank Bhd.	3,915,702	9.54	4,699	9.47
Maybank Investment Bank Bhd.	1,138,506	2.77	1,366	2.75
CIMB Investment Bank Bhd.	357,000	0.87	428	0.87
	<u>41,051,722</u>	<u>100.00</u>	<u>49,598</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>
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

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

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

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

	No. of Units	2017 RM	No. of Units	2016 RM
The Manager	487,800	574,433	504,100	514,686
Valuecap	24,502,200	28,853,791	30,475,900	31,115,894
Shareholders of Valuecap	16,102,500	18,962,304	17,181,500	17,542,312
	<u>41,092,500</u>	<u>48,390,528</u>	<u>48,161,500</u>	<u>49,172,892</u>

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

(b) Transactions with Government-related entities

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

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

18 MANAGEMENT EXPENSE RATIO ("MER")

	2017 %	2016 %
MER	<u>0.69</u>	<u>0.70</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 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 RM55,497,814 (2016: RM37,369,213).

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

19 PORTFOLIO TURNOVER RATIO ("PTR")

	<u>2017</u>	<u>2016</u>
PTR (times)	<u>0.57</u>	<u>0.95</u>

PTR is derived from the following calculation:

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

where: total acquisition for the financial year = RM29,856,292 (2016: RM50,505,319)
total disposal for the financial year = RM33,475,229 (2016: RM20,407,822)

The average net asset value of the Fund for the financial period calculated on a daily basis is RM55,497,814 (2016: RM37,369,213).

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 t, 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 2017 (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>2017</u> RM	<u>2016</u> RM
Creation		
- Fair value of benchmark index shares	-	29,860,921
- Cash component	-	157,079
	<u>-</u>	<u>30,018,000</u>
Cancellation		
- Fair value of benchmark index shares	4,072,119	-
- Cash component	6,561	-
	<u>4,078,680</u>	<u>-</u>

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

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.

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.

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

22 FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(i) Fair value hierarchy (continued)

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>2017</u>				
Financial assets at fair value through profit or loss				
- Quoted shares	<u>56,240,234</u>	<u>-</u>	<u>-</u>	<u>56,240,234</u>
<u>2016</u>				
Financial assets at fair value through profit or loss				
- Quoted shares	<u>52,510,014</u>	<u>-</u>	<u>-</u>	<u>52,510,014</u>

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

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

The carrying values of cash and cash equivalents, amount due from Manager, rebate of management fee receivable and all current liabilities are a reasonable approximation of the fair values due to their short term nature.

ANALYSIS OF UNIT HOLDINGS

Summary of Unit Holders

As at 30 January 2018

	No. of unit holders	% of unit holders	No. of units held	% of units in circulation
Less than 100	3	4.54	91	0.00
100 - 1,000	17	25.76	9,309	0.02
1,001 - 10,000	21	31.82	108,700	0.28
10,001 - 100,000	12	18.18	385,700	0.99
100,001 to less than 5% of issued units	8	12.12	5,555,400	14.17
5% and above of issued units	5	7.58	33,140,800	84.54
TOTAL	66	100.00	39,200,000	100.00

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

DIRECTORS' PROFILE

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

DIRECTORS' PROFILE *(continued)*

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

None

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

DIRECTORS' PROFILE *(continued)*

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

DIRECTORS' PROFILE *(continued)*

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

DIRECTORS' PROFILE (continued)

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

DIRECTORS' PROFILE (continued)

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

DIRECTORS' PROFILE (continued)

Name:	Khairi Shahrin Arief Bin Baki
Age:	37
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:	None
Family relationship with any director:	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 10 years other than traffic offences:	None

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

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

INVESTMENT COMMITTEE MEMBER'S PROFILE

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

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

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

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

SHARIAH ADVISER'S PROFILE

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

Corporate Information : Principal Activities
Amanie is a Shariah advisory, consultancy, training and research and development boutique for institutional and corporate clientele focusing on Islamic financial services. Amanie is a registered Shariah advisory company for Islamic unit trust with the SC.

Amanie also focuses on organizational aspect of the development of human capital in Islamic finance worldwide through providing updated quality learning embracing both local and global issues on Islamic financial products and services.

Shareholding

The authorised & paid-up capital is RM500,000 divided into 500,000 shares of RM1.00 each.

The shareholders of Amanie are Datuk Dr Mohd Daud Bakar and En Abdul Aziz Bin Abd Jalal.

Experience as Adviser : The company is led by Datuk Dr. Mohd Daud Bakar and teamed by an active and established panel of consultants covering every aspect related to the Islamic banking and finance industry, both in Malaysia and the global market. Currently, the team comprises of six (6) full-time consultants who represent dynamic and experienced professionals with a mixture of corporate finance, accounting, product development, Shariah law and education. Amanie has more than ten (10) years of experience in advisory role in capital markets including unit trust funds and funds management. As at 31 May 2017, Amanie has become the Shariah Adviser for more than 150 funds.

Designated Person : The designated person responsible for Shariah advisory matters of the Fund is Datuk Dr. Mohd Daud Bakar as the Chairman. Other consultants are:
(1) Mohd Zikri Mohd Shairy
(2) Ainul Azura Zakiyudin
(3) Nurul Liyana Kasman

SHARIAH ADVISER'S PROFILE (*continued*)

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

Datuk Dr. Mohd Daud Bakar - Shariah Adviser

Datuk Dr. Mohd Daud Bakar is the Founder and Executive Chairman of Amanie Group that deals with many facets of global Islamic finance from Shariah advisory to structured training to media and to Big Data Analytics. Amanie, one of the companies under the Group, has presence in eight major cities in the world. He currently sits as a Chairman of the Shariah Advisory Council of Bank Negara Malaysia, the SC SAC, the Labuan Financial Services Authority and the International Islamic Liquidity Management Corporation (IILM). He is also a Shariah board member of various financial institutions, including the National Bank of Oman (Oman), Noor Islamic Bank (Dubai), Amundi Asset Management (France), Morgan Stanley (Dubai), Bank of London and Middle East (London), BNP Paribas (Bahrain), Dow Jones Islamic Market Index (New York), First Gulf Bank (UAE), amongst many others. Prior to this, he was the deputy vice-chancellor at the International Islamic University Malaysia. He received his first degree in Shariah from University of Kuwait in 1988 and obtained his PhD from University of St. Andrews, United Kingdom in 1993. In 2002, he completed his external Bachelor of Jurisprudence at University of Malaya. He has published a number of articles in various academic journals and has made many presentations in various conferences both local and overseas. On the recognition side, Datuk Dr. Mohd Daud has been honored with "The Asset Triple A Industry Leadership Award" at The Asset Triple A Islamic Finance Award 2014 by The Asset magazine and been named as the "Most Outstanding Individual", awarded by His Majesty, the King of Malaysia, in conjunction with the national-level Prophet Muhammad's birthday 2014. Datuk is currently the 3rd Professorial Chairholder in Islamic Banking and Finance of Tun Ismail Foundation (YTI-PNB) by Islamic Science University of Malaysia (USIM) and also sits as a Board Director to Sime Darby Berhad.

Mohd Zikri Mohd Shairy

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

SHARIAH ADVISER'S PROFILE *(continued)*

Ainul Azura Zakiyudin

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

Nurul Liyana Kasman

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

Previously, she was positioned at Amanie Global Technology Sdn Bhd where she was exposed in the market research and evaluation of modules for Islamic core banking system. She started her career in February 2015 with Amanie Nexus Sdn Bhd and involved in assisting investors and fund managers to search, identify and monitor Shariah compliance stock for investment related decision before joining Amanie Advisors in 2017.

OTHER INFORMATION

- There were no sanctions and/or penalties imposed on the Fund or its Manager by the relevant regulatory bodies during the financial year and up to the date of this report.
- The following sanction and/or penalty was imposed on the Manager or its Directors during the financial year:-
 - A penalty of RM50 was imposed by the Companies Commission of Malaysia ("CCM") for late submission of notification of change in directorship of public company by one of its directors.
- There was no material litigation involving the Fund since the last annual balance sheet date.
- The amount of non-audit fees incurred for the Financial Year 2016 for services rendered by PricewaterhouseCoopers Taxation Services Sdn. Bhd. a company affiliated to the Auditor of the Fund is RM3,900.
- There were fourteen (14) Board of Directors Meetings held in the Financial Year 2017.
- There were seven (7) Investment Committee Meetings for the Fund held in the Financial Year 2017.

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

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