



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

# **Annual Report 2016**

Manager:

i-VCAP Management Sdn. Bhd. (792968-D)  
(A wholly owned subsidiary of Valuecap Sdn. Bhd.)

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## INTRODUCTION

MyETF Dow Jones Islamic Market Malaysia Titans 25 or MyETF-DJIM25 is the first Shariah exchange-traded-fund ("ETF") introduced in Asia and is currently the second largest Shariah ETF in the world by asset size. It is designed to provide investment results that closely correspond to the performance of its Benchmark Index i.e. Dow Jones Islamic Market Malaysia Titans 25 Index ("DJMY25 Index").

Structured as an ETF, MyETF-DJIM25 is a liquid and cost efficient financial instrument for investors who wish to get immediate access to the performance of Malaysia's Shariah equity market. MyETF-DJIM25 was listed on the Main Market of Bursa Securities on 31 January 2008. The stock short name and stock number for MyETF-DJIM25 are "MYETFDJ" and "0821EA" respectively.

The benchmark index, DJMY25 Index, is a market-capitalisation weighted index of 25 largest Shariah-compliant securities listed on Bursa Malaysia Securities Berhad ("Bursa Securities"). Provided by S&P Dow Jones, the index is constructed and computed based on the robust methodology established by S&P Dow Jones in terms of investability and Shariah aspects.

## 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 53-59 for profile of the Directors)*

Rosli Bin Abdullah  
*Chairman/Independent Non-Executive Director*  
(appointed effective from 1 January 2016)

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*  
(appointed effective from 1 January 2016)

Datuk Mohd. Nasir Bin Ali  
*Independent Non-Executive Director*  
(appointed effective from 1 January 2016)

Mahdzir Bin Othman  
*Non-Independent Executive Director/Chief Executive Officer*

Company Secretary

Firdaus Bin Ahmad Radhi (LS 0009423)  
Level 9, Block B, HP Towers  
No. 12 Jalan Gelenggang  
Bukit Damansara  
50490 Kuala Lumpur  
Malaysia

Mirza Mohamad (MAICSA 7051997)  
Level 9, Block B, HP Towers  
No. 12 Jalan Gelenggang  
Bukit Damansara  
50490 Kuala Lumpur  
Malaysia  
(appointed effective from 1 April 2016)

## FUND INFORMATION (*continued*)

<b>Investment Committee</b> (Please refer to page 61 for profile of the Members)	: Y.M. Tunku Afwida Binti Tunku A. Malek <i>Chairman/Independent Member</i>  Hassan Bin Ibrahim <i>Independent Member</i>  Shaharin Bin Md. Hashim <i>Non-Independent Member</i>
<b>Trustee</b>	: Deutsche Trustees Malaysia Berhad (763590-H) Level 20, Menara IMC 8, Jalan Sultan Ismail 50250 Kuala Lumpur Malaysia Tel. No. +603 2053 7522 Fax No. +603 2053-7526 Email cisops.dtmdb@db.com
<b>Auditor of the Manager and the Fund</b>	: PricewaterhouseCoopers (AF 1146) 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
<b>Tax Consultant</b>	: PricewaterhouseCoopers Taxation Services Sdn. Bhd. (464731-M) Level 10, 1 Sentral Jalan Rakyat Kuala Lumpur Sentral PO Box 10192 50706 Kuala Lumpur Malaysia Tel. No. +603 2173 1188 Fax No. +603 2173 1288
<b>Fund Accountant</b>	: Deutsche Bank (Malaysia) Berhad (312552-W) Level 20, Menara IMC 8, Jalan Sultan Ismail 50250 Kuala Lumpur Malaysia Tel. No. +603 2053 6788 Fax No. +603 2031 8710 Email dbkl.dfs@db.com Website www.db.com

## FUND INFORMATION *(continued)*

- Shariah Adviser** : CIMB Islamic Bank Berhad (671380-H)  
*(Please refer to pages 63-68 for corporate information, experience and details of the designated person for the Shariah Adviser)*  
13<sup>th</sup> Floor, Menara CIMB  
Jalan Stesen Sentral 2  
Kuala Lumpur Sentral  
50470 Kuala Lumpur  
Malaysia  
Tel. No. +603 2261 8888  
Fax No. +603 2261 0099
- Participating Dealers** : CIMB Bank Berhad (13491-P)  
13<sup>th</sup> Floor, Menara CIMB  
Jalan Stesen Sentral 2  
Kuala Lumpur Sentral  
50470 Kuala Lumpur  
Malaysia  
Tel. No. +603 2261 8888  
Fax No. +603 2261 8889
- RHB Investment Bank Berhad (19663-P)  
Level 3A, Tower One  
RHB Centre  
Jalan Tun Razak  
50400 Kuala Lumpur  
Malaysia  
Tel. No. +603 9200 2185  
Fax No. +603 9280 8967
- Index Provider** : DJI Opco, LLC  
c/o S&P Dow Jones Indices LLC  
55 Water Street  
New York, NY 10041  
United States of America  
Tel. No. 212-438-3544  
Fax No. 212-438-3523
- Share Registrar** : Symphony Share Registrars Sdn. Bhd. (378993-D)  
Level 6, Symphony House  
Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya  
Selangor  
Malaysia  
Helpdesk No. +603 7849 0777  
Fax No. +603 7841 8151 / 8152

## MANAGER'S REPORT

**For the Financial Period 1 January to 31 December 2016**

<b>Name of Fund</b>	: MyETF Dow Jones Islamic Market Malaysia Titans 25 ("MyETF- DJIM25" or "the Fund")
<b>Type of Fund</b>	: Exchange Traded Fund
<b>Fund Category</b>	: Shariah-Compliant Equity
<b>Commencement Date</b>	: 22 January 2008
<b>Benchmark Index</b>	: Dow Jones Islamic Market Malaysia Titans 25 Index ("DJIM25 Index")
<b>Manager</b>	: i-VCAP Management Sdn. Bhd. ("i-VCAP")

### 1. Investment Objective

MyETF-DJIM25 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

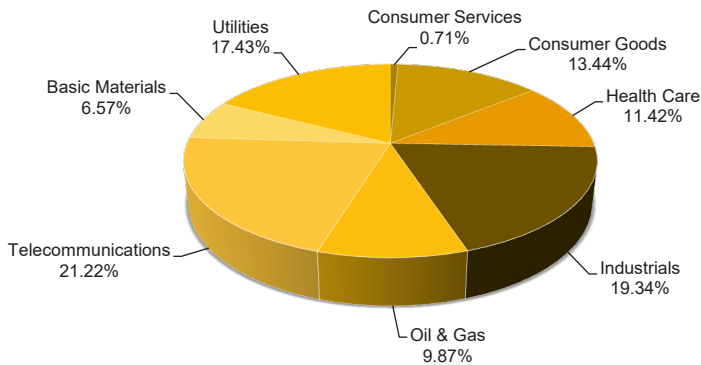
The Benchmark Index is a market capitalisation weighted and free-float adjusted index provided by S&P Dow Jones Indices ("S&P Dow Jones").

The Benchmark Index was created on 18 January 2008 and constructed based on a reference value of 1,000 as of 17 January 2008. The Benchmark Index consists of 25 top market capitalisation Shariah-Compliant securities of companies listed on Bursa Malaysia Securities Berhad ("Bursa Securities") in accordance with S&P Dow Jones screening methodology.

The universe for selection of the DJIM25 Index components includes all equities in the Dow Jones Islamic Market Malaysia Index, an index comprised of Malaysia-based companies that conform to the methodology established by S&P Dow Jones to screen stocks for compliance with the Shariah.

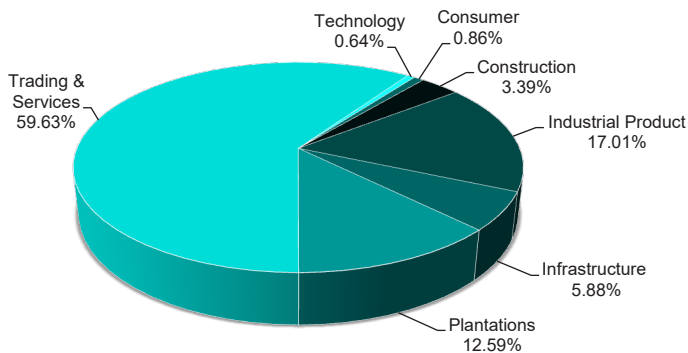
Based on the latest quarterly review (as at 16 December 2016), the sector allocation of DJIM25 Index based on S&P Dow Jones and Bursa Securities sector classifications are as follows:

**Chart 1(a): Sector Classification – S&P Dow Jones**



Source: S&P Dow Jones

**Chart 1(b): Sector Classification - Bursa Securities**



Sources: Bursa Malaysia, S&P Dow Jones



### 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 2016, the Fund continued to achieve its investment objective which is to track closely the underlying Benchmark Index, i.e. DJIM25 Index. As at 31 December 2016, the 3-year rolling tracking error<sup>1</sup> between the NAV per unit of the Fund and the Benchmark Index on Price Return and Total Return basis was 0.68% and 0.35% 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 decreased by 8.78% for the year from RM1.1709 to RM1.0681 while the Benchmark Index and Benchmark's Total Return Index (DJIM25T Index) decreased by 8.91% and 6.30% respectively for the year.

The Fund had a good start to the year with its NAV and price per unit reaching year high of RM1.1600 and RM1.1500 respectively on 6 January. The Fund however, remained in negative territories for the rest of the year due to weak sentiment in the equity market. The Fund's NAV retraced to its lowest level of RM1.0309 on 16 May before regaining some lost ground in the third quarter. Nonetheless, the positive momentum faded towards the end of the year before closing at RM1.0681. Meanwhile, the Fund's unit price traded on Bursa Securities moved in tandem to its NAV and ended at RM1.0650 or 8.78% loss for the year.

As at end of December, total NAV of the Fund stood at RM298.1 million with 279.1 million units in circulation. Despite the weak market condition, total NAV increased by 1.23% year on year due to the creation of new units during the year. The key statistics and comparative performance of the Fund as compared to the previous years are summarised as follows:

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<sup>1</sup> Independently sourced from Novagni Analytics and Advisory Sdn. Bhd.

**Table 1: Key Statistics**

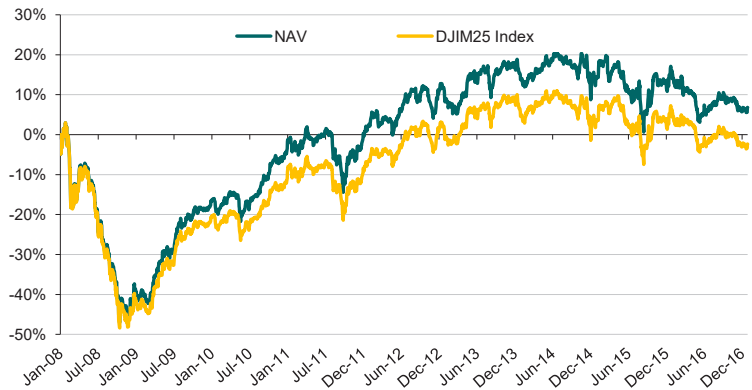
	As at 31-Dec-16	As at 31-Dec-15	YoY Change	As at 31-Dec-14
NAV per unit (RM) #	1.0681	1.1709	(8.78%)	1.1504
- Highest	1.1600 (6 Jan)	1.1981 (26 Feb)		1.2054 (7 Jul)
- Lowest	1.0309 (16 May)	1.0063 (24 Aug)		1.0874 (16 Dec)
<i>(During the period)</i>				
Price per unit (RM) #	1.0650	1.1650	(8.58%)	1.1450
- Highest	1.1500 (6 Jan)	1.1900 (26 Feb)		1.2000 (24 June)
- Lowest	1.0350 (13 May)	1.0150 (25 Aug)		1.1100 (15 Dec)
<i>(During the period)</i>				
Units in Circulation	279,100,000	251,500,000	10.97%	251,900,000
Total NAV (RM)	298,111,576	294,486,774	1.23%	289,788,360
Market Capitalisation (RM)	297,241,500	292,997,500	1.45%	288,425,500
DJIM25 Index	941.66	1,033.82	(8.91%)	1,005.75
DJIM25T Index	1,301.83	1,389.39	(6.30%)	1,315.33
Tracking Error: Fund vs. Price				
Return DJIM25 Index (%)*	0.68	0.86		0.90
Tracking Error: Fund vs. Total				
Return DJIM25 Index (%)*	0.35	0.58		0.59
Management Expense Ratio (%)	0.57	0.57		0.56

Sources: Bloomberg, FVCAP

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

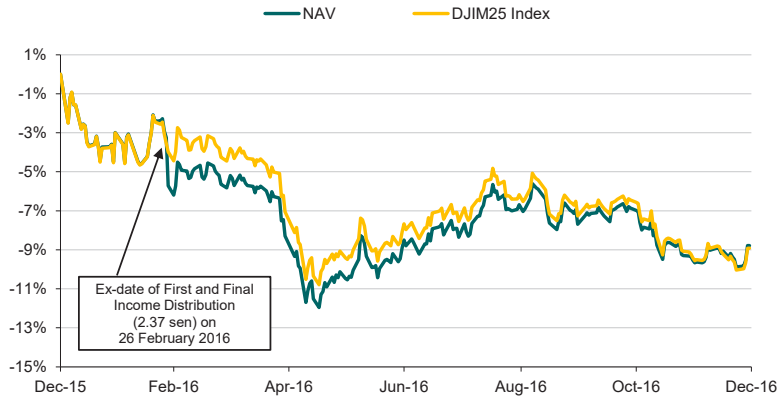
\* The 3-year rolling tracking error between the NAV per unit of the Fund and the Price Return and Total Return Benchmark Index. The calculation was independently sourced from Novagni Analytics and Advisory Sdn. Bhd.

**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 2016**



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**

	2016 (%)	2015 (%)	2014 (%)	2013 (%)	2012 (%)
MyETF-DJIM25 - NAV Price Return <sup>(a)</sup>	(8.78)	1.78	(2.95)	5.13	12.49
DJIM25 - Price Return Index	(8.91)	2.79	(4.90)	6.39	12.56
MyETF-DJIM25 - NAV Total Return <sup>(a)</sup>	(6.82)	4.69	(1.52)	8.82	15.78
DJIM25 – Total Return Index	(6.30)	5.63	(1.62)	9.82	16.70

Sources: Bloomberg, i-VCAP

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

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

	Cumulative Returns <sup>(b)</sup>			
	1-Year (%)	3-Year (%)	5-Year (%)	Since Inception (%)
MyETF-DJIM25 - NAV Price Return <sup>(a)</sup>	(8.78)	(9.90)	6.55	6.81
DJIM25 - Price Return Index	(8.91)	(10.96)	6.62	(2.34)
MyETF-DJIM25 - NAV Total Return <sup>(a)</sup>	(6.82)	(3.94)	21.03	24.83
DJIM25 – Total Return Index	(6.30)	(2.63)	24.79	35.01

Sources: Bloomberg, i-VCAP

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

(b) Cumulative returns are up to 31 December 2016.

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

	Average Returns <sup>(b)</sup>			
	1-Year (%)	3-Year (%)	5-Year (%)	Since Inception (%)
MyETF-DJIM25 - NAV Price Return <sup>(a)</sup>	(8.78)	(3.30)	1.31	0.76
DJIM25 - Price Return Index	(8.91)	(3.65)	1.32	(0.26)
MyETF-DJIM25 - NAV Total Return <sup>(a)</sup>	(6.82)	(1.31)	4.20	2.77
DJIM25 – Total Return Index	(6.30)	(0.88)	4.95	3.91

Sources: Bloomberg, i-VCAP

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

(b) Average returns for both MyETF-DJIM25 and DJIM25 Index are annualized figures computed based on the price and total returns for the respective period.

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

	For Financial Year Ended	
	2015 <u>First &amp; Final</u>	2014 <u>First &amp; Final</u>
Income Distribution Per Unit (Sen)	2.37	3.3
Income Distribution Yield (%)*	2.12	2.79
Declaration Date	10-Feb-16	16-Feb-15
Ex-Date	26-Feb-16	5-Mar-15
Payment Date	29-Mar-16	31-Mar-15
NAV Per Unit Before Ex-Date (RM)	1.1328	1.1948
NAV Per Unit On Ex-Date (RM)	1.1040	1.1561

Source: i-VCAP

\* Based on NAV on income distribution declared date.

S&P Dow Jones performed four quarterly reviews in 2016 (in March, June, September and December) and rebalanced the composition of the Benchmark Index in accordance with its index methodology. The quarterly reviews had resulted in changes to the weightings of the component stocks and stock constituents in the Benchmark Index. During the year, four stocks were removed from the DJIM25 Index at its quarterly reviews, namely MISC Bhd, QL Resources Bhd and KPJ Healthcare Bhd, and were replaced by Tenaga Nasional Bhd, Gamuda Bhd and Fraser and Neave Holdings Bhd. Additionally, IOI Properties Group Bhd which was included during the Index's September rebalancing exercise, was removed in December rebalancing exercise after the stock was classified as non- Shariah compliant.

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 Trading/Services from 57.41% to 59.60% while the weighting of Industrial Products decreased from 19.98% to 17.04% and Infrastructure reduced from 8.10% to 5.67%. The Fund's exposure in the Construction sector was the result of Gamuda Bhd's inclusion during the 3Q2016 rebalancing exercise. Details of the key changes for the year are as follows:

**Table 3: Top Ten Holdings of the Fund as at 31 December 2016**

Stock	% of NAV	Y-o-Y Δ (% holdings)
1. Tenaga Nasional Bhd	17.63	17.63
2. Sime Darby Bhd	9.62	(0.11)
3. IHH Healthcare Bhd	7.37	(1.78)
4. Axiata Group Bhd	6.89	(3.39)
5. Petronas Chemicals Group Bhd	6.60	(0.70)
6. IOI Corporation Bhd	6.19	(0.04)
7. DiGi.Com Bhd	5.67	(2.43)
8. Kuala Lumpur Kepong Bhd	4.88	0.04
9. Telekom Malaysia Bhd	4.53	(0.97)
10. Petronas Gas Bhd	4.50	(0.52)
<b>Total</b>	<b>73.88</b>	

Sources: Bloomberg, i-VCAP

**Table 4: Change in Fund's Sector Allocation \***

	As at 31 Dec 2016	As at 31 Dec 2015	Change (%)
Trading/Services	59.60%	57.41%	2.19
Industrial Products	17.04%	19.98%	(2.94)
Plantation	12.48%	12.24%	0.24
Infrastructure	5.67%	8.10%	(2.43)
Construction	3.31%	-	3.31
Consumer Products	0.85%	1.24%	(0.39)
Technology	0.64%	0.69%	(0.05)
Cash & Others	0.41%	0.34%	0.07

Sources: Bursa Malaysia, i-VCAP

\* Based on Bursa Securities classification

Details of the Fund's quoted Investments as at 31 December 2016 are as follows:

**Table 5: MyETF-DJIM25's Investment in Listed Equities**

	Quantity (Units)	Market Value (RM)	Market Value as a percentage of Net Asset Value (%)
<b><u>Trading/Services</u></b>			
1. Tenaga Nasional Berhad	3,782,000	52,569,800	17.63
2. Sime Darby Berhad	3,540,600	28,678,860	9.62
3. IHH Healthcare Berhad	3,460,100	21,971,635	7.37
4. Axiata Group Berhad	4,351,900	20,540,968	6.89
5. Telekom Malaysia Berhad	2,268,900	13,499,955	4.53
6. Maxis Berhad	1,995,300	11,931,894	4.00
7. Dialog Group Berhad	5,135,640	7,908,886	2.65
8. Petronas Dagangan Berhad	331,500	7,889,700	2.65
9. Westports Holdings Berhad	1,578,200	6,786,260	2.28
10. My E.G Services Berhad	2,491,500	3,762,165	1.26
11. Bermaz Auto Berhad	1,008,500	2,148,105	0.72
		<b>177,688,228</b>	<b>59.60</b>
<b><u>Industrial Products</u></b>			
12. Petronas Chemicals Group Berhad	2,819,800	19,682,204	6.60
13. Petronas Gas Berhad	629,200	13,401,960	4.50
14. Top Glove Corporation Berhad	929,200	4,971,220	1.67
15. Hartalega Holdings Berhad	940,200	4,541,166	1.52
16. Lafarge Malaysia Berhad	461,300	3,316,747	1.11
17. Cahya Mata Sarawak Berhad	648,700	2,594,800	0.87
18. Kossan Rubber Industries Berhad	349,000	2,299,910	0.77
		<b>50,808,007</b>	<b>17.04</b>
<b><u>Plantation</u></b>			
19. IOI Corporation Berhad	4,192,500	18,447,000	6.19
20. Kuala Lumpur Kepong Berhad	606,600	14,558,400	4.88
21. Genting Plantations Berhad	389,900	4,210,920	1.41
		<b>37,216,320</b>	<b>12.48</b>
<b><u>Infrastructure</u></b>			
22. DiGi.Com Berhad	3,496,200	16,886,646	5.67
		<b>16,886,646</b>	<b>5.67</b>
<b><u>Construction</u></b>			
23. Gamuda Berhad	2,061,600	9,854,448	3.31
		<b>9,854,448</b>	<b>3.31</b>
<b><u>Consumer</u></b>			
24. Fraser & Neave Holdings Berhad	108,400	2,545,232	0.85
		<b>2,545,232</b>	<b>0.85</b>
<b><u>Technology</u></b>			
25. Inari Amertron Berhad	571,800	1,898,376	0.64
		<b>1,898,376</b>	<b>0.64</b>
		<b>296,897,257</b>	<b>99.59</b>

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. 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 RM5,960,550 in March 2016 in relation to the final distribution of 2.37 sen per unit for Financial Year Ended 2015 (declared in February 2016). For Financial Year Ended 2016, the Fund has announced the first and final income distribution of 2.23 sen per unit, to be paid to the unitholders in March 2017. The first and final income distribution amount is derived from the dividend income that the Fund received from its stocks investment holding and the profit income during the year.

## **6. Other Information**

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

## **7. Soft Dollar Commissions**

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

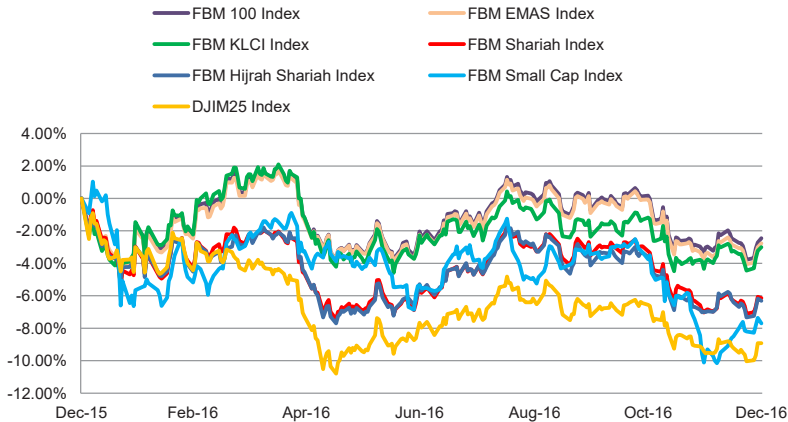
## **8. Market Review and Outlook**

Global equity markets endured an eventful 2016, punctuated by a series of major economic and political events which threatened to derail markets. It started off with the Chinese stock market that plunged close to 20% in January, precipitating a global market sell-off. This was further exacerbated by the fall in Brent crude oil prices that hit a 13-year low at USD28/barrel. Equity markets however, recovered towards middle of the year on the back of positive economic data particularly from the US. However, two key events in the second half of the year contributed to heightened market volatilities. The unexpected outcome from the UK referendum in June and the US election in November triggered negative sentiment for the equity markets as investors assessed the implications of the outcome on global economic growth and geopolitical considerations.

The US economy entered a soft patch in 2016 mainly attributed to the fall in oil prices and the strong US Dollar. Meanwhile, the economic growth in the Eurozone held steady at 1.7% in the first three quarters of 2016 supported by domestic demand despite fiscal consolidation remain a challenge for some member countries. In China, the economy grew at its slowest pace since the 1990s, albeit within the government's official target of 6.5-7% for 2016. In the first three quarters of the year, China posted 6.7% growth, driven primarily by the financial services, credit-fuelled property sales and government-backed infrastructure investments.

The rise of optimism favouring US assets following the election results in November 2016 has unfortunately undermined the performance of emerging market assets; which had held up relatively well for the first nine months of the year. The real dramatic shift in sentiment following the election results was also compounded by the Federal Reserve's move to raise short-term interest rates in December. Market expectation before the move had led to massive capital outflows from emerging markets and ASEAN region, contributing to a sharp depreciation of the respective currencies against the US Dollar. Investors also expect the US interest rate to rise at a faster rate than previously projected. Malaysia was not spared from the capital outflows post US elections, as the Ringgit reached 4.50/USD levels, its lowest since the Asian Financial Crisis in 1997/98.

**Chart 5: DJIM25 Index Performance against Local Equity Markets in 2016**



Sources: Bloomberg, i-VCAP



The Fund's benchmark index, i.e DJIM25 Index, had a positive start to the year but succumbed thereafter to weakening market sentiment and reached its year-low of 922.22 on 16 May driven by foreign fund outflows. The market did improve in the 3Q on the back of bargain hunting activities mainly by local investors. DJIM25 Index experienced a more volatile trading in the 4Q particularly following the US election but managed to gain ground towards end-December before closing the year at 941.66 points or 8.9% year-on-year drop. Comparatively, DJIM25 was among the key laggard for the year, underperforming local equity indices on the back of the lacklustre performance from its key heavyweight stocks.

Looking ahead, global growth in 2017 is expected to show modest pick-up as demand remain stable and governments of major economies adopt fiscal measures to increase domestic investments. Meanwhile, the central banks are expected to remain generally accommodative despite potential mild upside pressure on inflation. In addition, trade activities are expected to undergo a modest recovery, given the upbeat expectations of a gradual increase in commodity prices, modest pick-up in investments and higher infrastructure spending by major economies i.e. US and China. Expectation of the moderate recovery underscores IMF's global growth outlook of +3.4% in 2017 from +3.1% estimated in 2016.

In Malaysia, the economy is expected to sustain between 4-5% growth in 2017, where domestic demand will remain the key driver. Infrastructure projects listed under the 11<sup>th</sup> Malaysia Plan could see some acceleration in the rollout. Meanwhile, inflation is expected to be stable at 2-3% as commodity prices gradually recover. Nevertheless, given Malaysia's position as an open economy, any event that heighten uncertainties could trigger short-term volatilities in fund flows and currency fluctuations.

Despite a more cautious stance on the outlook for the overall market, the local equity market is projected to be well supported on the downside. Resilient domestic consumption is expected to help corporate earnings to rebound from four years of weak profitability. With positive sentiment coming back into key sectors that drive domestic economic growth, MyETF-DJIM25 which comprised of big-cap stocks as its underlying is likely to be preferred on any market pullbacks.

**TRUSTEE'S REPORT TO THE UNIT HOLDERS OF  
MyETF DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25**

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 DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25**

We have acted as Trustee for MyETF Dow Jones Islamic Market Malaysia Titans 25 (the "Fund") for the financial year ended 31 December 2016. 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 and Trustee under the Deed, the Securities Commission's Guidelines on Exchange-Traded Funds, the Capital Markets and Services Act 2007 and other applicable laws;
- (b) the valuation of the Fund has been carried out in accordance with the Deed of the Fund and applicable regulatory requirements; and
- (c) creation and cancellation of units for the Fund have been carried out in accordance with the Deed of the Fund and applicable regulatory requirements.

We are of the view that the distribution made during the financial year ended 31 December 2016 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

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

**Mahesh Anchan**  
Head, Trustee Operations

13 Feb 2017

Kuala Lumpur



**SHARIAH ADVISER'S REPORT TO THE UNIT HOLDERS  
OF MyETF DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25**

We have acted as the Shariah Adviser of MyETF Dow Jones Islamic Market Malaysia Titans 25 (the "Fund") for the financial year ended 31 December 2016. 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, 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 2016.

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 the 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  
**CIMB Islamic Bank Berhad**

A handwritten signature in black ink, appearing to read "AG", enclosed within a stylized, hand-drawn oval or loop.

**ABDUL GHANI ENDUT**

Group Head, Shariah & Governance/Designated Person Responsible for Shariah Advisory

13 Feb 2017

CIMB Islamic Bank Berhad (671380-H)  
34th Floor Menara Bumiputra-Commerce No. 11 Jalan Raja Laut  
50350 Kuala Lumpur Malaysia / P O Box 10063 50704 Kuala Lumpur Malaysia  
Telephone +603 2619 1188 Facsimile +603 2691 3513 [www.cimb.com](http://www.cimb.com)

## STATEMENT BY THE MANAGER

I, Mahdzir Bin Othman, being a Director of the Manager, do hereby state that, in the opinion of the Manager, the financial statements set out on pages 26 to 51 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 2016 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.



**MAHDZIR BIN OTHMAN**

For and on behalf of the Manager,  
iVCAP Management Sdn. Bhd.

Kuala Lumpur  
23 February 2017

# **INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF MyETF DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25**

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

### Our opinion

In our opinion, the financial statements of MyETF Dow Jones Islamic Market Malaysia Titans 25 ("the Fund") give a true and fair view of the financial position of the Fund as of 31 December 2016, 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 2016, 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 26 to 50.

### 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 DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25 (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><b>Valuation and existence of financial assets at fair value through profit or loss</b></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 RM 296,897,257.</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 DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25 (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 intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF  
MyETF DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25 (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 DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25 (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 Manager 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 DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25 (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  
(AF: 1146)  
Chartered Accountants

MANJIT SINGH A/L HAJANDER SINGH  
(2954/03/17 J)  
Chartered Accountant

Kuala Lumpur  
23 February 2017

**STATEMENT OF COMPREHENSIVE INCOME**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	<u>Note</u>	<u>2016</u> RM	<u>2015</u> RM
<b>INVESTMENT INCOME</b>			
Gross dividend income		8,106,791	7,830,114
Profit from short term Shariah-compliant deposits		36,348	40,784
Net (loss)/gain on financial assets at fair value through profit and loss	10	(26,091,384)	7,503,955
		<u>(17,948,245)</u>	<u>15,374,853</u>
<b>EXPENSES</b>			
Management fee	4	(1,150,969)	(1,136,987)
Trustee's fee	5	(143,870)	(142,123)
License fee	6	(115,097)	(113,699)
Transaction cost		(247,973)	(284,552)
Auditors' remuneration		(30,965)	(30,210)
Tax agent's fee		(9,469)	(9,469)
Shariah adviser's fee		(18,000)	(18,000)
Purification of non Shariah-compliant income		(67,248)	(71,648)
Other expenses	7	(120,973)	(95,891)
		<u>(1,904,564)</u>	<u>(1,902,579)</u>
<b>(LOSS)/PROFIT BEFORE TAXATION</b>		<u>(19,852,809)</u>	<u>13,472,274</u>
Taxation	8	-	-
<b>(LOSS)/ PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE FINANCIAL YEAR</b>		<u><u>(19,852,809)</u></u>	<u><u>13,472,274</u></u>
(Loss)/profit after taxation is made up as follows:			
Realised amount		12,279,971	(13,642,870)
Unrealised amount		(32,132,780)	27,115,144
		<u><u>(19,852,809)</u></u>	<u><u>13,472,274</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 2016

	<u>Note</u>	<u>2016</u> <u>RM</u>	<u>2015</u> <u>RM</u>
<b>ASSETS</b>			
Financial assets at fair value through profit or loss	10	296,897,257	293,476,768
Dividends receivable	11	49,339	773,057
Receivables		-	2,833
Cash and cash equivalents	12	1,365,626	575,481
<b>TOTAL ASSETS</b>		<u>298,312,222</u>	<u>294,828,139</u>
<b>LIABILITIES</b>			
Amount due to Manager		97,137	96,922
Amount due to Trustee		12,142	12,115
Auditors' remuneration		30,965	30,210
Tax agent's fee		9,469	9,469
Shariah adviser's fee		13,500	22,500
Payables	13	37,433	170,149
<b>TOTAL LIABILITIES</b>		<u>200,646</u>	<u>341,365</u>
<b>NET ASSET VALUE OF THE FUND</b>		<u>298,111,576</u>	<u>294,486,774</u>
<b>EQUITY</b>			
Unit holders' capital		293,706,354	264,268,193
Retained earnings		4,405,222	30,218,581
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS</b>	15	<u>298,111,576</u>	<u>294,486,774</u>
<b>NUMBER OF UNITS IN CIRCULATION</b>	15	<u>279,100,000</u>	<u>251,500,000</u>
<b>NET ASSET VALUE PER UNIT (RM)</b>		<u>1.0681</u>	<u>1.1709</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 2016

	<b>Note</b>	<b>Unit holders' capital RM</b>	<b>Retained earnings RM</b>	<b>Total RM</b>
Balance as at 1 January 2016		264,268,193	30,218,581	294,486,774
Total comprehensive loss for the financial year		-	(19,852,809)	(19,852,809)
Distribution for the financial year ended 31 December 2015	9	-	(5,960,550)	(5,960,550)
Creation of units		29,438,161	-	29,438,161
Balance as at 31 December 2016		293,706,354	4,405,223	298,111,576
Balance as at 1 January 2015		264,729,353	25,059,007	289,788,360
Total comprehensive income for the financial year		-	13,472,274	13,472,274
Distribution for the financial year ended 31 December 2014	9	-	(8,312,700)	(8,312,700)
Cancellation of units		(461,160)	-	(461,160)
Balance as at 31 December 2015		264,268,193	30,218,581	294,486,774

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

**STATEMENT OF CASH FLOW**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	<u>Note</u>	<u>2016</u> RM	<u>2015</u> RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash used in purchase of investments		(80,053,605)	(85,020,024)
Proceeds from sales of investments		79,952,145	87,067,909
Dividends received		8,830,509	8,268,776
Profit from short term Shariah-compliant deposits		36,348	40,784
Management fee paid		(1,150,754)	(1,143,480)
Trustee fee paid		(143,843)	(142,935)
License fee paid		(244,541)	(24,900)
Purification of non Shariah-compliant income		(65,403)	(66,634)
Tax refund received		-	50,291
Payment for other fees and expenses		(437,909)	(408,609)
Net cash generated from operating activities		<u>6,722,947</u>	<u>8,621,178</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from creation of units	21	27,748	-
Payments for cancellation of units	21	-	(519)
Payment for income distribution	9	(5,960,550)	(8,312,700)
Net cash generated from/(used in) financing activities		<u>(5,932,802)</u>	<u>(8,313,219)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>			
		790,145	307,959
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR</b>			
		<u>575,481</u>	<u>267,522</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>			
	12	<u><u>1,365,626</u></u>	<u><u>575,481</u></u>

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 2016**

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, as modified by the financial assets at fair value through profit or loss.

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 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 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 2017

- Amendments to MFRS 107 "Statement of Cash Flows - Disclosure Initiative" (effective from 1 January 2017) introduce an additional disclosure on changes in liabilities arising from financing activities.

This Fund will apply this standard when effective. This standard is not expected to have a significant impact on the Fund's financial statements.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

- MFRS 15 'Revenue from contracts with customers' (effective from 1 January 2018) replaces MFRS 118 'Revenue' and MFRS 111 'Construction contracts' and related interpretations. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Revenue is recognised when a customer obtains control of goods or services, i.e. when the customer has the ability to direct the use of and obtain the benefits from the goods or services.

A new five-step process is applied before revenue can be recognised:

- Identify contracts with customers;
- Identify the separate performance obligations;
- Determine the transaction price of the contract;
- Allocate the transaction price to each of the separate performance obligations; and
- Recognise the revenue as each performance obligation is satisfied.

Key provisions of the new standard are as follows:

- Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements.
- If the consideration varies (such as for incentives, rebates, performance fees, royalties, success of an outcome etc), minimum amounts of revenue must be recognised if they are not at significant risk of reversal.
- The point at which revenue is able to be recognised may shift: some revenue which is currently recognised at a point in time at the end of a contract may have to be recognised over the contract term and vice versa.
- There are new specific rules on licenses, warranties, non-refundable upfront fees, and consignment arrangements, to name a few.
- As with any new standard, there are also increased disclosures.



**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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 will apply these standards when effective. The adoption of these standards and amendments are not expected to have significant impact on the results of the Fund.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

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

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

Dividend income is recognised when the right to receive payment is established.

**C NON SHARIAH-COMPLIANT INCOME**

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

This non Shariah-compliant Income is subject to an income purification process as determined by the Shariah Adviser from time to time and without limitation based on the impure ratio for each component stock as determined by S&P Dow Jones Indices. 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 equivalent and dividend receivable which are all due within 12 months.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (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 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, which is reasonable estimate of fair value due to the short-term nature of the deposits. Financing and receivables are subsequently carried at amortised cost using the effective profit rate method.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

**F FINANCIAL ASSETS (CONTINUED)**

(iii) Impairment of financial assets (Continued)

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**

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

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.

The current liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

A financial liability is de-recognised when the obligation under the liability is extinguished. Gains and losses are recognised 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 2016 (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 assets 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 income 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 unitholders is accounted for as a deduction from realised reserves. A proposed distribution is recognised as a liability in the financial year in which it is approved by the Board of Directors of the Manager.

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

**1 INFORMATION ON THE FUND**

The Exchange Traded Fund (the "Fund") was constituted under the name MyETF Dow Jones Islamic Market Malaysia Titans 25 pursuant to the execution of a Master Deed dated 17 January 2008 and a Supplemental Deed dated 9 December 2016 (the "Deed") entered into between i-VCAP Management Sdn. Bhd. (the "Manager") and Deutsche Trustees Malaysia Berhad (the "Trustee").

The Fund was launched on 21 January 2008 and will continue its operations until terminated in accordance with Part 25 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 Dow Jones Islamic Market Malaysia Titans 25 Index ("Benchmark Index"), regardless of its performance. The Benchmark Index is a free float-adjusted, market capitalization weighted index representing securities of 25 leading Shariah-compliant Malaysian companies listed on Bursa Malaysia Securities Berhad. 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 23 February 2017.

**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:

	Financing and receivables	Financial asset at fair value through profit or loss	Total
	RM	RM	RM
<b><u>2016</u></b>			
Financial assets at fair value through profit or loss	-	296,897,257	296,897,257
Dividends receivable	49,339	-	49,339
Cash and cash equivalents	1,365,626	-	1,365,626
<b>Total</b>	<b>1,414,965</b>	<b>296,897,257</b>	<b>298,312,222</b>
<b><u>2015</u></b>			
Financial assets at fair value through profit or loss	-	293,476,768	293,476,768
Dividends receivable	773,057	-	773,057
Other receivables	2,833	-	2,833
Cash and cash equivalents	575,481	-	575,481
<b>Total</b>	<b>1,351,371</b>	<b>293,476,768</b>	<b>294,828,139</b>

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (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:

	<b><u>2016</u></b>	<b><u>2015</u></b>
	<b>RM</b>	<b>RM</b>
Financial assets at fair value through profit or loss	296,897,257	293,476,768

The table below summarises the sensitivity of the Fund's unrealized income or loss to equity price movements as at 31 December. The analysis is based on the assumptions that the Dow Jones Islamic Market Malaysia Titans 25 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 according to their historical correlation with the Index.

**2016**

% Change in benchmark index	Benchmark index	Market value	Impact to profit after
			tax/NAV
		<b>RM</b>	<b>RM</b>
-10%	847.49	267,207,531	(29,689,725)
0%	941.66	296,897,257	-
10%	1,035.83	326,586,982	29,689,725

**2015**

% Change in benchmark index	Benchmark index	Market value	Impact to profit after
			tax/NAV
		<b>RM</b>	<b>RM</b>
-10%	930.44	265,204,919	(28,271,849)
0%	1,033.82	293,476,768	-
10%	1,137.20	321,748,617	28,271,849

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 2016 (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.

Fair value profit rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market profit rates.

The Fund's exposure to fair value profit rate risk arises from investment in money market instruments. The profit rate risk is expected to be minimal as the Fund's investments comprise mainly short term deposits with approved licensed financial institutions. The Fund is not exposed to cash flow profit rate risk as the Fund does not hold any financial instruments at variable profit rate.

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. For amount due from stockbrokers, the settlement terms are governed by the relevant rules and regulations as prescribed by Bursa Securities. 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.

	<b>Cash and cash equivalents</b> RM	<b>Dividends receivable</b> RM	<b>Receivables</b> RM	<b>Total</b> RM
<b>2016</b>				
Financial institutions				
– AAA	1,365,626	-	-	1,365,636
Others	-	49,339	-	49,339
	<u>1,365,626</u>	<u>49,339</u>	<u>-</u>	<u>1,414,965</u>
<b>2015</b>				
Financial institutions				
– AAA	19,033	-	-	19,033
– NR <sup>^</sup>	556,448	-	-	556,448
Others	-	773,057	2,833	775,890
	<u>575,481</u>	<u>773,057</u>	<u>2,833</u>	<u>1,351,371</u>

<sup>^</sup> Foreign financial institution that is locally incorporated (non-rated). However, its holding company is rated BBB+ by an international credit rating agency.



**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

**3 CAPITAL AND LIQUIDITY RISK MANAGEMENT**

The capital of the Fund is represented by the net assets attributable to unit holders. The amount of net assets attributable to unit holders can change significantly on a daily basis as the Fund is subject to daily creations and cancellations of units at the discretion of unit holders. The Manager will provide 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.

<b><u>2016</u></b>	<b><u>Within one month RM</u></b>	<b><u>One month to one year RM</u></b>	<b><u>Total RM</u></b>
Amount due to Manager	97,137	-	97,137
Amount due to Trustee	12,142	-	12,142
Auditors' remuneration	-	30,965	30,965
Tax agent's fee	-	9,469	9,469
Shariah adviser's fee	-	13,500	13,500
Payables	6,556	30,877	37,433
	<u>115,835</u>	<u>84,811</u>	<u>200,646</u>
<b><u>2015</u></b>			
Amount due to Manager	96,922	-	96,922
Amount due to Trustee	12,115	-	12,115
Auditors' remuneration	-	30,210	30,210
Tax agent's fee	-	9,469	9,469
Shariah adviser's fee	-	22,500	22,500
Payables	6,541	163,608	170,149
	<u>115,578</u>	<u>225,787</u>	<u>341,365</u>

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

**4 MANAGEMENT FEE**

The Manager is entitled to a management fee at a rate not exceeding 1.0% per annum on the Net Asset Value ("NAV") of the Fund calculated on daily basis, as provided under Clause 14.1 of the Deed.

For the financial year ended 31 December 2016, the management fee was recognised at a rate of 0.4% (2015: 0.4%) per annum on the NAV of the Fund, calculated on 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 0.08% per annum on the Net Asset Value ("NAV") of the Fund, as provided under Clause 14.2 of the Deed.

For the financial year ended 31 December 2016, the Trustee's fee was recognised at a rate of 0.05% (2015: 0.05%) per annum on the NAV of the Fund, inclusive of local custodian fee, calculated on 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 S&P Dow Jones Indices LLC, the Benchmark Index provider.

For the financial year ended 31 December 2016, the License Fee was recognised at a rate of 0.04% (2015: 0.04%) per annum of the Net Asset Value ("NAV") of the Fund, calculated on daily basis.

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

**7 OTHER EXPENSES**

	<b><u>2016</u></b> <b>RM</b>	<b><u>2015</u></b> <b>RM</b>
Printing cost	4,000	4,000
GST expense	83,278	57,231
Other expenses	33,695	34,660
	<u>120,973</u>	<u>95,891</u>

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

**8 TAXATION**

	<u>2016</u> RM	<u>2015</u> RM
Tax charged for the financial year:		
- Current taxation	-	-

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

	<u>2016</u> RM	<u>2015</u> RM
(Loss)/profit before taxation	(19,852,808)	13,472,274
Tax at Malaysian statutory rate of 24% (2015:25%)	(4,764,674)	3,368,069
Tax effect of:		
Investment income not subject to tax	4,307,579	(3,843,713)
Restriction on tax deductible expenses for exchange-traded funds	256,162	269,674
Expenses not deductible for tax purposes	200,933	205,970
	-	-

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

**9 INCOME DISTRIBUTION**

Distribution to unit holders is from the following sources:

	<u>2016</u> <u>RM</u>	<u>2015</u> <u>RM</u>
Undistributed net exempt income brought forward	5,960,550	8,312,700
Exempt dividend income	-	-
Profits from money market placements	-	-
	<u>5,960,550</u>	<u>8,312,700</u>
Less: Expenses		
Exempt non Shariah-compliant income	-	-
Fund related expenses	-	-
Dividend tax expense	-	-
Total amount of income distribution	<u><u>5,960,550</u></u>	<u><u>8,312,700</u></u>

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

<u>Distribution date (ex-date)</u>	<u>Cum-distribution</u> <u>RM</u>	<u>Distribution per unit</u> <u>RM</u>	<u>Ex-distribution</u> <u>RM</u>
<u>2016</u>			
26 February 2016	1.1277	0.0237	1.1040
<u>2015</u>			
5 March 2015	1.1891	0.0330	1.1561

Included in the above is an amount of RM5,960,550 distributed from previous financial year's undistributed net realised exempt income.

The first and final income distribution for the financial year ended 31 December 2015 of 2.37 sen per unit was declared on 10 February 2016 based on the financial position of the Fund as at 31 December 2015 with the ex-date of 26 February 2016 and entitlement date of 1 March 2016. The total amount of income distributed was RM5,960,550 based on 251,500,000 of the Fund's units in circulation, which was paid out to unit holders on 29 March 2016.

There is no interim income distribution declared for the financial year ended 31 December 2016.

Subsequent to 31 December 2016, the first and final income distribution for the financial year ended 31 December 2016 of 2.23 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.

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

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

	<b><u>2016</u></b> <b>RM</b>	<b><u>2015</u></b> <b>RM</b>
Designated at fair value through profit or loss at inception		
- Shares quoted in Malaysia	296,897,257	293,476,768
	<u>                    </u>	<u>                    </u>
Net (loss)/gain on financial assets at fair value through profit or loss		
- Realised gain/(loss)	6,041,395	(19,611,189)
- Unrealised (loss)/gain	(32,132,780)	27,115,144
	<u>                    </u>	<u>                    </u>
	<u>(26,091,385)</u>	<u>7,503,955</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**

	<b><u>2016</u></b> <b>RM</b>	<b><u>2015</u></b> <b>RM</b>
Shariah compliant deposits with a licensed bank	241,800	556,448
Cash at bank – From Shariah-compliant income	1,118,353	14,464
Cash at bank – From non Shariah-compliant income	5,473	4,569
	<u>                    </u>	<u>                    </u>
	<u>1,365,626</u>	<u>575,481</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:

	<b><u>2016</u></b> <b>%p.a.</b>	<b><u>2015</u></b> <b>%p.a.</b>
Shariah compliant deposits with a licensed bank	3.20	4.39
	<u>                    </u>	<u>                    </u>

As at the end of financial year ended 31 December 2016, the Shariah-compliant deposit with a licensed bank of the Fund have a weighted average maturity period of 3 days (2015: 4 days) and are denominated in Ringgit Malaysia.

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

## 13 PAYABLES

	<u>2016</u> RM	<u>2015</u> RM
Amount due to index licensor	13,943	143,387
Amount due to beneficial organisations (Note 14)	5,705	5,014
Printing cost	4,000	4,000
Payables	13,785	17,748
	<u>37,433</u>	<u>170,149</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>2016</u> RM	<u>2015</u> RM
Cash at bank – non Shariah-compliant income	5,473	4,569
Dividends receivable – non Shariah-compliant income	232	445
	<u>5,705</u>	<u>5,014</u>

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

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

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

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

Net Asset Value (NAV) attributable to unit holders is represented by:

	<b><u>Note</u></b>	<b><u>2016</u></b> <b><u>RM</u></b>	<b><u>2015</u></b> <b><u>RM</u></b>
Unit holders' contribution	(a)	293,706,354	264,268,193
Retained earnings		4,405,222	30,218,581
		<u>298,111,576</u>	<u>294,486,774</u>

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

	<b><u>2016</u></b>		<b><u>2015</u></b>	
	<b><u>No. of Units</u></b>	<b><u>RM</u></b>	<b><u>No. of Units</u></b>	<b><u>RM</u></b>
At beginning of the financial year	251,500,000	264,268,193	251,900,000	264,729,353
Creation during the financial year	27,600,000	29,438,161	-	-
Cancellation during the financial year	-	-	(400,000)	(461,160)
At the end of the financial year	<u>279,100,000</u>	<u>293,706,354</u>	<u>251,500,000</u>	<u>264,268,193</u>
Approved size of Fund	<u>10,000,000,000</u>		<u>10,000,000,000</u>	

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

**16 TRANSACTIONS WITH BROKERS**

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

<b><u>Name of brokers</u></b>	<b>Value of trade</b>	<b>Percentage of total trades</b>	<b>Brokerage fees</b>	<b>Percentage of total brokerage</b>
	<b>RM</b>	<b>%</b>	<b>RM</b>	<b>%</b>
BIMB Securities Sdn. Bhd.	56,360,404	35.22	67,769	35.25
CIMB Investment Bank Bhd.	49,565,692	30.98	59,523	30.96
Maybank Investment Bank Bhd.	48,270,079	30.17	57,983	30.16
Alliance Investment Bank Bhd.	3,778,778	2.36	4,535	2.36
RHB Investment Bank Bhd.	2,030,797	1.27	2,443	1.27
	<u>160,005,750</u>	<u>100.00</u>	<u>192,253</u>	<u>100.00</u>

Details of transactions with the brokers for the financial year ended 31 December 2015 are as follows:

<b><u>Name of brokers</u></b>	<b>Value of trade</b>	<b>Percentage of total trades</b>	<b>Brokerage fees</b>	<b>Percentage of total brokerage</b>
	<b>RM</b>	<b>%</b>	<b>RM</b>	<b>%</b>
BIMB Securities Sdn. Bhd.	70,594,498	41.19	84,739	41.19
CIMB Investment Bank Bhd.	46,602,355	27.19	55,923	27.19
Maybank Investment Bank Bhd.	36,385,070	21.23	43,672	21.23
RHB Investment Bank Bhd.	9,388,660	5.48	11,287	5.49
Alliance Investment Bank Bhd.	8,408,999	4.91	10,091	4.90
	<u>171,379,582</u>	<u>100.00</u>	<u>205,712</u>	<u>100.00</u>

All the brokers listed above are not related to the Manager.

**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:

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



**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (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**

		<b>2016</b>		<b>2015</b>
	<b>No. of units</b>	<b>RM</b>	<b>No. of units</b>	<b>RM</b>
The Manager	950,600	1,015,336	1,048,700	1,227,923
Valuecap	27,475,000	29,346,048	-	-
Shareholders of Valuecap	243,110,300	259,666,111	243,110,300	284,657,850
	<u>271,535,900</u>	<u>290,027,495</u>	<u>244,159,000</u>	<u>285,885,773</u>

**(b) Transactions with Government-related entities**

Shareholders of Valuecap are entity 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")**

	<b><u>2016</u></b>	<b><u>2015</u></b>
	<b>%</b>	<b>%</b>
MER	0.55	0.54

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	=	Licensing fee
D	=	Auditor's remuneration
E	=	Tax agent's fee
F	=	Shariah adviser's fee
G	=	Other expenses
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 daily basis is RM288,717,830 (2015: RM284,238,865).

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

**19 PORTFOLIO TURNOVER RATIO ("PTR")**

	<u><b>2016</b></u>	<u><b>2015</b></u>
PTR (times)	0.32	0.30

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 = RM109,464,018 (2015: RM84,311,673)

total disposal for the financial year = RM73,910,750 (2015: RM87,528,550)

The average net asset value of the Fund for the financial year calculated on daily basis is RM288,717,830 (2015: RM284,238,865).

**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.

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

**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><b>2016</b></u> <b>RM</b>	<u><b>2015</b></u> <b>RM</b>
Creation		
- Fair value of benchmark index shares	29,410,413	-
- Cash component	27,748	-
	<u>29,438,161</u>	<u>-</u>
Cancellation		
- Fair value of benchmark index shares	-	460,641
- Cash component	-	519
	<u>-</u>	<u>461,160</u>

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

**22 FAIR VALUES OF FINANCIAL INSTRUMENTS**

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

The amendment MFRS 7 'Financial Instruments: Disclosures' requires the Fund to classify fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets 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 or liability that are not based on observable market data, (that is, unobservable inputs) (Level 3).

The level in fair value hierarchy within which the fair value measurement is categorized 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 requires judgment, considering factors specific to the asset or liability.

The Fund's financial asset designated as fair value through profit or loss is an investment whose values are based on quoted market prices in active markets, and therefore classified within Level 1.

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

	<u>Level 1</u> RM	<u>Level 2</u> RM	<u>Level 3</u> RM	<u>Total</u> RM
<b><u>2016</u></b>				
Financial assets at fair value through profit or loss	296,897,257	-	-	296,897,257
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b><u>2015</u></b>				
Financial assets at fair value through profit or loss	293,476,768	-	-	293,476,768
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>

The carrying values of cash and cash equivalents, dividend receivable and all current liabilities are a reasonable approximation of their fair values due to their short term nature.

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

**23 SUPPLEMENTARY INFORMATION DISCLOSED PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS**

The following analysis of realised and unrealised retained profits/(accumulated losses) at the legal entity level is prepared in accordance with Bursa Malaysia Securities Berhad's Listing Requirements and the 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 whilst the disclosure is based on the prescribed format by Bursa Malaysia Securities Berhad.

	<u>2016</u> RM	<u>2015</u> RM
Total accumulated gains of the Fund		
- Realised	(32,101,327)	(35,448,755)
- Unrealised	36,506,549	65,667,336
	<u>4,405,222</u>	<u>30,218,581</u>

The analysis between realised and unrealised above is prepared on a different basis as compared to the analysis of realised and unrealised as disclosed in the statement of comprehensive income.

## ANALYSIS OF UNIT HOLDINGS

### Summary of Unit Holders

*As at 31 January 2017*

	No. of unit holders	% of unit holders	No. of units held	% of units in circulation
Less than 100	5	2.50	200	0.00
100 - 1,000	40	20.00	23,800	0.01
1,001 - 10,000	51	41.25	241,800	0.09
10,001 - 100,000	18	22.50	522,000	0.18
100,001 to less than 5% of issued units	8	8.75	7,726,900	2.77
5% and above of issued units	6	5.00	270,585,300	96.95
<b>TOTAL</b>	<b>128</b>	<b>100.00</b>	<b>279,100,000</b>	<b>100.00</b>

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

### DIRECTORS' PROFILE

<b>Name:</b>	<b>Rosli Bin Abdullah</b>
<b>Age:</b>	64
<b>Nationality:</b>	Malaysian
<b>Designation:</b>	Independent Non-Executive Chairman (appointed as Chairman of the Company effective from 1 January 2016)
<b>Qualifications:</b>	Master in Business Administration from Universiti Kebangsaan Malaysia, Post-Graduate Diploma in Accounting and Bachelor in Economics (Honours) both from Universiti Malaya. Chartered Accountant and Member of Malaysian Institute of Accountants.
<b>Working Experience and Occupation:</b>	<p>Rosli is currently serving as a Director on the Boards of CapitaLand Malaysia Mall REIT Management Sdn. Bhd. (formerly known as CapitaMalls Malaysia REIT Management Sdn Bhd) ("CapitaLand REIT"), Dagang NeXchange Berhad (formerly known as Time Engineering Berhad) and Malaysia Airports Holdings Berhad and Group. 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. Subsequently, he joined the private sector and served as the Financial Controller / General Manager Finance of Kuala Lumpur International Airport Berhad and the Senior General Manager of Putrajaya Holdings Sdn Bhd (a company under the Petronas Group). He also served as an Adviser to the Economic Planning Unit of the Prime Ministers Department upon his retirement in 2008/2009.</p>
<b>Date Appointed to Board:</b>	16 December 2009
<b>Details of Membership of any Board Committee:</b>	None
<b>Directorship of other public companies:</b>	<ul style="list-style-type: none"> <li>CapitaLand Malaysia Mall REIT Management Sdn. Bhd. (formerly known as CapitaMalls Malaysia REIT Management Sdn. Bhd.)</li> <li>Dagang NeXchange Berhad (formerly known as Time Engineering Berhad)</li> <li>Malaysia Airports Holdings Berhad and Group</li> </ul>
<b>Family relationship with any director:</b>	None
<b>Conflict of interest with the Fund:</b>	None

## DIRECTORS' PROFILE *(continued)*

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

None

<b>Name:</b>	<b>Sharifatu Laila Binti Syed Ali</b>
<b>Age:</b>	55
<b>Nationality:</b>	Malaysian
<b>Designation:</b>	Non-Independent Non-Executive Director
<b>Qualifications:</b>	Master in Business Administration from Universiti Malaya and Bachelor of Science (Hons) from Universiti Kebangsaan Malaysia. Completed the Harvard Advanced Management Programme at Harvard Business School.
<b>Working Experience and Occupation:</b>	<p>Sharifatu Laila was appointed as CEO of Valuecap in 2002 and played a key role in the setting up of the company by the Malaysian Government then. She has extensive experience in the field of portfolio investments both in the domestic and regional environment. She was appointed Group CEO of Valuecap in 2015.</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 of RM100 billion and subsequently Head of Equity, overseeing the pension fund's domestic and regional equity portfolios. She subsequently served as Head of Investment at Pilgrims Fund prior to her appointment as CEO of Valuecap. She holds a Capital Markets Services Representative License and also sits on the Board of VCAP Asset Managers Sdn Bhd, Valuecap's wholly-owned subsidiary.</p>
<b>Date Appointed to Board:</b>	10 October 2007
<b>Details of Membership of any Board Committee:</b>	None
<b>Directorship of other public companies:</b>	None
<b>Family relationship with any director:</b>	None
<b>Conflict of interest with the Fund:</b>	Sharifatu Laila is the Group CEO of Valuecap of which is a unit holder of the Fund.
<b>List of convictions for offences within the past 10 years other than traffic offences:</b>	None

## DIRECTORS' PROFILE *(continued)*

<b>Name:</b>	<b>Hassan Bin Ibrahim</b>
<b>Age:</b>	65
<b>Nationality:</b>	Malaysian
<b>Designation:</b>	Independent Non-Executive Director
<b>Qualifications:</b>	Bachelor of Laws from University of Singapore.
<b>Working Experience and Occupation:</b>	<p>Hassan established the firm of Messrs Hassan &amp; Associates in March 2007, focusing on corporate and conveyancing matters. Prior to that, he was a partner with Messrs Zainal Abidin &amp; Co. since 1989, with involvement in the same areas of specialisation. During his tenure with Messrs Zainal Abidin &amp; Co., he had attended to the preparation and completion of several project financing facility documents based on the Shariah principle of Al-Ijarah, Murabahah and Bai-Bithaman Ajil.</p> <p>He has over 10 years of experience serving Bank Pembangunan Malaysia Berhad from 1976 to 1988 in Project Evaluation and Investment functions. He is currently a Director of Syarikat Perumahan Negara Berhad.</p>
<b>Date Appointed to Board:</b>	2 November 2007
<b>Details of Membership of any Board Committee:</b>	Hassan is a member of the Board Audit and Risk Management Committee and of the Investment Committee.
<b>Directorship of other public companies:</b>	Syarikat Perumahan Negara Berhad & Group
<b>Family relationship with any director:</b>	None
<b>Conflict of interest with the Fund:</b>	None
<b>List of convictions for offences within the past 10 years other than traffic offences:</b>	None



## DIRECTORS' PROFILE *(continued)*

<b>Name:</b>	<b>Y.M. Tunku Afwida Binti Tunku A. Malek</b>
<b>Age:</b>	52
<b>Nationality:</b>	Malaysian
<b>Designation:</b>	Independent Non-Executive Director
<b>Qualifications:</b>	Bachelor in Science (Hons.) majoring in Economics and Accountancy from The City University (London). She also qualified as a Chartered Accountant from The Institute of Chartered Accountants in England and Wales and she is also a Member of the Malaysian Institute of Accountants.
<b>Working Experience and Occupation:</b>	<p>Tunku Afwida is currently a Director / Shareholder of Asia Equity Research Sdn Bhd, a licensed entity specializing in corporate finance advisory, supported by research capabilities in specific sectors, namely energy, infrastructure and plantation in selected emerging economies.</p> <p>She is currently an Independent Director of Exim Bank Berhad, Gamuda Berhad, Lafarge Malaysia Berhad and Telekom Malaysia Berhad. She had previously served as an Independent Director of Cagamas Berhad, Transnational Insurance Brokers Sdn Bhd and Unitar Berhad. Tunku Afwida had also served as CEO and Executive Director ("ED") of Kenanga Investment Bank Berhad (2006 to 2008), CEO and ED of MIMB Investment Bank Berhad (2003 to 2006) and ED / CIO of Commerce Asset Fund Managers Sdn Bhd (1995 to 2003).</p>
<b>Date Appointed to Board:</b>	17 July 2009
<b>Details of Membership of any Board Committee:</b>	Tunku Afwida is a member of the Board Audit and Risk Management Committee and a member and Chairman of the Investment Committee.
<b>Directorship of other public companies:</b>	<ul style="list-style-type: none"> <li>• Gamuda Berhad</li> <li>• Export-Import Bank of Malaysia Berhad</li> <li>• Lafarge Malaysia Berhad</li> <li>• Telekom Malaysia Berhad</li> </ul>
<b>Family relationship with any director:</b>	None
<b>Conflict of interest with the Fund:</b>	None
<b>List of convictions for offences within the past 10 years other than traffic offences:</b>	None

## DIRECTORS' PROFILE (continued)

<b>Name:</b>	<b>Nik Amlizan Binti Mohamed</b>
<b>Age:</b>	49
<b>Nationality:</b>	Malaysian
<b>Designation:</b>	Non-Independent Non-Executive Director (appointed as Director effective from 1 January 2016)
<b>Qualifications:</b>	Bachelor's Degree in Economics/Accounting from Claremont McKenna College, USA
<b>Working Experience and Occupation:</b>	<p>Nik Amlizan assumes her current role of Chief Investment Officer ("CIO") of Kumpulan Wang Persaraan (Diperbadankan) ("KWAP") in September 2014. Prior to the appointment, she was the Director/Head of Equity, a position she held since joining KWAP in 2007 before she became Senior Director, Equity in February 2014. Her current responsibilities include developing and overseeing investment functions for KWAP namely creation and implementation of investment organization, policies and procedures, performance matrix, recruitment of staff, development of asset allocation models, and formulating KWAP Fund Investment Strategies across all asset classes.</p> <p>She currently sits on the Board of Directors for Prima Ekuiti (UK) Limited, a wholly owned subsidiary of KWAP. She is also on the Board of Directors for Prestariang Berhad and serves as an Investment Committee Member of Metropolitan Retail JV (Jersey) Unit Trust.</p> <p>She has over 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 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.A.</p>
<b>Date Appointed to Board:</b>	1 January 2016
<b>Details of Membership of any Board Committee:</b>	None
<b>Directorship of other public companies:</b>	Prestariang Berhad
<b>Family relationship with any director:</b>	None
<b>Conflict of interest with the Fund:</b>	Nik Amlizan is the Chief Investment Officer of KWAP of which is a unit holder of the Fund
<b>List of convictions for offences within the past 10 years other than traffic offences:</b>	None

## DIRECTORS' PROFILE (continued)

<b>Name:</b>	<b>Datuk Mohd. Nasir Bin Ali</b>
<b>Age:</b>	59
<b>Nationality:</b>	Malaysian
<b>Designation:</b>	Independent Non-Executive Director (appointed as Director effective from 1 January 2016)
<b>Qualifications:</b>	Bachelor of Economics from University of Malaya and Master of Science in Financial Studies from University of Strathclyde (United Kingdom).
<b>Working Experience and Occupation:</b>	<p>Datuk Mohd. Nasir Bin Ali was previously Group Executive Director with Utusan Melayu (Malaysia) Berhad. Other various positions held by him were Executive Director/Chief Executive Officer with Kuala Lumpur City Securities Sdn. Bhd., General Manager, Dealing &amp; Research with Mayban Securities Sdn. Bhd., Investment Manager with BBMB Unit Trust Management Berhad and Senior Financial &amp; Marketing Executive, Amanah Saham Nasional Berhad &amp; Investment Executive with Permodalan Nasional Berhad.</p> <p>Apart from his directorships on the boards of Plenitude Berhad and E.A. Technique (M) Berhad, he is also Chairman of ICB Islamic Bank Ltd and a Director on other non-listed companies.</p>
<b>Date Appointed to Board:</b>	1 January 2016
<b>Details of Membership of any Board Committee:</b>	Datuk Mohd. Nasir is a member and Chairman of the Board Audit and Risk Management Committee (appointed effective from 1 January 2016).
<b>Directorship of other public companies:</b>	<ul style="list-style-type: none"> <li>• Plenitude Berhad &amp; Group</li> <li>• E.A. Technique (M) Berhad</li> </ul>
<b>Family relationship with any director:</b>	None
<b>Conflict of interest with the Fund:</b>	None
<b>List of convictions for offences within the past 10 years other than traffic offences:</b>	None

## DIRECTORS' PROFILE (continued)

<b>Name:</b>	<b>Mahdzir Bin Othman</b>
<b>Age:</b>	49
<b>Nationality:</b>	Malaysian
<b>Designation:</b>	Non-Independent Executive Director / Chief Executive Officer
<b>Qualifications:</b>	Bachelor of Science (Hons.) in Finance from Northern Illinois University and Diploma in Accountancy from Universiti Teknologi MARA.
<b>Working Experience and Occupation:</b>	Mahdzir is currently the CEO and assumes the role of Chief Investment Officer ("CIO") of i-VCAP since December 2010. He is also a holder of Capital Market Services Representative's Licence. He was previously with Valuecap, which he joined in February 2003 as a Portfolio Manager before assuming the position of CIO in July 2006. Together with the stint in Valuecap, Mahdzir has more than 20 years of working experience in the asset management, financial and capital market services at various institutions which include SBB Asset Management Sdn. Bhd., Utama Merchant Bank Berhad, BBMB Unit Trust Management Berhad and Kassim Chan & Co.
<b>Date Appointed to Board:</b>	13 December 2010
<b>Details of Membership of any Board Committee:</b>	None
<b>Directorship of other public companies:</b>	None
<b>Family relationship with any director:</b>	None
<b>Conflict of interest with the Fund:</b>	Mahdzir is the CEO of i-VCAP of which is the Manager and unit holder of the Fund.
<b>List of convictions for offences within the past 10 years other than traffic offences:</b>	None

**Date of first appointment as Director and attendance of Board Meetings during 2016:**

<b><u>Name</u></b>	<b><u>Date First Appointed</u></b>	<b><u>Attendance</u></b>
<b>Rosli Bin Abdullah</b> (appointed as Chairman of the Company effective from 1 January 2016)	16 December 2009	7 of 7
<b>Sharifatu Laila Binti Syed Ali</b>	25 October 2007	7 of 7
<b>Hassan Bin Ibrahim</b>	2 November 2007	6 of 7
<b>Y.M. Tunku Afwida Binti Tunku A. Malek</b>	17 July 2009	5 of 7
<b>Nik Amlizan Binti Mohamed</b> (appointed as Director effective from 1 January 2016)	1 January 2016	7 of 7
<b>Datuk Mohd. Nasir Bin Ali</b> (appointed as Director effective from 1 January 2016)	1 January 2016	7 of 7
<b>Mahdzir Bin Othman</b>	13 December 2010	7 of 7

## INVESTMENT COMMITTEE MEMBER'S PROFILE

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

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

**Date of first appointment on Investment Committee and attendance of Investment Committee Meetings for the Fund during 2016:**

<b><u>Name</u></b>	<b><u>Date First Appointed</u></b>	<b><u>Attendance</u></b>
<b>Y.M. Tunku Afwida Binti Tunku A. Malek (Chairman)</b>	17 July 2009	5 of 5
<b>Hassan Bin Ibrahim</b>	7 January 2008	5 of 5
<b>Shaharin Bin Md. Hashim</b>	18 February 2011	4 of 5

## SHARIAH ADVISER'S PROFILE

**Shariah Adviser** : CIMB Islamic Bank Berhad ("CIMB Islamic")  
Incorporated in Kuala Lumpur, Malaysia on 2 November 2004 as a public company (Co. No. 671380-H) under the Companies Act, 1965.

**Corporate Information** : Principal Activities  
CIMB Islamic is the global Islamic banking and finance franchise of CIMB Group Sdn. Bhd. ("CIMB Group"). Currently, CIMB Islamic provides Shariah-Compliant financial products and services in investment banking, consumer banking, asset management, private banking and takaful.

Shareholding

CIMB Islamic is 100% owned by CIMB Bank Berhad.

**Experience as Adviser** : CIMB Islamic provides advisory services on various Islamic banking and finance products to ensure compliance with applicable Shariah principles as well as the relevant resolutions and rulings made by the Shariah advisory councils of the regulatory bodies and CIMB Islamic Shariah Committee which is comprised of experienced and knowledgeable Shariah advisers with expertise in the field of Islamic law and jurisprudence and Islamic finance.

During the financial year, there were four (4) Shariah Committee meetings with regards to MyETF Dow Jones Islamic Market Malaysia Titans 25 ("the Fund").

**Designated Person** : In relation to Shariah, the designated person responsible for the Fund is Abdul Ghani Bin Endut who is Director, Head of Group Shariah and Governance, Group Islamic Banking Division of CIMB Group.

Abdul Ghani joined CIMB in January 2005 as Manager, Shariah Advisory Unit and the Secretary of CIMB Islamic Shariah Committee. Previously, he was attached to Shariah Department of the first Islamic bank in Malaysia for more than ten years. There he was the Head of the Shariah Department and the Secretary of the Shariah Supervisory Council. He was actively involved in Shariah advisory activities of the Bank and other external parties, in Retail, Commercial, Corporate Banking and Debt Capital Market. He was also involved in the structuring of Islamic Venture Capital and Shariah adviser to Islamic Unit Trusts.

He holds a Bachelor of Art (Hons.) in Business Studies from the University of East London, United Kingdom and a Bachelor of Art (Hons.) in Islamic Jurisprudence and Legislation from the University of Jordan.

He is now the Head of the Group Shariah and Governance which is responsible to provide the Shariah advisory for all type of Islamic products both to CIMB Group and external parties in asset & fund management, investment & corporate banking, retail & commercial banking, treasury & structured products, takaful, private equity etc. He is also involved in developing curriculum for industry owned institutes dedicated for human capital development in the Islamic finance industry such as Islamic Banking and Finance Institute of Malaysia (IBFIM), Asian Institute of Finance (AIF), etc. He is currently a member of Association of Islamic Banking Institutions Malaysia (AIBIM) Shariah Governance Committee and leads one of its sub-committees. He is also a member of one of the sub-committees of Association of Shariah Advisor in Islamic Finance (ASAS).



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

He is currently a member of Shariah Governance Working Group for the Islamic Financial Services Board (IFSB), an international standard-setting organisation that promotes and enhances the soundness and stability of the Islamic financial services industry by issuing global prudential standards and guiding principles for the industry, broadly defined to include banking, capital markets and insurance sectors.

He is also a moderator and Accreditation Panel Member for Finance Accreditation Agency (FAA)'s Learning Standards. FAA is an international and independent quality assurance and accreditation body for the financial services industry supported by Bank Negara Malaysia and Securities Commission, Malaysia.

CIMB Islamic is backed by its own respective Shariah Committee comprises of the following members:

- **Sheikh Associate Professor Dr. Mohamed Azam Mohamed Adil (Chairman)**  
*Deputy Chief Executive Officer ("CEO") cum Principal Fellow of the International Institute of Advanced Islamic Studies (IAIS) Malaysia.*

Sheikh Associate Professor Dr. Mohamed Azam, has been appointed as Independent Director of CIMB Islamic Bank Berhad on 5 November 2014 and is the Chairman of the Group Shariah Committee. He currently serves as Deputy CEO cum Principal Fellow of the International Institute of Advanced Islamic Studies (IAIS) Malaysia.

He began his career as a lecturer at Universiti Teknologi MARA (UiTM), Shah Alam, Malaysia since 1990 and was later promoted to Associate Professor in 2008. He held several administration posts in UiTM, where he was the Head of Islamic Studies Unit, Centre for Preparatory Studies from 1997 until 2001, the Coordinator for Minor and Elective Programmes at ACIS from 2006 until 2011 and later became the Head of Programme for Minor, Elective and Postgraduate Studies from 2011 until 2012.

He is also a Fellow of the Accounting Research Institute (ARI) and Institute of Zakat Studies, UiTM and member of the Research Ethics Committee, UiTM. He sits on the Selangor Religious Council (MAIS) Legal Committee, Shari'ah Community of Attorney General Chambers and on several Editorial Boards such as Shari'ah Journal, University of Malaya, Global Journal of al-Thaqafah, Kolej Universiti Sultan Azlan Shah, Jurnal Fikrah, UiTM and ESTEEM Journal, UiTM, Penang.

He was appointed on the panel of the Industrial Court of Malaysia from 2007 until 2009, and was awarded the Fulbright Visiting Award by the Council for International Exchange of Scholars (CIES), Washington, DC, USA in 2007. He is currently the President, Academy of Islamic Studies, University of Malaya's Alumni (ALIM).

He obtained his Bachelor degree in Shariah and Law from the University of Malaya, and his Master of Laws (LLM) and PhD degrees from the School of Oriental and African Studies (SOAS), University of London.

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

- **Sheikh Professor Dr. Mohammad Hashim Kamali**

*Founding Chief Executive Officer ("CEO") of the International Institute Of Advanced Islamic Studies (IAIS) Malaysia.*

Sheikh Professor Dr. Mohammad Hashim Kamali is the Founding CEO of the International Institute of Advanced Islamic Studies (IAIS) Malaysia. He was Professor of Islamic Law and Jurisprudence at the Ahmad Ibrahim Kulliyah of Laws, International Islamic University, Malaysia (1985-2004), and also Dean of the International Institute of Islamic Thought and Civilisation (ISTAC) from 2004 to 2006.

He serves on the advisory boards of 13 local and international academic journals; addressed over 200 national and international conferences, and has published 28 books and over 170 academic articles. He is Senior Fellow of the following: Royal Academy of Jordan; Institute of Advanced Study Berlin and Afghanistan Academy of Sciences.

His works have been translated into Bahasa Malaysia, Bahasa Indonesia, Farsi, Pashto, Dari, Arabic, Bengali, Bosnian, German, Italian, Turkish and Japanese. He is listed in a number of leading Who's Who in the world. He holds a 1st Class, BA Honours degree in Law and Political Science from Kabul University, Afghanistan, LLM degree from the London School of Economics, England and a PhD in Islamic Law from the School of Oriental & African Studies, University of London, England.

- **Sheikh Yang Amat Arif Dato' Dr. Haji Mohd Na'im Bin Haji Mokhtar**

*Chief Judge of Selangor Syariah Court.*

Sheikh Yang Amat Arif Dato' Dr. Haji Mohd Na'im Bin Haji Mokhtar is a Malaysian, is the Chief Judge of Selangor Syariah Court. He served as a lecturer at Ahmad Ibrahim Kulliyah of Laws, International Islamic University, Malaysia from 1990 to 1997. He then joined Messrs. Zulkifli Yong, Azmi & Co as a Shariah Lawyer before being appointed as a Shariah Judge in 1998. He was also assigned as a Research Officer at the Malaysian Shariah Judiciary Department, Prime Minister's Department from 2003 to 2004 as well as Shariah Subordinate Court Judge for Federal Territory from 2007 to 2008 and Shariah Prosecutor for Federal Territory in 2008. In 2009 he served as Director, Family Support Division at Department of Syariah Judiciary of Malaysia before being elevated as Chief Syarie Judge of Selangor.

He also served as Visiting Fellow, Islamic Legal Studies Program at Harvard Law School, Harvard University, USA and as Chevening Visiting Fellow, Oxford Centre for Islamic Studies, Oxford University in 2008/2009.

He received his Bachelor in Laws (LLB) degree from International Islamic University, Malaysia (IIUM), Master of Laws (LLM) from University of London, United Kingdom and PhD in Shariah from National University of Malaysia. He also holds a Diploma in Shariah Law & Practice and a Diploma in Administration & Islamic Judiciary both from Islamic International University, Malaysia (IIUM).

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

- **Sheikh Associate Professor Dr. Shafaai Bin Musa**

*Chairman of Sun Life Malaysia Takaful Berhad Shariah Committee.*

Associate Professor Dr. Shafaai Musa is a Malaysian, currently attach at Ahmad Ibrahim Kuliyyah of Laws, IIUM. He is also the Chairman of Sun Life Malaysia Takaful Berhad Shariah Committee. He has more than 15 years of experience in teaching Islamic law and jurisprudence and wrote several researches and articles. He also served as a member of Shariah Expert Panel for the Department of Islamic Development Malaysia since 2005.

He formerly served as Chief Executive Officer at Johor Institute of Integrity, Leadership and Training (IKLAS), Executive Director, Centre for Continuing Education International Islamic University Malaysia and Chief Executive Officer, International Islamic College cum Chief Executive Officer, International Islamic University Malaysia Higher Education Sdn. Bhd.

He received his Bachelor's Degree in Shariah from University of Al-Azhar, Egypt, a Master's Degree in Comparative Laws from IIUM and Ph.D. from Glasgow Caledonian University, United Kingdom.

- **Sheikh Dr. Nedham Yaqoobi**

*Independent Shariah Adviser.*

Sheikh Dr. Nedham Yaqoobi is a Bahrain national and is a renowned Shariah scholar. He sits on various Shariah boards of Islamic banking and Financial Institutions globally including the Dow Jones Islamic Market Indexes (DJIM), the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) and the International Islamic Financial Market (IIFM). He is the author of several articles and publications on Islamic finance and other sciences, in English and Arabic.

He was educated in the classical Shariah in his native Bahrain and in Makkah under the guidance of eminent scholars, including Sheikh Abdulla al-Farisi, Sheikh Yusuf al-Siddiqi, Sheikh Muhammed Saleh al-Abbasi, Sheikh Muhamed Yasin al Fadani (Makkah), Shaikh Habib-ur-Rahman A. Zaini (India), Sheikh Abdulla bin Al-Siddiq Al-Ghumar (Morocco), and others. He has a Bachelor of Arts in Economics and Comparative Religion, Master of Science in Finance from McGill University, Montreal, Canada and a Ph.D in Islamic Law at the University of Wales, United Kingdom.

- **Sheikh Professor Dr. Yousef Abdullah Al Shubaily**

*Professor, Comparative Jurisprudence Department, High Institute of Judiciary, Imam Muhammad Bin Saud Islamic University, Kingdom of Saudi Arabia.*

Sheikh Professor Dr. Yousef, a citizen of the Kingdom of Saudi Arabia is currently attached as a Professor at the Comparative Jurisprudence Department, High Institute of Judiciary, Imam Muhammad Bin Saud Islamic University in the Kingdom of Saudi Arabia. He also serves as a Co-operating professor for the American Open University.

He obtained a Bachelor Degree from the Faculty of Shariah and Fundamentals of Islam and a Masters Degree from the Department of Comparative Jurisprudence at Muhammad bin Saud Islamic University and Ph.D in Islamic Jurisprudence from the same university. Beyond his academic career, he has an extensive experience in serving on various Shariah boards of a number of banks and financial institutions in the Kingdom of Saudi Arabia, Bahrain, Kuwait, UAE, Qatar, United States of America and Britain. He also holds advisory functions in numerous religious and charitable organisations within and outside the Kingdom.

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

He has written many books, academic papers and articles on Islamic jurisprudence and commercial law and has actively participated in numerous seminars and conventions in related areas. He also participates in religious and economic programs on television and radio broadcasts in the Kingdom of Saudi Arabia and abroad.

- **Professor Dato' Dr. Noor Inayah Yaakub**

*Principal Fellow cum General Manager of Research & Development, Institut Kajian Strategik Islam Malaysia (IKSIM)*

Professor Dato' Dr. Noor Inayah is a Malaysian, currently attached as a Professor at Pusat Kebijaksanaan Sejagat (Global Wisdom Centre), Universiti Islam Malaysia. She received her Bachelor of Shariah Law (Hons) and Bachelor of Law (Hons) from International Islamic University, Malaysia, LL.M (Master of Comparative Civil & Banking Law) from University of Bristol, United Kingdom and Ph.D (Comparative Civil & Islamic Banking Law of Guarantee) from the University of Manchester, United Kingdom. She also holds a certificate of Project Management from "ISIS INNOVATION" Centre, University of Oxford, United Kingdom.

She was admitted to the Malaysian Bar as an Advocate & Solicitor of the High Court of Malaya in 1996 and in the same year she obtained her Shariah Lawyer Certificate. She practiced law with Messrs. Abraham & Ooi and Co. from 1996 to 1997 before joining University Kebangsaan Malaysia as a lecturer in 1998.

She has more than 15 years of experience in teaching Islamic Law, Islamic and Conventional Banking Law, Takaful and Insurance Law, Equity & Trust Law and Business Law and Ethics. She has produced several academic research papers and articles mainly on the subject of Islamic and conventional banking law and takaful and insurance law of which some were presented in Islamic banking and finance proceedings and conferences and published in Malaysian and International high refereed / impact journals.

- **Professor Dato' Dr. Sudin Haron**

*Chief Executive Officer, Malaysian Waqaf Foundation.*

Sheikh Professor Dato' Dr. Sudin has been appointed as Independent Director of CIMB Islamic Bank Berhad on 5 November 2014 and is a Member of the Group Shariah Committee. He is currently the Chief Executive Officer of Malaysian Waqaf Foundation. He is one of the world's renowned scholars in Islamic banking & finance and business & management. He has published more than 10 books and 70 articles in international journals.

He was the founding CEO of Perbadanan Tabung Pendidikan Tinggi Nasional (PTPTN) and in 2006, was appointed as Deputy Chief Executive of INCEIF (International Centre for Education in Islamic Finance). He was previously attached to BNM as a Specialist in the Islamic Banking and Takaful Department from 2005 to 2006. Before joining BNM, he served in various capacities as an academician and administrator at the Northern University of Malaysia. Prior to that, he was a banker for more than 12 years and his last post was as branch manager. Professor Dato' Dr. Sudin was also a consultant with the Asian Institute of Finance, an organisation established by the BNM for the purpose of elevating human capital in the Malaysian financial industry.

He sits on the Shariah Advisory Committee for Bank Persatuan Malaysia Berhad and an Independent Director of Melati Ehsan Holdings Berhad, a public company listed on Bursa Malaysia. On the international level, Professor Dato' Dr. Sudin was previously the Chairman of the International Advisory Panel of the Russian International Centre for Islamic Economics and Finance, and in several occasions, was appointed by Islamic Development Bank, Jeddah as their resource person in training related to Islamic banking and finance. He has made an important contribution to the world by writing a landmark text book entitled "Islamic Banking and Finance System", and this book is also available in Russian, Mandarin and Uzbekistan versions.

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

He obtained his Bachelor in Economics – General degree and Bachelor of Economics (Accounting) (Hons.) from the National University of Malaysia (Universiti Kebangsaan Malaysia). He obtained his Master of Business Administration from Northrop University, Los Angeles, United State of America and Ph.D (Economic Studies-Finance and Banking) from University of New England, Australia.

## 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 RM9,469.
- There were seven (7) Board of Directors Meetings held in the Financial Year 2016.
- There were five (5) Investment Committee Meetings for the Fund held in the Financial Year 2016.



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