



Dow Jones Islamic Market Malaysia Titans 25

**ANNUAL REPORT
2013**

Manager



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



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Introduction

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

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

MyETF-DJIM25's status as a national ETF is derived from the initial seeding by government linked investment companies and entity that include Khazanah Nasional Berhad, Kumpulan Wang Persaraan (Diperbadankan) and Valuecap.

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.

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 49-57 for profile of the Directors)

Encik Wan Kamaruzaman Bin Wan Ahmad
Chairman/Non-Independent Non-Executive Director
(appointed w.e.f. 23 July 2013)

Y. Bhg. Dato' Azian Binti Mohd Noh
Chairman / Non-Independent Non-Executive Director
(resigned w.e.f. 18 March 2013)

Puan Sharifatu Laila Binti Syed Ali
Non-Independent Non-Executive Director

Encik Hassan Bin Ibrahim
Independent Non-Executive Director

Y.M. Tunku Afwida Binti Tunku A. Malek
Independent Non-Executive Director

Encik Rosli Bin Abdullah
Independent Non-Executive Director

Encik Mahdzir Bin Othman
Non-Independent Executive Director / Chief Executive Officer
("CEO")

Company Secretary

Puan Faten Hasmahah Binti Khalid (MAICSA 7046180)
Level 9, Block B, HP Towers
No. 12 Jalan Gelenggang
Bukit Damansara
50490 Kuala Lumpur
Malaysia

Fund Information (*continued*)

| | |
|---|--|
| Investment Committee (Please refer to pages 58-59 for profile of the Members) | : Y.M. Tunku Afwida Binti Tunku A. Malek <i>Chairman / Independent Member</i> Encik Hassan Bin Ibrahim <i>Independent Member</i> Puan Nik Amlizan Binti Mohamed <i>Non-Independent Member</i> Encik Shaharin Bin Md. Hashim <i>Non-Independent Member</i> |
| Trustee | : Deutsche Trustees Malaysia Berhad (763590-H) Level 20, Menara IMC 8, Jalan Sultan Ismail 50250 Kuala Lumpur Malaysia Tel. No.: (+603) 2053 7522 Email: cisops.dtmdb@db.com |
| Auditors and Reporting Accountants | : PricewaterhouseCoopers (AF 1146) Level 15, 1 Sentral Jalan Travers Kuala Lumpur Sentral PO Box 10192 50706 Kuala Lumpur Malaysia Tel. No.: (+603) 2173 1188 Fax No.: (+603) 2173 1288 |
| Tax Consultants | : PricewaterhouseCoopers Taxation Services Sdn Bhd (464731-M) Level 10, 1 Sentral Jalan Travers Kuala Lumpur Sentral PO Box 10192 50706 Kuala Lumpur Malaysia Tel. No.: (+603) 2173 1188 Fax No.: (+603) 2173 1288 |

Fund Information (*continued*)

Shariah Adviser : CIMB Islamic Bank Berhad (671380-H)
(Please refer to pages 61-65 for corporate information, experience and details of the designated person for the Shariah Adviser)
13th Floor, Menara CIMB
Jalan Stesen Sentral 2
Kuala Lumpur Sentral
50470 Kuala Lumpur
Malaysia
Tel. No.: (+603) 2261 8888

Participating Dealers : CIMB Bank Berhad (13491-P)
13th 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)
10th Floor, Tower One
RHB Centre
Jalan Tun Razak
50400 Kuala Lumpur
Malaysia
Tel. No.: (+603) 9287 8888
Fax No.: (+603) 9280 6507

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 Registrars : Symphony Share Registrars Sdn. Bhd. (378993-D)
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
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Malaysia
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Manager's Report

For the Financial Period 1 January to 31 December 2013

| | |
|--------------------------|--|
| Name of Fund | : MyETF Dow Jones Islamic Market Malaysia Titans 25 (“MyETF- DJIM25” or “the Fund”) |
| Type of Fund | : Exchange Traded Fund |
| Fund Category | : Shariah-Compliant Equity |
| Commencement Date | : 22 January 2008 |
| Benchmark Index | : Dow Jones Islamic Market Malaysia Titans 25 Index (“DJIM25 Index”) |
| Manager | : 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

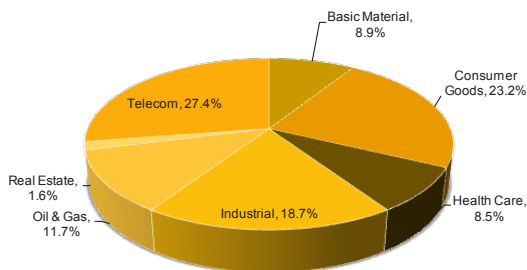
The Benchmark Index is a market capitalisation weighted and free-float adjusted index provided by S&P Dow Jones Indices (“S&P Dow Jones”).

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 Shariah-Compliant securities of companies listed on Bursa Malaysia Securities Berhad (“Bursa Securities”).

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.

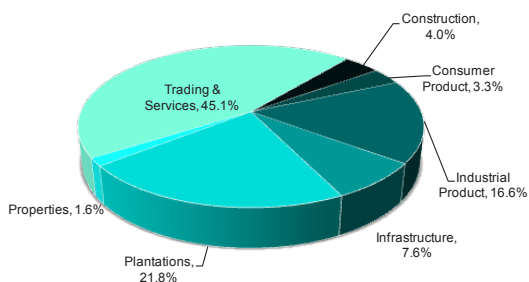
Based on the latest quarterly review (as at 13 December 2013), the sector allocation of DJIM25 Index based on S&P Dow Jones and Bursa Securities sector classifications are as follows:

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 period under review, the Manager tracked the performance of the Benchmark Index by investing all, or substantially all, of the Fund's assets in the constituents of the Benchmark Index in 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 2013, the Fund continued to achieve its investment objective which is to track closely the underlying benchmark, i.e. DJIM25 Index. As at 31 December 2013, the tracking error (calculated since inception and on daily basis) between the NAV per unit of the

Fund and the Benchmark Index on Price Return and Total Return basis was 1.78% and 1.58% respectively, which were within the 3% limit stipulated under the Fund's investment objective. In terms of NAV movement, the Fund's NAV per unit increased by 5.13% for the year from RM1.1276 to RM1.1854. During the year, the Fund declared two income distributions totaling 3.80 sen per unit. Due to the adjustment following the income distributions, the Fund's NAV increase was lower than DJIM25 Index gain of 6.39% for the year. The Fund's NAV per unit hit the year low of RM1.0516 on 18 March 2013 after a weak start before gradually improving throughout the year albeit choppy market conditions. The steady increase led the Fund's NAV per unit to reach its all-time high of RM1.1887 on 30 December before ending the year at RM1.1854. Meanwhile, the Fund's unit price traded on Bursa Securities moved in tandem with the DJIM25 Index and similarly, closed at its year high of RM1.19, representing a 6.25% yearly gain. As at end of December, total NAV of the Fund increased to RM304.29 million from RM292.61 million as at end of 2012 whilst the Fund's units in circulation stood at 256.70 million. The key statistics and comparative performance of the Fund as compared to the previous years are summarized as follows:

Table 1: Key Statistics

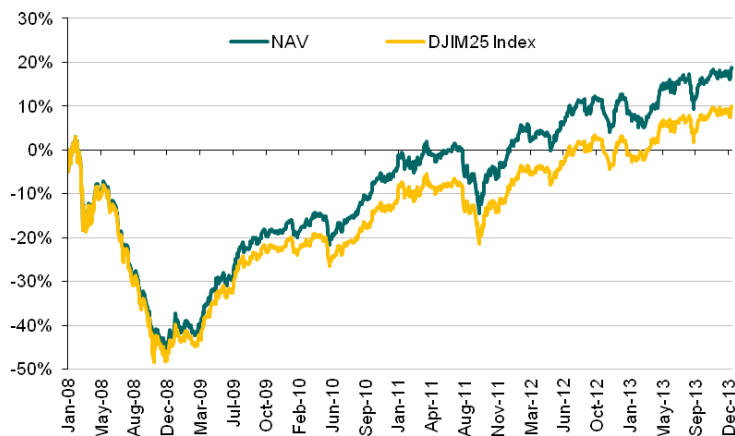
| | As at 31-Dec-13 | As at 31-Dec-12 | YoY Change | As at 31-Dec-11 |
|--|--------------------|--------------------|---------------|--------------------|
| NAV per unit (RM) # | 1.1854 | 1.1276 | 5.13% | 1.0024 |
| - Highest | 1.1887 (30 Dec) | 1.1276 (31 Dec) | | 1.0196 (7 Apr) |
| - Lowest | 1.0516 (18 Mar) | 0.9966 (4 Jan) | | 0.8557 (26 Sep) |
| <i>(During the period)</i> | | | | |
| Price per unit (RM) # | 1.190 | 1.120 | 6.25% | 0.990 |
| - Highest | 1.190 (31 Dec) | 1.120 (31 Dec) | | 0.994 (1 Jul) |
| - Lowest | 1.060 (7 Feb) | 0.980 (3 Jan) | | 0.8470 (26 Sep) |
| <i>(During the period)</i> | | | | |
| Units in Circulation | 256,700,000 | 259,500,000 | (1.08%) | 410,300,000 |
| Total NAV (RM) | 304,292,308 | 292,616,889 | 3.99% | 411,303,163 |
| Market Capitalisation (RM) | 305,473,000 | 290,640,000 | 5.10% | 406,197,000 |
| DJIM25 Index | 1,057.59 | 994.11 | 6.39% | 883.19 |
| Tracking Error vs. Price Return DJIM25 Index (%)* | 1.78 | 1.51 | | 1.30 |
| Tracking Error vs. Total Return DJIM25 Index (%)* | 1.58 | 1.26 | | 0.93 |
| Management Expense Ratio (%) | 0.55 | 0.49 | | 0.49 |

Sources: Bloomberg, i-VCAP

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

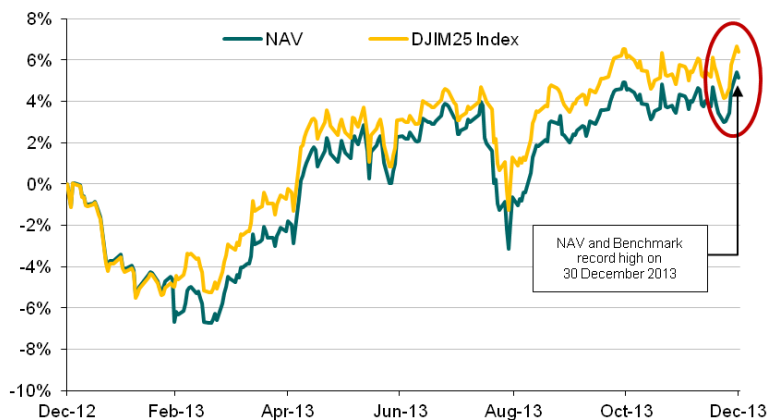
* The tracking error (calculated since inception and on daily basis) between the NAV per unit of the Fund and the Price Return and Total Return Benchmark Index

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 2013



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

| | 2013 | 2012 | 2011 | 2010 | 2009 |
|--|------|-------|------|-------|-------|
| | (%) | (%) | (%) | (%) | (%) |
| MyETF-DJIM25 - NAV Price Return ^(a) | 5.13 | 12.49 | 5.27 | 16.29 | 40.95 |
| DJIM25 - Price Return Index | 6.39 | 12.56 | 4.26 | 12.81 | 39.46 |
| MyETF-DJIM25 - NAV Total Return ^(a) | 8.82 | 15.78 | 7.48 | 16.29 | 42.05 |
| DJIM25 – Total Return Index | 9.82 | 16.70 | 8.04 | 17.33 | 45.03 |

Sources: Bloomberg, i-VCAP

(a) Independently verified by Perkasa Normandy Advisers Sdn. Bhd.

Table 2(b): Cumulative Returns

| | Cumulative Returns ^(b) | | | |
|--|-----------------------------------|---------------|---------------|------------------------|
| | 1-Year (%) | 3-Year (%) | 5-Year (%) | Since Inception (%) |
| MyETF-DJIM25 - NAV Price Return ^(a) | 5.13 | 24.49 | 104.06 | 18.54 |
| DJIM25 - Price Return Index | 6.39 | 24.85 | 96.40 | 9.68 |
| MyETF-DJIM25 - NAV Total Return ^(a) | 8.82 | 35.41 | 123.70 | 29.95 |
| DJIM25 – Total Return Index | 9.82 | 38.46 | 135.63 | 38.65 |

Sources: Bloomberg, i-VCAP

(a) Independently verified by Perkasa Normandy Advisers Sdn. Bhd.

(b) Cumulative returns are up to 31 December 2013.

Table 2(c): Average Returns (Annualised)

| | Average Returns ^(b) | | | |
|--|--------------------------------|---------------|---------------|------------------------|
| | 1-Year (%) | 3-Year (%) | 5-Year (%) | Since Inception (%) |
| MyETF-DJIM25 - NAV Price Return ^(a) | 5.13 | 7.58 | 15.33 | 2.90 |
| DJIM25 - Price Return Index | 6.39 | 7.68 | 14.45 | 1.57 |
| MyETF-DJIM25 - NAV Total Return ^(a) | 8.82 | 10.63 | 17.47 | 4.50 |
| DJIM25 – Total Return Index | 9.82 | 11.46 | 18.70 | 5.65 |

Sources: Bloomberg, i-VCAP

(a) Independently verified by Perkasa Normandy Advisers 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

| | 2013 | 2012 | | 2011 | |
|------------------------------------|----------------|--------------|----------------|---------------|----------------|
| | <u>Interim</u> | <u>Final</u> | <u>Interim</u> | <u>Final</u> | <u>Interim</u> |
| Income Distribution Per Unit (Sen) | 1.50 | 2.30 | 1.25 | 1.80 | 1.00 |
| Income Distribution Yield (%)* | 1.28 | 2.15 | 1.14 | 1.73 | 1.01 |
| Declaration Date | 30 Jul 2013 | 8 Feb 2013 | 28 Aug 2012 | 23 Feb 2012 | 29 Jul 2011 |
| Ex-Date | 15 Aug 2013 | 27 Feb 2013 | 12 Sep 2012 | 9 Mar 2012 | 22 Aug 2011 |
| Payment Date | 12 Sep 2013 | 26 Mar 2013 | 9 Oct 2012 | 10 April 2012 | 19 Sep 2011 |
| NAV Per Unit Before Ex-Date (RM) | 1.1678 | 1.0751 | 1.0930 | 1.0498 | 0.9250 |
| NAV Per Unit On Ex-Date (RM) | 1.1528 | 1.0521 | 1.0805 | 1.0318 | 0.9150 |

Source: i-VCAP

* Based on market price on income distribution declared date.

S&P Dow Jones performed four quarterly reviews in 2013 (in March, June, September and December) and rebalanced the composition of the Benchmark Index in accordance with its index methodology. Following the revised Shariah screening methodology by Shariah Advisory Council ("SAC") of Securities Commission effective 29 November 2013, the index provider has also taken into consideration SAC's revised screening exercise in determining its index constituents. The quarterly reviews had also 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 SP Setia Bhd, Telekom Malaysia Bhd, JCY International Bhd, and Bumi Armada Bhd, and were replaced by IHH Healthcare Bhd, UEM Sunrise Bhd, Felda Global Ventures Holdings Bhd and Hartalega Holdings Bhd. Additionally, Kulim (Malaysia) Bhd was also included in the DJIM25 Index in September but was removed during the December rebalancing.

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 arising from the quarterly reviews were the increase in Plantation from 19.00% to 20.74%, Industrial Products from 14.53% to 16.18% and Construction from 2.73% to 4.04%. On the other hand, the weighting of Trading/Services decreased from 48.53% to 43.94% and Infrastructure from 8.59% to 7.41%. Pursuant to the exclusion of JCY International Bhd as an index constituent, the Fund currently has no exposure in the Technology sector. Details of the key changes for the year are as follows:

Table 3: Top Ten Holdings of the Fund as at 31 December 2013

| Stock | % of NAV | Y-o-Y Δ (% holdings) |
|---------------------------------------|--------------|--------------------------------|
| 1. Axiata Group Bhd | 13.01 | 1.22 |
| 2. Sime Darby Bhd | 12.34 | (0.76) |
| 3. IOI Corporation Bhd | 6.99 | (1.45) |
| 4. Digi. Com Bhd | 6.93 | (1.07) |
| 5. Petronas Chemicals Group Bhd | 6.82 | 0.08 |
| 6. Maxis Bhd | 6.44 | (2.12) |
| 7. Kuala Lumpur Kepong Bhd | 5.32 | (0.69) |
| 8. Petronas Gas Bhd | 4.94 | 0.30 |
| 9. Felda Global Ventures Holdings Bhd | 4.38 | 4.38 |
| 10. IHH Healthcare Bhd | 4.15 | 4.15 |
| Total | 71.33 | 4.05 |

Sources: Bloomberg, i-VCAP

Table 4: Change in Fund's Sector Allocation *

| | As at 31 Dec 2013 | As at 31 Dec 2012 | Change (%) |
|----------------------------|----------------------|----------------------|---------------|
| Trading/Services | 43.94% | 48.53% | (4.59) |
| Plantation | 20.75% | 19.00% | 1.74 |
| Industrial Products | 16.18% | 14.53% | 1.65 |
| Infrastructure | 7.41% | 8.59% | (1.18) |
| Construction | 4.04% | 2.73% | 1.31 |
| Consumer Products | 3.18% | 3.59% | (0.41) |
| Property | 1.57% | 1.49% | 0.08 |
| Technology | 0.00% | 0.19% | (0.19) |
| Cash & Others [#] | 2.93% | 1.35% | 1.58 |

Sources: Bursa Malaysia, i-VCAP

* Based on Bursa Securities classification

[#] Include 1,556,346 IOI Properties Bhd shares that the Fund was entitled to arising from the holding of IOI Corporation Bhd shares prior to the listing of IOI Properties Bhd in January 2014.

Details of the Fund's quoted Investments as at 31 December 2013 are as follows:

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

| | Quantity | Market Value | Market Value as a percentage of Net Asset Value (%) |
|--|-----------|--------------------|---|
| | (Units) | (RM) | |
| <u>Trading/Services</u> | | | |
| 1. Axiata Group Bhd | 5,735,700 | 39,576,330 | 13.01 |
| 2. Sime Darby Bhd | 3,945,000 | 37,556,400 | 12.34 |
| 3. Maxis Bhd | 2,696,200 | 19,601,374 | 6.44 |
| 4. IHH Healthcare Bhd | 3,273,600 | 12,636,096 | 4.15 |
| 5. Petronas Dagangan Bhd | 357,100 | 11,227,224 | 3.69 |
| 6. Dialog Group Bhd | 2,233,797 | 7,996,993 | 2.63 |
| 7. KPJ Healthcare Bhd * | 750,746 | 2,912,894 | 0.96 |
| 8. Malaysia Marine & Heavy Engineering Bhd | 625,200 | 2,188,200 | 0.72 |
| | | 133,695,512 | 43.94 |
| <u>Plantation</u> | | | |
| 9. IOI Corporation Bhd | 4,516,939 | 21,274,783 | 6.99 |
| 10. Kuala Lumpur Kepong Bhd | 650,700 | 16,202,430 | 5.32 |
| 11. Felda Global Ventures Holdings Bhd | 2,965,100 | 13,313,299 | 4.38 |
| 12. Batu Kawan Bhd | 298,300 | 5,846,680 | 1.92 |
| 13. United Plantations Bhd | 123,600 | 3,213,600 | 1.06 |
| 14. Genting Plantations Bhd | 296,300 | 3,271,152 | 1.08 |
| | | 63,121,944 | 20.75 |
| <u>Industrial Products</u> | | | |
| 15. Petronas Chemicals Group Bhd | 3,001,000 | 20,766,920 | 6.82 |
| 16. Petronas Gas Bhd | 618,600 | 15,019,608 | 4.94 |
| 17. Lafarge Malaysia Bhd | 557,800 | 4,780,346 | 1.57 |
| 18. Hartalega Holdings Bhd | 510,400 | 3,690,192 | 1.21 |
| 19. Top Glove Corp Bhd | 549,600 | 3,094,248 | 1.02 |
| 20. Supermax Corp Bhd | 679,100 | 1,881,107 | 0.62 |
| | | 49,232,421 | 16.18 |
| <u>Infrastructure</u> | | | |
| 21. Digi.Com Bhd | 4,253,300 | 21,096,368 | 6.93 |
| 22. Time Dotcom Bhd | 411,340 | 1,460,257 | 0.48 |
| | | 22,556,625 | 7.41 |
| <u>Consumer Products</u> | | | |
| 23. UMW Holdings Bhd | 803,500 | 9,690,210 | 3.18 |
| | | 9,690,210 | 3.18 |
| <u>Construction</u> | | | |
| 24. Gamuda Bhd | 2,562,600 | 12,300,480 | 4.04 |
| | | 12,300,480 | 4.04 |
| <u>Property</u> | | | |
| 25. UEM Sunrise Bhd | 2,027,300 | 4,784,428 | 1.57 |
| | | 4,784,428 | 1.57 |
| | | 295,381,619 | 97.07 |

Sources: Bursa Malaysia, i-VCAP

* Include 31,946 KPJ Rights shares that went ex-date on 23 December 2013 and payable on 13 January 2014.

5. Distribution Policy

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

During the Financial Year under review, the Fund paid an income distribution amounted to RM5,959,300 in March 2013 in relation to the final distribution of 2.30 sen per unit for Financial Year Ended 2012 (declared in February 2013). The Fund also declared an interim distribution for Financial Year Ending 2013 of 1.50 sen per unit in July 2013 with a total distribution of RM3,850,500 (paid in September 2013). The Fund has announced a final income distribution of 1.65 sen for Financial Year Ended 2013, bringing the Fund's total income distribution for the year to 3.15 sen per unit.

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 had mixed performances in 2013 with developed markets posting commendable returns compared to dismal performances by the emerging markets. Equity markets started the year on a positive note as improved sentiment and risk appetite saw strong inflows into equities. The improving macro-economic statistics in the U.S. coupled with the Federal Reserve's continuous efforts to boost economic growth lifted overall investors' optimism and confidence. Malaysian equities also gradually improved in 1H2013 after a weak start on the back of net foreign inflows into Bursa Malaysia. Foreign investors were focusing on Malaysia's stable economic growth and expectation of relative outperformance against regional equity markets. The uptrend was further boosted by the conclusion of the 2013

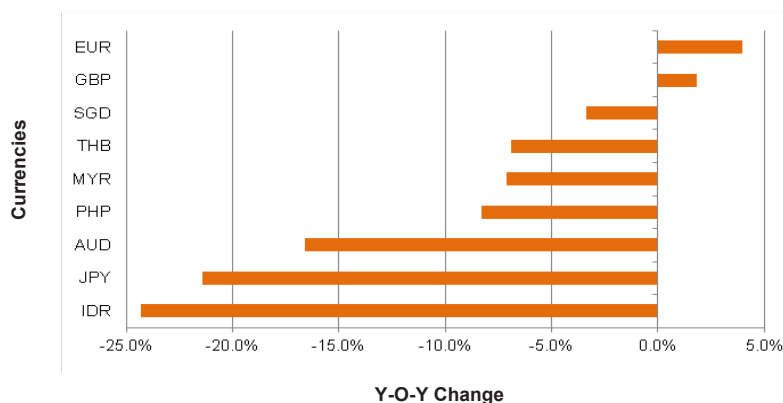
General Election as investors reacted favourably to the return of political–normalcy and continuity of the economic transformation programmes.

The second half of the year however, saw a significant shift in the global equity markets fund flows. Developed markets, particularly Wall Street, continued its rally on the back of several positive factors which include:

- strong corporate earnings.
- better-than-expected economic data.
- aversion of U.S. debt default following the raise of federal debt limit .
- delay in the withdrawal of Quantitative Easing (“QE”) policy by the Federal Reserve (“Fed”).

On the other hand, news on the Fed to taper its QE programme led to volatile market conditions for emerging market equities. The view that fast growing emerging economies would be negatively affected by the tightening monetary policy shifted investors interest to the developed economies which are expected to have stable growth. This led to heavy selling pressure particularly on the regional markets in August and September. Bursa Securities was not spared as the year’s gain was erased following the selldown by foreign funds. Nonetheless, Malaysian equity market which is considered to be defensive and resilient, managed to rebound towards the end of the year and performed relatively better than most emerging markets. Meanwhile, the massive fund pullout during the period also saw sharp depreciation on the currencies of the emerging economies against the US dollar. Ringgit, which earlier remained stable at around the RM3.05 level, faced the wrath of the outflow as it weakened to a low of RM3.33 against the US Dollar in August before closing the year at RM3.28.

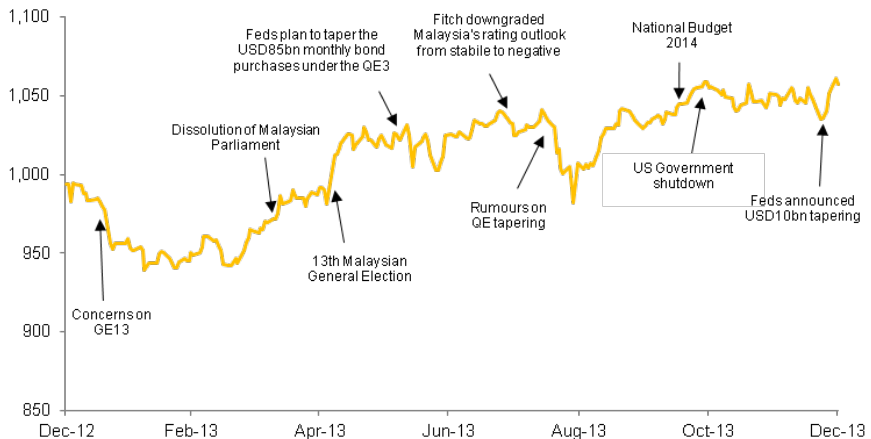
Chart 3: Currencies Performance vs US Dollar in 2013 (Year-On-Year %)



Sources: Bloomberg, i-VCAP

The benchmark DJIM25 Index had a cautious start to the year and retraced to its lowest level of 939.25 points in early February. After a tight trading range, the Benchmark Index rebounded in the second quarter. The volatile market condition in 2H2013 however, saw the resiliency of Malaysian equity market. Despite heavy sell down in regional equity markets, DJIM25 Index managed to rebound after several pullbacks. DJIM25 Index remained in the positive territory towards year end and hit its year high of 1,060.58 on 30 December 2013. The Benchmark Index closed the year at 1,057.59 points, translating to a 6.39% gain year-on-year.

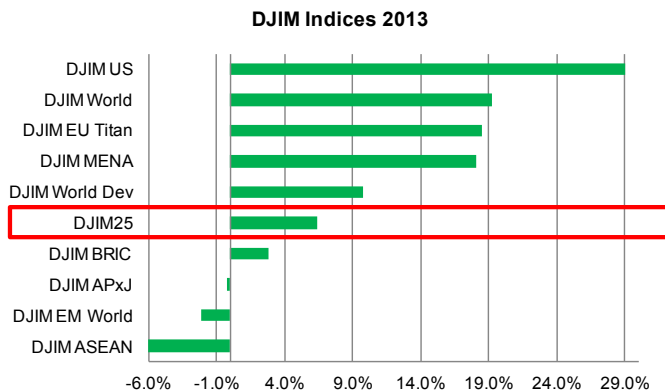
Chart 4: DJIM25 Index – 2013 (Event Chart)



Sources: Bloomberg, i-VCAP

On comparative performance within Dow Jones Islamic Market ("DJIM") index series, the DJIM25 Index performed considerably well against regional and emerging market equity indices which mostly retraced for the year. DJIM25 Index however, lagged the major developed benchmark indices which were led by the US market that posted a spectacular 28.98% return for the year.

Chart 5: DJIM Indices Performance 2013 (Year-On-Year %)



Sources: Bloomberg, i-VCAP

Moving forward, global equity markets are expected to remain volatile in 2014 as investors reassess the risk-reward expectations between advanced and emerging markets. The economic recovery in advanced economies is expected to enter into a period of sustainable modest growth. Meanwhile, developing economies may continue to face the risk of further capital outflows arising from the withdrawal of Quantitative Easing policy and weakening currency which may affect inflation and domestic spending. Nonetheless, the World Bank forecasts that global economy to grow by 3.10% in 2014 (projected 2.30% in 2013) with emerging economies growing 5.30% while advanced economies projected to expand by 2.10% year-on-year.

On the local front, Bank Negara Malaysia is forecasting the nation's GDP to register a growth of 5% to 5.5% in 2014. Private sector spending will remain supportive of economic activities despite ongoing consolidation of the public sector. Inflationary rate is expected to edge higher to around 3% level in 2014 due to the withdrawal of subsidies though BNM is expected to monitor for demand-pull inflation before determining whether to increase its lending rate. The pressure on Ringgit meanwhile is expected to persist in the medium term but may strengthen in the second half of the year should economic condition continue to show improvement. Nonetheless, given its defensiveness and coupled with investors preference for equities compared to other asset classes, Malaysian equity market is expected to stand out relative to regional and emerging markets amidst external volatilities in 2014. The sustainability of Malaysia's longer term growth on strong macro-economic policies with solid banking and corporate balance sheet will continue to lend support to its premium rating.

Trustee's Report

Deutsche Bank



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

Level 18-20, Menara IMC
8 Jalan Sultan Ismail
50250 Kuala Lumpur

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TRUSTEE'S REPORT

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


We have acted as Trustee for MyETF Dow Jones Islamic Market Malaysia Titans 25 (MyETF-DJIM25) for the financial year ended 31 December 2013. To the best of our knowledge, for the period under review, i-VCAP Management Sdn. Bhd. (Manager) has operated and managed the Fund in accordance with the following:-

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

We confirm that the income distributions during the financial year ended 31 December 2013 is relevant and reflects the investments objectives of the Fund. Two distributions have been declared:-

- 1) Income distribution of 2.30 sen per unit declared ex-date on 27 February 2013 for financial year 2012; and
- 2) Income distribution of 1.50 sen per unit declared ex-date on 15 August 2013 for financial year 2013.

For Deutsche Trustees Malaysia Berhad


Wong Mun Loong
Manager, Trustee Operations


Soon Lai Ching
Manager, Trustee Operations

Date: 07 Feb 2014
Kuala Lumpur

Shariah Adviser's Report



MyETF Dow Jones Islamic Market Malaysia Titans 25

Shariah Adviser's Report to the Unitholders of MyETF Dow Jones Islamic Market Malaysia Titans 25 For the Financial Period Ended 31 December 2013

We have acted as the Shariah Adviser of MyETF Dow Jones Islamic Market Malaysia Titans 25 ("the Fund"). Our responsibility is to ensure that the Fund has been operated and managed in accordance with the Shariah.

In our opinion, the Manager of the Fund, iVCAP Management Sdn. Bhd. has managed and administered the Fund in accordance with the Shariah and complied with the applicable guidelines, rulings or decisions issued by the Securities Commission and the Shariah Adviser pertaining to Shariah matters for the financial period ended 31 December 2013.

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.

For and on behalf of **Shariah Adviser**
CIMB Islamic Bank Berhad

A handwritten signature in black ink, consisting of a stylized 'A' and 'G' followed by 'ENDUT'.

ABDUL GHANI ENDUT

Head, Shariah Department / Designated Person Responsible for Shariah Advisory

Date: 07 Feb 2014

CIMB Islamic Bank Berhad (671380-H)
34th Floor Menara Bumiputra-Commerce 11 Jalan Raja Laut
50350 Kuala Lumpur Malaysia / P O Box 10063 50704 Kuala Lumpur Malaysia
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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 23 to 47 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 2013 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,
i-VCAP Management Sdn. Bhd.

Kuala Lumpur
7th February 2014

Independent Auditors' Report

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of MyETF Dow Jones Islamic Market Malaysia Titans 25 ("the Fund") on pages 23 to 47 which comprise the statement of financial position as at 31 December 2013 of the Fund, and the statements of comprehensive income, changes in equity and cash flows of the Fund for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on Notes 1 to 23.

Manager's Responsibility for the Financial Statements

The Manager is responsible for the preparation of financial statements so as to 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 are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Manager, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditors' Report (contd.)

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF MyETF DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25 (CONTINUED)

REPORT ON THE FINANCIAL STATEMENTS (CONTINUED)

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as of 31 December 2013 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 24 on page 47 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.

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

Kuala Lumpur
7 February 2014

MyETF DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

| | Note | 2013 RM | 2012 RM |
|--|------|--------------------------|--------------------------|
| INVESTMENT INCOME | | | |
| Gross dividend income | | 10,031,610 | 11,188,197 |
| Profit from short term Shariah-compliant deposits | | 99,967 | 126,220 |
| Net gain on financial assets at fair value through profit and loss | 10 | 16,519,289 | 34,634,096 |
| | | <u>26,650,866</u> | <u>45,948,513</u> |
| EXPENSES | | | |
| Management fee | 4 | (1,166,441) | (1,199,180) |
| Trustee's fee | 5 | (145,805) | (149,898) |
| License fee | 6 | (115,244) | (116,721) |
| Brokerage fees | | (155,077) | (75,093) |
| Auditors' remuneration | | (27,400) | (26,600) |
| Tax agent's fee | | (8,600) | (6,000) |
| Shariah adviser's fee | | (18,000) | (20,083) |
| Purification of non Shariah-compliant income | | (133,556) | (267,596) |
| Other expenses | 7 | (119,695) | 52,683 |
| | | <u>(1,889,818)</u> | <u>(1,808,488)</u> |
| NET INCOME BEFORE TAXATION | | 24,761,048 | 44,140,025 |
| TAXATION | 8 | (110,789) | 143,051 |
| NET INCOME AFTER TAX AND TOTAL COMPREHENSIVE INCOME | | 24,650,259 | 44,283,076 |
| Net income after taxation is made up as follows: | | | |
| Realised amount | | 21,906,091 | 6,009,024 |
| Unrealised amount | | 2,744,168 | 38,274,052 |
| | | <u>24,650,259</u> | <u>44,283,076</u> |

The accompanying summary of significant accounting policies and notes to the financial statements form an integral part of these financial statements.

MyETF DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2013

| | Note | <u>2013</u> RM | <u>2012</u> RM |
|---|------|--------------------|--------------------|
| ASSETS | | | |
| Current Assets | | | |
| Financial assets at fair value through profit or loss | 10 | 299,288,048 | 288,648,829 |
| Dividends receivable | 11 | 1,133,720 | 70,986 |
| Tax recoverable | | 18,801 | 337,888 |
| Receivables | 12 | 2,562 | 2,712 |
| Shariah compliant deposits with a licensed bank | 13 | 4,141,840 | 3,756,300 |
| Bank balance with a licensed bank | 13 | 6,508 | 17,714 |
| TOTAL ASSETS | | <u>304,591,479</u> | <u>292,834,429</u> |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Amount due to Manager | | 102,288 | 95,672 |
| Amount due to Trustee | | 12,786 | 11,959 |
| Auditors' remuneration | | 27,400 | 26,600 |
| Tax agent's fee | | 8,600 | 6,000 |
| Payables | 14 | 148,097 | 77,309 |
| TOTAL LIABILITIES | | <u>299,171</u> | <u>217,540</u> |
| NET ASSET VALUE OF THE FUND | | <u>304,292,308</u> | <u>292,616,889</u> |
| EQUITY | | | |
| Unit holders' capital | | 270,329,673 | 273,494,713 |
| Accumulated gains | | 33,962,635 | 19,122,176 |
| NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS | 16 | <u>304,292,308</u> | <u>292,616,889</u> |
| NUMBER OF UNITS IN CIRCULATION | 16 | <u>256,700,000</u> | <u>259,500,000</u> |
| NET ASSET VALUE PER UNIT (RM) | | <u>1.1854</u> | <u>1.1276</u> |

The accompanying summary of significant accounting policies and notes to the financial statements form an integral part of these financial statements.

MyETF DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

| | Note | Unit holders' Capital RM | Accumulated Gains RM | Total RM |
|---|------|--------------------------------|----------------------------|---------------|
| Balance as at 1 January 2013 | | 273,494,713 | 19,122,176 | 292,616,889 |
| Total Comprehensive Income for the year | | - | 24,650,259 | 24,650,259 |
| Distribution for financial year ended 31 December 2012 | 9 | - | (5,959,300) | (5,959,300) |
| Distribution for financial year ended 31 December 2013 | 9 | - | (3,850,500) | (3,850,500) |
| Cancellation of units | | (3,165,040) | - | (3,165,040) |
| At 31 December 2013 | | 270,329,673 | 33,962,635 | 304,292,308 |
| Balance as at 1 January 2012 | | 427,861,113 | (16,557,950) | 411,303,163 |
| Total Comprehensive Income for the year | | - | 44,283,076 | 44,283,076 |
| Distribution for financial year ended 31 December 2011 | 9 | - | (5,254,200) | (5,254,200) |
| Distribution for financial year ended 31 December 2012 | 9 | - | (3,348,750) | (3,348,750) |
| Cancellation of units | | (154,366,400) | - | (154,366,400) |
| At 31 December 2012 | | 273,494,713 | 19,122,176 | 292,616,889 |

The accompanying summary of significant accounting policies and notes to the financial statements form an integral part of these financial statements.

MyETF DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25

CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

| | Note | 2013 RM | 2012 RM |
|---|------|--------------------------|--------------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Cash used in purchase of investments | | (63,232,472) | (32,618,880) |
| Proceeds from sales of investments | | 65,906,804 | 30,358,847 |
| Dividends received | | 8,801,634 | 10,994,662 |
| Profit from short term Shariah-compliant deposits | | 99,967 | 126,220 |
| Management fee paid | | (1,159,825) | (1,246,617) |
| Trustee fee paid | | (144,978) | (155,827) |
| License fee paid | | (148,035) | (109,343) |
| Purification of non Shariah-compliant Income | | (129,724) | (587,217) |
| Cash received on capital repayment of investments | | - | 910,814 |
| Tax refund received | | 375,541 | - |
| Payment for other fees and expenses | | (159,848) | (136,905) |
| Net cash inflow from operating activities | | <u>10,209,064</u> | <u>7,535,754</u> |
| CASH FLOW FROM FINANCING ACTIVITIES | | | |
| Payment of income distribution | | (9,809,800) | (8,602,950) |
| Proceeds from units created | 22 | - | - |
| Payments for cancellation of units | 22 | (24,930) | (2,341,605) |
| Net cash outflow from financing activities | | <u>(9,834,730)</u> | <u>(10,944,555)</u> |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | | 374,334 | (3,408,801) |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR | | 3,774,014 | 7,182,815 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR | 13 | <u>4,148,348</u> | <u>3,774,014</u> |
| Cash and cash equivalents comprise: | | | |
| Cash and bank balances | | 6,508 | 17,714 |
| Short term Shariah-compliant deposits | | 4,141,840 | 3,756,300 |
| | 13 | <u>4,148,348</u> | <u>3,774,014</u> |

The accompanying summary of significant accounting policies and 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 2013

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 the provisions of the 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 reported period. It also requires the Manager to exercise their judgment in the process of applying the Fund's accounting policies. Although these estimates and judgment are based on the Managers' best knowledge of current events and actions, actual results may differ.

Estimates and judgments 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.

Standards, amendments to published standards and interpretations to existing standards that are applicable to the Fund but not yet effective

The Fund will apply the new standards, amendments to standards and interpretations in the following period:

- (i) Financial year beginning on/after 1 January 2014
 - Amendment to MFRS 132 "Financial instruments: Presentation" (effective from 1 January 2014) does not change the current offsetting model in MFRS 132. It clarifies the meaning of 'currently has a legally enforceable right of set-off' that the right of set-off must be available today (not contingent on a future event) and legally enforceable for all counterparties in the normal course of business. It clarifies that some gross settlement mechanisms with features that are effectively equivalent to net settlement will satisfy the MFRS 132 offsetting criteria.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONTINUED)

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

Standards, amendments to published standards and interpretations to existing standards that are applicable to the Fund but not yet effective (continued)

(ii) Financial year beginning on/after 1 January 2017

- MFRS 9 “Financial instruments - classification and measurement of financial assets and financial liabilities” (effective no earlier than annual periods beginning on or after 1 January 2017) replaces the parts of MFRS 139 that relate to the classification and measurement of financial instruments. MFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity’s business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the MFRS 139 requirements. 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.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (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 interest 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 recognized as an expense in the statement of comprehensive income.

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 AMOUNT DUE TO/FROM STOCKBROKERS

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

These amounts are recognised initially at fair value and subsequently measured at amortised cost using the effective profit method, less provision for impairment for amounts due from brokers. A provision for impairment of amounts due from brokers is established when there is objective evidence that the Fund will not be able to collect all amounts due from the relevant broker. Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are considered indicators that the amount due from brokers is impaired. Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, profit income is recognised using the rate of profit used to discount the future cash flows for the purpose of measuring the impairment loss.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONTINUED)

F AMOUNT DUE TO/FROM STOCKBROKERS (CONTINUED)

The effective profit method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the profit income or profit expense over the relevant period. The effective profit rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. When calculating the effective profit rate, the Fund estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective profit rate, transaction costs and all other premiums or discounts.

G FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

(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.

(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 the income statement.

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.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category 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.

In accordance with the Deed, quoted investments in Malaysia are valued at the last done market price quoted on Bursa Malaysia at the date of the statement of financial position.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONTINUED)

H CREATION AND CANCELLATION OF UNITS

The Fund issues cancellable units, which are cancelled at the unit holder's option and are classified as equity. Cancellable units can be put back to the Fund at any time for shares and cash equal to a proportionate share of the Fund's net asset value.

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 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 REALISED AND UNREALISED PORTIONS OF NET INCOME AFTER TAX

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.

MyETF DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

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 trust deed dated 17 January 2008 (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 by the Trustee.

The Fund is an exchange traded fund that is designed to provide investment results that closely correspond to the performance of the Dow Jones Islamic Market Malaysia Titans 25 Index ("Benchmark Index"), 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 7 February 2014.

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 | Asset at fair value through profit or loss | Total |
|--|---------------------------------|--|--------------------|
| | RM | RM | RM |
| 31 December 2013 | | | |
| Financial assets at fair value through profit or loss | - | 299,288,048 | 299,288,048 |
| Other Receivables | 1,136,282 | - | 1,136,282 |
| Cash and Cash Equivalents | 4,148,348 | - | 4,148,348 |
| Total | 5,284,630 | 299,288,048 | 304,572,678 |
| 31 December 2012 | | | |
| Financial assets at fair value through profit or loss | - | 288,648,829 | 288,648,829 |
| Other Receivables | 73,698 | - | 73,698 |
| Cash and Cash Equivalents | 3,774,014 | - | 3,774,014 |
| Total | 3,847,712 | 288,648,829 | 292,496,541 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONTINUED)

2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

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

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

Market risk*Price Risk*

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

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

| | <u>Fair Value</u> | |
|---|-------------------|-------------|
| | 2013 | 2012 |
| | RM | RM |
| Financial Assets at fair value through profit or loss | 299,288,048 | 288,648,829 |

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.

2013

| % Change in benchmark index | Benchmark Index | Market Value RM | Change in unrealised gain RM |
|-----------------------------|-----------------|--------------------|------------------------------------|
| -10% | 951.83 | 271,319,580 | (27,968,468) |
| 0% | 1,057.59 | 299,288,048 | - |
| 10% | 1,163.35 | 327,256,516 | 27,968,468 |

2012

| % Change in benchmark index | Benchmark Index | Market Value RM | Change in unrealised gain RM |
|-----------------------------|-----------------|--------------------|------------------------------------|
| -10% | 894.70 | 260,193,827 | (28,455,002) |
| 0% | 994.11 | 288,648,829 | - |
| 10% | 1,093.52 | 317,103,831 | 28,455,002 |

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 2013 (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.

| | 2013 RM | 2012 RM |
|---------------------------|--------------------|--------------------|
| Cash and Cash Equivalents | 4,148,348 | 3,774,014 |
| Other Assets | 1,136,282 | 73,698 |
| Total | 5,284,630 | 3,847,712 |

None of these assets is impaired nor past due but not impaired.

At 31 December 2013, all cash and cash equivalents are placed with Bank Islam Malaysia Berhad (2012: CIMB Islamic Bank Berhad).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (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 asset 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 comprise 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.

| | Within one month RM | Between one month to one year RM | Total RM |
|-----------------------------|---------------------------|---|----------------|
| 2013 | | | |
| Amount due to Manager | 102,288 | - | 102,288 |
| Amount due to Trustee | 12,786 | - | 12,786 |
| Auditors' remuneration | - | 27,400 | 27,400 |
| Tax agent's fee | - | 8,600 | 8,600 |
| Other payables and accruals | 89,449 | 58,648 | 148,097 |
| | <u>204,523</u> | <u>94,648</u> | <u>299,171</u> |

| | | | |
|-----------------------------|----------------|----------------|----------------|
| 2012 | | | |
| Amount due to Manager | 95,672 | - | 95,672 |
| Amount due to Trustee | 11,959 | - | 11,969 |
| Auditors' remuneration | - | 26,600 | 26,600 |
| Tax agent's fee | - | 6,000 | 6,000 |
| Other payables and accruals | - | 77,309 | 77,309 |
| | <u>107,631</u> | <u>109,909</u> | <u>217,540</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (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 2013, the management fee was recognised at a rate of 0.4% (2012: 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, inclusive of custodian 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 2013, the Trustee's fee was recognised at a rate of 0.05% (2012: 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 2013, the License Fee was recognised at a rate of 0.04% (2012: 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

Included in Other Expenses are professional fees, other than Management, Trustee's and License Fees, and other expenses as permitted by the Deed, paid or provided for during the year.

For the financial year ended 31 December 2013, the Other Expenses was recognised at a rate of 0.065% (2012: Nil) per annum of the Net Asset Value ("NAV") of the Fund, calculated on daily basis.

The expenses are reversed out from the accrual on their respective payment dates.

An over accrual of other expenses in the previous year was reversed to the statement of comprehensive income during the financial year ended 31 December 2012.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONTINUED)

8 TAXATION

| | <u>2013</u> RM | <u>2012</u> RM |
|------------------------------|-------------------|-------------------|
| Current taxation | | |
| Current year | 167,242 | 194,837 |
| Overprovision in prior years | (56,453) | (337,888) |
| | <u>110,789</u> | <u>(143,051)</u> |

The numerical reconciliation between net income before taxation multiplied by the Malaysian statutory tax rate and tax expense of the Fund is as follows:

| | <u>2013</u> RM | <u>2012</u> RM |
|--|-------------------|-------------------|
| Net income before taxation | 24,761,048 | 44,140,025 |
| Tax at Malaysian statutory rate of 25% | 6,190,262 | 11,035,006 |
| Tax effect of: | | |
| Investment income not subject to tax | (6,490,659) | (11,262,310) |
| Restriction on tax deductible expenses for exchange-traded funds | 286,796 | 275,800 |
| Expenses not deductible for tax purposes | 180,843 | 146,341 |
| Overprovision in prior years | (56,453) | (337,888) |
| | <u>110,789</u> | <u>(143,051)</u> |

MyETF DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONTINUED)

9 INCOME DISTRIBUTION

Distribution to unit holders is from the following sources:

| | <u>2013</u> RM | <u>2012</u> RM |
|---|-------------------|-------------------|
| Undistributed Net Exempt Income brought forward | 5,959,300 | 5,254,200 |
| Exempt Dividend Income | 4,839,922 | 4,196,540 |
| Profits from Money Market Placements | 45,734 | 56,303 |
| | <u>10,844,956</u> | <u>9,507,043</u> |
| Less: Expenses | | |
| Exempt Non Shariah-compliant Income | (87,714) | (146,850) |
| Fund Related Expenses | (844,506) | (800,254) |
| Dividend Tax Expense | (102,936) | 43,011 |
| | <u>9,809,800</u> | <u>8,602,950</u> |

The Net Asset Value per unit prior and subsequent to the income distribution was as follows:

| <u>Distribution date</u> | <u>Cum-distribution</u> RM | <u>Distribution per unit</u> RM | <u>Ex-distribution</u> RM |
|--------------------------|-------------------------------|------------------------------------|------------------------------|
| <u>2013</u> | | | |
| 27 February 2013 | 1.0751 | 0.0230 | 1.0521 |
| 15 August 2013 | 1.1678 | 0.0150 | 1.1528 |
| | | <u>0.0380</u> | |
| <u>2012</u> | | | |
| 9 March 2012 | 1.0498 | 0.0180 | 1.0318 |
| 12 September 2012 | 1.0930 | 0.0125 | 1.0805 |
| | | <u>0.0305</u> | |

Included in the above is an amount of RM5,959,300 distribute from previous year's undistributed net realized exempt income.

A final income distribution for the financial year ended 31 December 2012 of 2.30 sen per unit was declared on 8 February 2013 based on the financial position of the Fund as at 31 December 2012 with an ex-date on 27 February 2013 and entitlement date on 1 March 2013. The total amount of income distributed was RM5,959,300 based on 259,100,000 of MyETF-DJIM25's units in circulation, which was paid out to unit holders on 26 March 2013.

An interim income distribution for the financial year ending 31 December 2013 of 1.50 sen per unit was declared on 30 July 2013 based on the financial position of the Fund as at 30 June 2013 with an ex-date of 15 August 2013 and entitlement date of 19 August 2013. The total amount of income distributed was RM3,850,500 based on 256,700,000 of MyETF-DJIM25's units in circulation, which was paid out to unit holders on 12 September 2013.

Subsequent to 31 December 2013, a final income distribution for the financial year ended 31 December 2013 of 1.65 sen per unit was declared on 21 January 2014 based on the financial position as at 31 December 2013 with an ex-date of 10 February 2014 and entitlement date of 12 February 2014.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONTINUED)

10 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | <u>2013</u> RM | <u>2012</u> RM |
|---|--------------------|--------------------|
| Designated at fair value through profit or loss at inception | | |
| - Shares quoted in Malaysia | 299,288,048 | 288,648,829 |
| | <u>299,288,048</u> | <u>288,648,829</u> |
| Net gain on financial assets at fair value through profit or loss | | |
| - Realised | 14,908,842 | (3,568,971) |
| - Change in unrealised | 1,610,447 | 38,203,067 |
| | <u>16,519,289</u> | <u>34,634,096</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 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.

Dividends declared are recognized on the Ex-Date and are reversed out from the receivables upon receipt by the Fund.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONTINUED)

12 RECEIVABLES

| | <u>2013</u> RM | <u>2012</u> RM |
|-------------------|-------------------|-------------------|
| Other Receivables | <u>2,562</u> | <u>2,712</u> |

13 CASH AND CASH EQUIVALENTS

| | <u>2013</u> RM | <u>2012</u> RM |
|---|-------------------|-------------------|
| Shariah compliant deposits with a licensed bank | 4,141,840 | 3,756,300 |
| Cash at Bank – | | |
| From Shariah-compliant Income | 3,116 | 12,027 |
| Cash at Bank – | | |
| From Non Shariah-compliant Income | <u>3,392</u> | <u>5,687</u> |
| | <u>4,148,348</u> | <u>3,774,014</u> |

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

| | <u>2013</u> %pa | <u>2012</u> %pa |
|---|--------------------|--------------------|
| Shariah compliant deposits with a licensed bank | <u>3.00</u> | <u>2.90</u> |

As at the end of financial year ended 31 December 2013, the Shariah-compliant deposit with a licensed bank of the Fund have a weighted average maturity period of 2 days (2012: 3 days) and are denominated in Ringgit Malaysia.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONTINUED)

14 PAYABLES

| | <u>2013</u> RM | <u>2012</u> RM |
|--|-------------------|-------------------|
| Amount due to Index Licensor | 25,217 | 58,008 |
| Amount due to Shariah Adviser | 4,500 | 4,500 |
| Amount due to beneficial organisations (Note 15) | 10,070 | 6,240 |
| Amount due to Participating Dealer | - | 4,112 |
| Other payables | 108,310 | 4,449 |
| | <u>148,097</u> | <u>77,309</u> |

Included in other payables is an amount of RM89,449 (2012: RM nil) in relation to the rights issue of the new ordinary shares in KPJ Healthcare Bhd.

15 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>2013</u> RM | <u>2012</u> RM |
|---|-------------------|-------------------|
| Cash at Bank – Non Shariah-compliant Income | 3,392 | 5,687 |
| Dividends Receivable – Non Shariah-compliant Income | 6,678 | 553 |
| | <u>10,070</u> | <u>6,240</u> |

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

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 2013 (CONTINUED)

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

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

| | Note | <u>2013</u> RM | <u>2012</u> RM |
|----------------------------|------|--------------------|--------------------|
| Unit holders' Contribution | (a) | 270,329,673 | 273,494,713 |
| Accumulated Gains | | 33,962,635 | 19,122,176 |
| | | <u>304,292,308</u> | <u>292,616,889</u> |

(a) UNIT HOLDERS' CONTRIBUTION / UNITS IN CIRCULATION

| | <u>2013</u> | | <u>2012</u> | |
|----------------------------------|-----------------------|--------------------|-----------------------|--------------------|
| | No. of Units | RM | No. of Units | RM |
| At beginning of year | 259,500,000 | 273,494,713 | 410,300,000 | 427,861,113 |
| Cancellation during the year | (2,800,000) | (3,165,040) | (150,800,000) | (154,366,400) |
| At the end of the financial year | <u>256,700,000</u> | <u>270,329,673</u> | <u>259,500,000</u> | <u>273,494,713</u> |
| Approved size of Fund | <u>10,000,000,000</u> | | <u>10,000,000,000</u> | |

In accordance with the Deed, the Manager may increase the size of the Fund from time to time with the approval of the Trustee and the SC. The maximum number of units that can be issued out for circulation by the Fund is 10,000,000,000. As at 31 December 2013, the number of units not yet issued by the Fund is 9,743,300,000 (2012: 9,740,500,000).

The Manager, i-VCAP Management Sdn. Bhd., held 1,319,000 units in the Fund as at 31 December 2013 (2012: nil).

MyETF DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONTINUED)

17 TRANSACTIONS WITH BROKERS

Details of transactions with the brokers as at 31 December 2013 are as follows:

| Name of brokers | Value of trade | Percentage of total trades | Brokerage fees | Percentage of total brokerage |
|--------------------------------|--------------------|----------------------------------|-------------------|-------------------------------------|
| | RM | % | RM | % |
| CIMB Investment Bank Bhd | 46,392,648 | 35.92 | 55,647 | 35.88 |
| Maybank Investment Bank Bhd | 45,276,083 | 35.06 | 54,451 | 35.12 |
| RHB Investment Bank Bhd | 37,470,545 | 29.02 | 44,979 | 29.00 |
| | <u>129,139,276</u> | <u>100.00</u> | <u>155,077</u> | <u>100.00</u> |

Details of transactions with the brokers as at 31 December 2012 are as follows:

| Name of brokers | Value of trade | Percentage of total trades | Brokerage fees | Percentage of total brokerage |
|--------------------------------|-------------------|----------------------------------|-------------------|-------------------------------------|
| | RM | % | RM | % |
| CIMB Investment Bank Bhd | 18,409,832 | 29.52 | 22,357 | 29.78 |
| OSK Investment Bank Bhd | 18,129,548 | 29.07 | 21,742 | 28.95 |
| RHB Investment Bank Bhd | 14,998,422 | 24.05 | 18,001 | 23.97 |
| Maybank Investment Bank Bhd | 10,826,886 | 17.36 | 12,992 | 17.30 |
| | <u>62,364,688</u> | <u>100.00</u> | <u>75,093</u> | <u>100.00</u> |

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

18 UNITS HELD BY THE MANAGER AND PARTIES RELATED TO THE MANAGER

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

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

MyETF DOW JONES ISLAMIC MARKET MALAYSIA TITANS 25

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONTINUED)

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

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

| | 2013 | | 2012 | |
|---------------------------------|--------------------|--------------------|--------------------|--------------------|
| | No. of units | RM | No. of units | RM |
| The Manager at NAV | 1,319,000 | 1,563,543 | - | - |
| Valuecap at NAV | 45,000,000 | 53,343,000 | 45,000,000 | 50,742,000 |
| Shareholders of Valuecap at NAV | 198,110,300 | 234,839,950 | 198,110,300 | 223,389,174 |
| | <u>244,429,300</u> | <u>289,746,493</u> | <u>243,110,300</u> | <u>274,131,174</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.

19 MANAGEMENT EXPENSE RATIO ("MER")

| | <u>2013</u> | <u>2012</u> |
|-----|-------------|-------------|
| | % | % |
| MER | <u>0.55</u> | <u>0.49</u> |

MER is derived from the following calculation:

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

| | | |
|---|---|---|
| A | = | Management fee |
| B | = | Trustee's fee |
| C | = | Licensing fee |
| D | = | Auditors' 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 RM291,615,664 (2012: RM299,937,754)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONTINUED)

20 PORTFOLIO TURNOVER RATIO ("PTR")

| | <u>2013</u> | <u>2012</u> |
|-------------|-------------|-------------|
| PTR (times) | <u>0.20</u> | <u>0.36</u> |

PTR is derived from the following calculation:

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

where: total acquisition for the financial year = RM63,321,921 (2012: RM32,618,880)

total disposal for the financial year = RM54,217,372 (2012: RM185,673,839)

The average net asset value of the Fund for the financial year calculated on daily basis is RM291,615,664 (2012: RM299,937,754)

21 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 year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONTINUED)

22 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>2013</u> RM | <u>2012</u> RM |
|--|-------------------|-------------------|
| Creation | | |
| - Fair value of Benchmark Index shares | - | - |
| - Cash component | - | - |
| | <u> </u> | <u> </u> |
| | - | - |
| | <u> </u> | <u> </u> |
| Cancellation | | |
| - Fair value of Benchmark Index shares | 3,140,110 | 152,024,795 |
| - Cash component | 24,930 | 2,341,605 |
| | <u> </u> | <u> </u> |
| | 3,165,040 | 154,366,400 |
| | <u> </u> | <u> </u> |

23 FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is the amount at which a financial asset could be exchanged or a financial liability could be settled between knowledgeable and willing parties in an arm's length transactions.

The amendment MFRS7 '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 judgement, 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONTINUED)

23 FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

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

Financial assets at fair value through profit and loss

| | Level 1 RM |
|---------------------------|---------------|
| Quoted Shares in Malaysia | |
| 31 December 2013 | 299,288,048 |
| 31 December 2012 | 288,648,829 |

24 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>2013</u> RM | <u>2012</u> RM |
|---|-------------------|-------------------|
| Total retained profits/accumulated losses of the Fund | | |
| - Realised | (36,519,608) | (49,743,089) |
| - Unrealised | 70,482,243 | 68,865,265 |
| | <u>33,962,635</u> | <u>19,122,176</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 30 January 2014

| Size of unit holdings | No. of unit holders | % of unit holders | No. of units held | % of units in circulation |
|---|---------------------|-------------------|--------------------|---------------------------|
| Less than 100 | 2 | 1.77 | 100 | 0.00 |
| 100 - 1,000 | 35 | 30.97 | 21,200 | 0.01 |
| 1,001 - 10,000 | 47 | 41.59 | 231,400 | 0.09 |
| 10,001 - 100,000 | 16 | 14.16 | 684,500 | 0.27 |
| 100,001 to less than 5% of issued units | 10 | 8.85 | 11,052,500 | 4.33 |
| 5% and above of issued units | 3 | 2.65 | 243,110,300 | 95.30 |
| TOTAL | 113 | 100.00 | 255,100,000 | 100.00 |

Profile of Directors of the Manager & Investment Committee Members of the Fund

Directors' Profile

| | |
|--|--|
| Name: | Wan Kamaruzaman Bin Wan Ahmad |
| Age: | 54 |
| Nationality: | Malaysian |
| Designation: | <i>Non-Independent Non-Executive Chairman</i> |
| Qualifications: | Bachelor of Economics majoring in Analytical Economic (Hons) from University of Malaya. |
| Working Experience and Occupation: | Encik Wan Kamaruzaman was appointed as KWAP's CEO on 2 May 2013. He previously served as the General Manager of the Treasury Department at Employees Provident Fund ("EPF") since October 2007. He started his working career with Malayan Banking Berhad (Maybank) since 1981, mostly in the Treasury Department with two overseas postings at Hamburg, Germany as Chief Dealer and London, United Kingdom ("UK") as Treasury Manager. After leaving Maybank in 1994, Encik Wan Kamaruzaman served as CEO and Director with several companies within the Affin Group for 11 years until 2005. He then briefly served Kemuncak Facilities Management Sdn Bhd and Izoma (M) Sdn Bhd, both as Executive Director of Finance from 2005 until 2007 before joining EPF. In addition, he is also a Board Member of Valuecap Sdn Bhd and Malakoff Corporation Bhd as well as the Director of Prima Ekuiti (UK) Limited, a subsidiary of KWAP. |
| Date Appointed to Board: | 23 July 2013 |
| Details of Membership of any Board Committee: | Encik Wan Kamaruzaman is not a member of any Board Committee. |
| Directorship of other public companies: | Malakoff Corporation Berhad |

Directors' Profile (*continued*)

| | |
|---|---|
| Family relationship with any director: | Encik Wan Kamaruzaman has no family relationship with any of the other director(s) on the Board of the Manager. |
| Conflict of interest with the Fund: | Encik Wan Kamaruzaman is a Board Member of Valuecap and CEO of KWAP both of which are unit holders of the Fund. |
| List of convictions for offences within the past 10 years other than traffic offences: | None |
| Number of Board Meetings Attended in the Financial Year: | Encik Wan Kamaruzaman attended 4 out of 4 Board of Directors Meetings held from the date of his appointment. |

| | |
|---|---|
| Name: | Puan Sharifatu Laila Binti Syed Ali |
| Age: | 51 |
| Nationality: | Malaysian |
| Designation: | <i>Non-Independent Non-Executive Director</i> |
| Qualifications: | Master in Business Administration from Universiti Malaya and Bachelor of Science (Hons) from Universiti Kebangsaan Malaysia. Attended the Harvard Advanced Management Programme at Harvard Business School. |
| Working Experience and Occupation: | Puan Sharifatu Laila was appointed as CEO of Valuecap in 2002 and played a key role in the setting up of Valuecap. She has been actively involved in the investment industry for more than 24 years. Prior to joining Valuecap, she had served at various premier institutions such as EPF, PNB and Lembaga Tabung Haji. She began her investment career in PNB in 1985 as an Investment Executive before leaving to join EPF 3 years later. During her tenure with EPF, she held several positions from Investment Officer to Senior Portfolio Manager (Head |

Directors' Profile (*continued*)

of the Equity Investment Division) overseeing approximately RM40 billion (US\$10 billion) and also Head of the Treasury Division overseeing an approximately RM100 billion portfolio (US\$30 billion). She gained extensive experience in the field of portfolio investment both in the local and regional environment while serving EPF.

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| Date Appointed to Board: | Puan Sharifatu Laila is one of the first two directors named in the Articles of Association of the Manager dated 10 October 2007 and is deemed appointed on that date. |
| Details of Membership of any Board Committee: | Puan Sharifatu Laila is not a member of any Board Committee. |
| Directorship of other public companies: | Puan Sharifatu Laila is not a director of any public companies. |
| Family relationship with any director: | Puan Sharifatu Laila has no family relationship with any of the other director(s) on the Board of the Manager. |
| Conflict of interest with the Fund: | Puan Sharifatu Laila is the CEO of Valuecap which is a unit holder of the Fund. |
| List of convictions for offences within the past 10 years other than traffic offences: | None |
| Number of Board Meetings Attended in the Financial Year: | Puan Sharifatu Laila attended 7 out of 7 Board of Directors Meetings held during the financial year. |

Directors' Profile (*continued*)

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|--|---|
| Name: | Encik Hassan Bin Ibrahim |
| Age: | 62 |
| Nationality: | Malaysian |
| Designation: | <i>Independent Non-Executive Director</i> |
| Qualifications: | Bachelor of Laws from University of Singapore. |
| Working Experience and Occupation: | Encik Hassan established the firm of Messrs Hassan & Associates in March 2007, focusing on corporate and conveyancing matters. Prior to that, he was a partner with Messrs Zainal Abidin & Co. since 1989, with involvement in the same areas of specialisation. During his tenure with Messrs Zainal Abidin & Co., he had attended to the preparation and completion of several project financing facility documents based on the Shariah principle of Al-Ijarah, Murabahah and Bai-Bithaman Ajil. He has over 10 years of experience serving Bank Pembangunan Malaysia Berhad from 1976 to 1988 in Project Evaluation & Investment functions. |
| Date Appointed to Board: | 2 November 2007 |
| Details of Membership of any Board Committee: | Encik Hassan is a member of the Board Audit and Risk Management Committee and of the Investment Committee. |
| Directorship of other public companies: | Encik Hassan is not a director of any public companies. |
| Family relationship with any director: | Encik Hassan has no family relationship with any of the other director(s) on the Board of the Manager. |
| Conflict of interest with the Fund: | None |

Directors' Profile (*continued*)

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

None

Number of Board Meetings Attended in the Financial Year:

Encik Hassan attended 6 out of 7 Board of Directors Meetings held during the financial year.

| | |
|--------------|---|
| Name: | Y.M. Tunku Afwida Binti Tunku A. Malek |
|--------------|---|

| | |
|-------------|----|
| Age: | 48 |
|-------------|----|

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|---------------------|-----------|
| Nationality: | Malaysian |
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| Designation: | <i>Independent Non-Executive Director</i> |
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| Qualifications: | Bachelor in Science (Hons.) majoring in Economics and Accountancy from The City University (London). She also qualified as a Chartered Accountant from The Institute of Chartered Accountants in England and Wales. |
|------------------------|---|

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|---|--|
| Working Experience and Occupation: | Tunku Afwida is currently the Director / shareholder of Benih Semaian Sdn Bhd, a funding advisory company. Prior to that, she was 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). She is currently also a Director of Gamuda Berhad and PUC Founder (MSC) Berhad and she also serve as an Investment Committee Member of Valuecap. |
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| Date Appointed to Board: | 17 July 2009 |
|---------------------------------|--------------|

Directors' Profile *(continued)*

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| Details of Membership of any Board Committee: | Tunku Afwida is a member of the Board Audit and Risk Management Committee and a member and Chairman of the Investment Committee. |
| Directorship of other public companies: | Gamuda Berhad PUC Founder (MSC) Berhad |
| Family relationship with any director: | Tunku Afwida has no family relationship with any of the other director(s) on the Board of the Manager. |
| Conflict of interest with the Fund: | Tunku Afwida is an Investment Committee Member of Valuecap which is a unit holder of the Fund. |
| List of convictions for offences within the past 10 years other than traffic offences: | None |
| Number of Board Meetings Attended in the Financial Year: | Tunku Afwida attended 7 out of 7 Board of Directors Meetings held during the financial year. |

| | |
|--------------|---------------------------------|
| Name: | Encik Rosli Bin Abdullah |
|--------------|---------------------------------|

| | |
|-------------|----|
| Age: | 60 |
|-------------|----|

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|---------------------|-----------|
| Nationality: | Malaysian |
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|---------------------|--|
| Designation: | <i>Independent Non-Executive Director</i> |
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| | |
|------------------------|--|
| Qualifications: | Master in Business Administration from Universiti Kebangsaan Malaysia, Post-Graduate Diploma in Accounting and Bachelor in Economics (Honours) both from Universiti Malaya. Chartered Accountant and Member of Malaysian Institute of Accountants. |
|------------------------|--|

Directors' Profile (continued)

| | |
|--|---|
| Working Experience and Occupation: | Encik Rosli was the Registrar of MIA for 5 years until 2012, where he also served as 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. He currently serves as Director on the Boards of Keretapi Tanah Melayu Berhad ("KTM") and KTM Group of Companies, Bank Pembangunan Malaysia Berhad ("BPMB") and BPMB Group of Companies, SME Growth Acceleration Fund Sdn Bhd, CapitaMalls Malaysia REIT Management Sdn Bhd ("CapitaMalls REIT"), Time Engineering Berhad and Malaysia Airports Holdings Berhad. |
| Date Appointed to Board: | 16 December 2009 |
| Details of Membership of any Board Committee: | Encik Rosli is a member and Chairman of the Board Audit and Risk Management Committee. |
| Directorship of other public companies: | Keretapi Tanah Melayu Berhad and Group Bank Pembangunan Malaysia Berhad and Group Time Engineering Berhad Malaysia Airports Holdings Berhad |
| Family relationship with any director: | Encik Rosli has no family relationship with any of the other director(s) on the Board of the Manager. |

Directors' Profile (*continued*)

Conflict of interest with the Fund: None

List of convictions for offences within the past 10 years other than traffic offences: None

Number of Board Meetings Attended in the Financial Year: Encik Rosli attended 7 out of 7 Board of Directors Meetings held during the financial year.

| | |
|---|--|
| Name: | Encik Mahdzir Bin Othman |
| Age: | 45 |
| Nationality: | Malaysian |
| Designation: | <i>Non-Independent Executive Director / Chief Executive Officer</i> |
| Qualifications: | Bachelor of Science (Hons.) in Finance from Northern Illinois University and Diploma in Accountancy from Universiti Teknologi MARA. |
| Working Experience and Occupation: | Encik Mahdzir is currently the CEO and assuming 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, the holding company of i-VCAP which he joined in February 2003 as a Portfolio Manager before being promoted to the position of CIO in July 2006. Together with the stint in Valuecap, Encik Mahdzir commands more than 20 years of experience in the asset management, financial and capital market services from various institutions which include SBB Asset Management Sdn Bhd, Utama Merchant Bank Berhad, BBMB Unit Trust Management Berhad and Kassim Chan & Co. |

Directors' Profile (*continued*)

**Date Appointed
to Board:** 13 December 2010

**Details of
Membership of
any Board
Committee:** None

**Directorship of
other public
companies:** Encik Mahdzir is not a director of any public companies.

**Family
relationship with
any director:** Encik Mahdzir has no family relationship with any of the other director(s) on the Board of the Manager.

**Conflict of
interest with the
Fund:** None

**List of
convictions for
offences within
the past 10 years
other than traffic
offences:** None

**Number of Board
Meetings
Attended in the
Financial Year:** Encik Mahdzir has attended 7 out of 7 Board of Directors Meeting held during the financial year.

Investment Committee Members' Profile

The Investment Committee currently has four (4) members, including Y.M. Tunku Afwida Binti Tunku A. Malek (Chairman / Independent) and Encik Hassan Bin Ibrahim (Independent), whose profiles are set out in the Directors' Profile section of this Annual Report, whilst the profiles of the other two (2) members of the Investment Committee are as follows:-

| | |
|---|---|
| Name: | Puan Nik Amlizan Binti Mohamed |
| Age: | 45 |
| Nationality: | Malaysian |
| Designation: | <i>Non-Independent Member</i> |
| Qualifications: | Bachelor of Arts Degree in Economics (Claremont McKenna College). |
| Working Experience and Occupation: | Puan Nik Amlizan is currently a Director at KWAP, overseeing the Equity Department since June 2007. She has over 21 years of working experience, out of which 19 years are in the fund management industry. Prior to joining KWAP, she was General Manager/Head of Equity (Shariah/Ethical) at RHB Asset Management Sdn Bhd and Head of Investment Research/Senior Portfolio Manager at Mayban Investment Management Sdn Bhd. She also sits on the Board of Director for Valuecap and Prima Ekuiti (UK) Limited and serves as an Investment Committee Member of Valuecap. |
| Date First Appointed to Investment Committee: | 7 January 2008 |
| Conflict of interest with the Fund: | Puan Nik Amlizan sits on the Board of Directors and serves as an Investment Committee Member of Valuecap which is a unit holder of the Fund. |
| List of convictions for offences within the past 10 years other than traffic offences: | None |

Investment Committee Members' Profile *(continued)*

| | |
|---|--|
| Name: | Encik Shaharin Bin Md. Hashim |
| Age: | 44 |
| Nationality: | Malaysian |
| Designation: | <i>Non-Independent Member</i> |
| Qualifications: | Bachelor of Arts in Mathematics and Economics from University of Pennsylvania, Philadelphia, USA. |
| Working Experience and Occupation: | Encik Shaharin is currently Chief, Investment Research & Market Strategy of Valuecap. He joined in 2005 and oversees a team of specialists responsible for the provision of qualitative and quantitative assessments relevant to the Group's investment activities. He has over 18 years of working experience encompassing areas of analysis and policy and product research and development works in the Malaysian capital and financial markets through his various stints at Bank Negara Malaysia, Malaysian Technology Development Corporation and Bursa Malaysia Berhad. |
| Date First Appointed to Investment Committee: | 18 February 2011 |
| Conflict of interest with the Fund: | Encik Shaharin is currently Chief, Investment Research & Market Strategy of Valuecap which is a unit holder of the Fund. |
| List of convictions for offences within the past 10 years other than traffic offences: | None |

Investment Committee Members' Profile (*continued*)

Date of First Appointment on Investment Committee and Attendance at Investment Committee Meetings During 2013

| <u>Name</u> | <u>Date First Appointed</u> | <u>Attendance</u> |
|--|---------------------------------|-------------------|
| Y.M. Tunku Afwida Binti Tunku A. Malek (Chairman) | 17 July 2009 | 6 of 6 |
| Encik Hassan Bin Ibrahim | 7 January 2008 | 5 of 6 |
| Puan Nik Amlizan Binti Mohamed | 7 January 2008 | 6 of 6 |
| Encik Shaharin Bin Md. Hashim | 18 February 2011 | 6 of 6 |

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 six (6) 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 Encik Abdul Ghani Bin Endut who is Director, Head of Shariah Department, 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

Shariah Adviser's Profile (*continued*)

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 advisor 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 now leads the overall function of Shariah Department 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 and etc. He is also involved in developing curriculum for industry owned institutes dedicated for human capital development in the Islamic finance industry such as IBFIM, AIF etc. He is currently a member of AIBIM's Shariah Governance Committee and leads one of its sub-committees.

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.

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

- **Sheikh Prof. Dr. Mohammad Hashim Kamali**
Chairman and Chief Executive Officer ("CEO") International Institute Of Advanced Islamic Studies

Prof. Dr. Mohammad Hashim is a Canadian and Malaysia permanent resident. He is currently the Chairman and CEO of the International Institute of Advanced Islamic Studies and a member of the SC Shariah Advisory Council for the period from 1 July

Shariah Adviser's Profile (continued)

2012 to 31 July 2014. He formerly served as a Professor of International Institute of Islamic Thought and Civilisation (ISTAC) and Ahmad Ibrahim Kulliyah of Laws, International Islamic University, Malaysia (IIUM).

He has been teaching Islamic law and jurisprudence since 1985. He holds a 1st Class, BA Honours degree in Law and Political Science from Kabul University, Afghanistan, LL.M 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. He is also a renowned writer in the area of Islamic law and jurisprudence and has written many books and articles on the subject.

- **Sheikh Dr. Haji Mohd Na'im Bin Haji Mokhtar**

Director, Family Support Division, Malaysian Shariah Judiciary Department, Prime Minister's Department, Malaysia

Dr. Mohd Nai'm is a Malaysian, currently serving as Director, Family Support Division, Malaysian Shariah Judiciary Department, Prime Minister's Department. He received his LLB degree from International Islamic University, Malaysia (IIUM), LL.M 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).

He served as a lecturer at Ahmad Ibrahim Kulliyah of Laws, International Islamic University, Malaysia from 1990 – 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 – 2004 as well as Shariah Subordinate Court Judge for Federal Territory from 2007 – 2008 and Shariah Prosecutor for Federal Territory in 2008.

- **Sheikh Dr. Shafaai Bin Musa**

Associate Professor, Ahmad Ibrahim Kulliyah Of Laws, IIUM

Dr. Shafaai is a Malaysian, currently serving as Associate Professor, Ahmad Ibrahim Kulliyah Of Laws, IIUM. He is now seconded to Institut Intergriti, Kepimpinan Dan Latihan Semangat (IKLAS), Yayasan Warisan Johor as Chief Executive Officer.

Shariah Adviser's Profile (continued)

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

He has more than 10 years of experience in teaching Islamic law and jurisprudence and wrote several researches and articles. He served as a Shariah adviser for Department of Islamic Development Malaysia in 2005.

- **Sheikh Nedham Yaqoobi**
Independent Shariah Adviser

Nedham Yaqoobi is a Bahrain national and is an International Shariah Scholar. He sits on the Shariah Supervisory Boards 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 BA in Economics and Comparative Religion and M.SC. in Finance from McGill University, Montreal, Canada.

- **Sheikh Dr. Yousef Bin Abdullah Al Shubaily**
Associate Professor, Comparative Jurisprudence Department, High Institute of Judiciary, Imam Muhammad Bin Saud Islamic University, Kingdom of Saudi Arabia.

Dr. Yousef, a citizen of the Kingdom of Saudi Arabia is currently attached as a Associate Professor at the Comparative Jurisprudence Department, High Institute of Judiciary, Imam Muhammad Bin Saud Islamic University in the Kingdom. 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 in 1993 and 1996, respectively. In 2001, he

Shariah Adviser's Profile (continued)

obtained a 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.

- **Prof. Dr. Noor Inayah Yaakub**

Professor, Faculty of Economics and Management, Universiti Kebangsaan Malaysia (UKM) and Principal Fellow of Institute of West Asian Studies, Malaysia, UKM.

Prof. Dr. Noor Inayah is a Malaysian, currently attached as a Professor at Faculty of Economics and Management, Universiti Kebangsaan Malaysia (UKM) and Principal Fellow of Institute of West Asian Studies, UKM. She is also a Director, Centre for Corporate Planning & Leadership, University Kebangsaan Malaysia She received her Bachelor of Shariah Law (Hons) and Bachelor of Law (Hons) from International Islamic University, Malaysia, LLM (Master of Comparative Conventional & Banking Law) from University of Bristol, United Kingdom and Ph.D (Comparative Conventional & Islamic Banking Law of Guarantee) from the University of Manchester, United Kingdom. She holds a certificate of Product 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 was a qualified Shariah Lawyer. She practiced law with Messrs. Abraham & Ooi and Co. from 1996-1997 before joining UKM 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.

Other Information

Other Relevant Information

- There were no sanctions and/or penalties imposed on the Fund or its Manager by the relevant regulatory bodies during the financial year and up to the date of this report.
- There was no sanction and/or penalty imposed on the Directors during the financial year and up to the date of this report.
- There was no material litigation involving the Fund since the last annual balance sheet date.
- The amount of non-audit fees incurred for the Financial Year 2013 for services rendered by PricewaterhouseCoopers Taxation Services Sdn. Bhd. a company affiliated to the Auditors of the Fund is RM8,600.
- There were seven (7) Board of Directors Meetings held in the Financial Year 2013
- There were six (6) Investment Committee Meetings held in the Financial Year 2013.



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