

# PROSPECTUS

## MyETF MSCI MALAYSIA ISLAMIC DIVIDEND

(an exchange-traded fund (ETF) constituted on 23 December 2013 in Malaysia)

**THIS PROSPECTUS DATED 31 MARCH 2020 IS A REPLACEMENT PROSPECTUS THAT REPLACES THE PROSPECTUS DATED 27 FEBRUARY 2014 AS AMENDED BY THE FIRST SUPPLEMENTARY PROSPECTUS IS DATED 1 AUGUST 2017**

**Manager**



i-VCAP Management Sdn Bhd  
(Registration No. 200701034939 (792968-D))

**Trustee**

**Deutsche Bank Group**

Deutsche Trustees Malaysia Berhad  
(Registration No. 200701005591 (763590-H))

**Shariah Adviser**



Amanie Advisors Sdn Bhd  
(Registration No. 200501007003  
(684050-H))

**Participating Dealers**



CGS-CIMB Securities Sdn Bhd  
(formerly known as Jupiter Sdn  
Bhd)  
(Registration No. 197901004504  
(48703-W))  
(A Participating Organisation of Bursa  
Malaysia Securities Berhad)



RHB Investment Bank Berhad  
(Registration No. 197401002639  
(19663-P))  
(A Participating Organisation of Bursa  
Malaysia Securities Berhad)

The Securities Commission Malaysia ("SC") has approved the listing or quotation of units of the MyETF MSCI Malaysia Islamic Dividend ("the Fund") on the Main Market of Bursa Malaysia Securities Berhad and a copy of this Prospectus has been registered by the SC.

The approval, and registration of this Prospectus, should not be taken to indicate that the SC recommends the Fund or assumes responsibility for the correctness of any statement made, opinion expressed or report contained in this Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment.

The SC is not liable for any non-disclosure on the part of i-VCAP Management Sdn Bhd and takes no responsibility for the contents of this Prospectus, makes no representation as to its accuracy or completeness, and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Prospectus.

Admission to the Official List of Bursa Malaysia Securities Bhd is not to be taken as an indication of the merits of the offering, the Fund or of its Units.

**INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THE PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.**

**FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" COMMENCING ON PAGE 25.**

**This Prospectus is dated 31 March 2020.**

## **RESPONSIBILITY STATEMENTS**

The directors of i-VCAP Management Sdn Bhd have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm that there is no false or misleading statement, or other facts which if omitted, would make any statement in the Prospectus false or misleading.

## **ADDITIONAL STATEMENTS**

Investors should note that they may seek recourse under the Capital Markets and Services Act 2007 for breaches of securities laws and regulations including any statement in the Prospectus that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act in relation to the Prospectus or the conduct of any other person in relation to the Fund.

## **ISLAMIC FUND STATEMENT**

The Fund offered in this Prospectus has been certified as Shariah-compliant by the Shariah Adviser appointed for the Fund.

## **LICENSING DISCLOSURE STATEMENT**

The following is a statement required to be disclosed in this Prospectus under the Index Licence Agreement entered into between MSCI Inc. (the Index Licensor) and the Manager which became effective on 1 August 2012:

This Fund is not sponsored, endorsed, sold or promoted by MSCI Inc. ("**MSCI**"), any of its affiliates, any of its information providers or any other third party involved in or related to compiling, computing or creating any MSCI index (collectively, the "**MSCI Parties**"). The MSCI indexes are the exclusive property of MSCI. MSCI and the MSCI index names are service mark(s) of MSCI or its affiliates and have been licensed for use for certain purposes by i-VCAP Management Sdn Bhd. None of the MSCI Parties makes any representation or warranty, express or implied, to the issuer or owners of this Fund or any other person or entity regarding the advisability of investing in funds generally or in this Fund particularly or the ability of any MSCI index to track corresponding stock market performance. MSCI or its affiliates are the licensors of certain trademarks, service marks and trade names and of the MSCI indexes which are determined, composed and calculated by MSCI without regard to this Fund or the issuer or the owners of this Fund or any other person or entity. None of the MSCI Parties has any obligation to take the needs of the issuer or owners of this Fund or any other person or entity into consideration in determining, composing or calculating the MSCI indexes. None of the MSCI Parties is responsible for or has participated in the determination of the timing of, prices at, or quantities of this Fund to be issued or in the determination or calculation of the equation by or the consideration into which this Fund is redeemable. Further, none of the MSCI Parties has any obligation or liability to the issuer or owners of this Fund or any other person or entity in connection with the administration, marketing or offering of this Fund.

Although MSCI shall obtain information for inclusion in or for use in the calculation of the MSCI indexes from sources that MSCI considers reliable, none of the MSCI Parties warrants or guarantees the originality, accuracy and/or completeness or any MSCI index or any data included therein. None of the MSCI Parties makes any warranty, express or implied, as to results to be obtained by the issuer of the fund, owners of the fund, or any other person or entity, from the use of any MSCI index or any data included therein. None of the MSCI Parties shall have any liability for any errors, omissions or interruptions of or in connection with any MSCI Index or any data included therein. Further, none of the MSCI Parties makes any express or implied warranties of any kind, and the MSCI Parties hereby expressly disclaim all warranties or merchantability and fitness for a particular purpose, with respect to each MSCI index and any data included therein. Without limiting any of the foregoing, in no event shall any of the MSCI Parties have liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

Please refer to Section 3.3 on “RISK FACTORS” and Section 2.4.6 of this Prospectus for further information on the licensing conditions in relation to the Benchmark contained in the Index Licence Agreement.

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## ELECTRONIC PROSPECTUS

The contents of the electronic copy of this Prospectus and the copy of this Prospectus registered with the SC are the same. Prospective investors may obtain a copy of the Electronic Prospectus from Bursa Securities' website at [www.bursamalaysia.com](http://www.bursamalaysia.com).

The internet is not a fully secured medium. If investors doubt the validity or integrity of an Electronic Prospectus, investors should immediately request from the Manager a paper or printed copy of this Prospectus. If there is any discrepancy between the contents of the Electronic Prospectus and the paper or printed copy of this Prospectus, the contents of the paper or printed copy of this Prospectus which are identical to the copy of the Prospectus registered with the SC shall prevail.

In relation to any reference in this Prospectus to third party internet sites (referred to as “**Third Party Internet Sites**”), whether by way of hyperlinks or by way of description of the Third Party Internet Sites, investors acknowledge and agree that:

- (i) each of the Manager, Shariah Adviser and Participating Dealer does not endorse and is not affiliated in any way with the Third Party Internet Sites. Accordingly, each of the Manager, Shariah Adviser and Participating Dealer is not responsible for the availability of, or the contents of any data, files or other material provided on Third Party Internet Sites. Investors bear all risks associated with the access to or use of Third Party Internet Sites;
- (ii) each of the Manager, Shariah Adviser and Participating Dealer is not responsible for the quality of products or services of the Third Party Internet Sites, particularly in fulfilling any terms of agreements with Third Party Internet Sites. Each of the Manager, Shariah Adviser and Participating Dealer is also not responsible for any loss or damage or cost that investors may suffer or incur in connection with or as a result of dealing with Third Party Internet Sites or the use of or reliance on any data, file or other material provided by such parties; and
- (iii) any data, file or other material downloaded from Third Party Internet Sites is done at the investors' own discretion and risk. Each of the Manager, Shariah Adviser and Participating Dealer is not responsible, liable or under obligation for any damage to investors' computer systems or loss of data resulting from the downloading of any such data, information, files or other material.

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## DEFINITIONS (cont'd)

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In this Prospectus, the following words and expressions shall have the following meanings except where the context otherwise requires:

Act	:	Companies Act, 2016
Amanie	:	Amanie Advisors Sdn Bhd (Registration No. 200501007003 (684050-H))
Application	:	A Creation Application and/or Redemption Application, as the case may be
Application Cancellation Fee	:	The fee which may, at the discretion of the Manager, be charged to each Participating Dealer upon the cancellation of each Application as set out in Section 4.1(i) of this Prospectus
Authorised Securities	:	Any or all of the following: <ul style="list-style-type: none"><li>(i) Index Securities;</li><li>(ii) non-Index Securities which in the opinion of the Manager has a high correlation (i.e. positive correlation coefficient of at least 0.7) to one or more of the Index Securities that it is substituting; and</li><li>(iii) if the Manager is of the opinion there exists liquidity constraints with the Index Securities and/or non-Index Securities, one or more Islamic collective investment schemes which are likely to behave in a manner that is consistent with the investment objective of the Fund as determined by the Manager</li></ul>
Benchmark	:	The MSCI Malaysia IMI Islamic High Dividend Yield 10/40 Index (or such other name by which the index may be known) provided by the Index Licensor or such replacement index as may be determined by the Manager in accordance with the Deed and as set out in Section 2.4.5 of this Prospectus
Board	:	Board of Directors of the Manager
Boardroom	:	Boardroom Share Registrars Sdn Bhd (Registration No. 199601006647 (378993-D))
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 (165570-W))
Bursa Securities	:	Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
Cash Component	:	(i) The amount of cash to be paid per Creation Unit Block which forms part of the In-Kind Creation Basket; or  (ii) the amount of cash to be received per Redemption Unit Block which forms part of the In-Kind Redemption Basket,  as the case may be

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**DEFINITIONS (cont'd)**

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Cash Creation	:	The creation of Units in Creation Unit Block(s) in exchange for the Subscription Amount delivered by the Participating Dealers which may only be made after Listing
Cash Redemption	:	The redemption of existing Units in Redemption Unit Block(s) delivered by the Participating Dealers in exchange for the Redemption Amount
Central Depositories Act	:	Securities Industry (Central Depositories) Act, 1991
Clearing House	:	Bursa Malaysia Securities Clearing Sdn Bhd (Registration No. 198301014323 (109716-D))
CMSA	:	Capital Markets and Services Act, 2007
Consideration	:	The price payable for Units applied for pursuant to a Creation Application which shall be the Issue Price multiplied by the number of Units applied for
Creation Application	:	An application by a Participating Dealer to the Manager for the creation of new Units in a Creation Unit Block (or whole multiples thereof) in exchange for the In-Kind Creation Basket
Creation Application Fee	:	The fee which may be charged by the Manager to the Participating Dealers on each Creation Application in addition to the Consideration and Transaction Costs, as set out in Section 4.1(i) of this Prospectus
Creation Securities	:	The Authorised Securities comprised in an In-Kind Creation Basket
Creation Unit Block	:	The quantity of Units which will be issued upon a successful Creation Application:  (i) for In-Kind Creation, in respect of one (1) whole In-Kind Creation Basket; and  (ii) for Cash Creation, in respect of the Subscription Amount.  The size of a Creation Unit Block may change from time to time as determined by the Manager, upon consultation with the Trustee and notified to the Participating Dealers
Custodian	:	DBMB, being the custodian of the Fund Assets
DBMB	:	Deutsche Bank (Malaysia) Berhad (Registration No. 199401026871 (312552-W))
Dealing Day	:	Each Market Day during the continuance of the Fund on which Bursa Securities is open for trading and/or such other day as the Manager may, in consultation with the Trustee, from time to time determine but

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**DEFINITIONS (cont'd)**

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		shall not include a Market Day on which a force majeure event occurs or is continuing
Dealing Deadline	:	For the purposes of Creation Application(s) and/or Redemption Application(s), 2.00 p.m. on any particular Dealing Day or such other time as the Manager (in consultation with the Trustee) may from time to time determine and notified to the Participating Dealers
Deed	:	The deed constituting the Fund dated 23 December 2013 as amended by the first supplemental deed dated 9 December 2016, second supplemental deed dated 19 June 2017, the third supplemental deed dated 16 August 2018, the fourth supplemental deed dated 8 February 2019 and the fifth supplemental deed dated 13 September 2019 as from time to time altered, modified or added to in accordance with the provisions therein contained and shall include any supplemental thereto executed in accordance with the provisions thereof entered into between the Manager and the Trustee
Distributable Income	:	The Income available for distribution to Unit holders, after the income purification process and the deduction of all fees, costs and expenses incurred and chargeable to the Fund but shall exclude any realised capital gains or losses on the sale or disposal of the Fund Assets
DTMB	:	Deutsche Trustees Malaysia Berhad (Registration No. 200701005591 (763590-H))
eDividend	:	The service which was set up to allow the Manager and/or Trustee to electronically pay cash distributions directly into a Unit holder's bank account
Electronic Prospectus	:	Copy of this Prospectus that is issued, circulated or disseminated via the internet
ETF	:	Exchange-traded fund
ETF Guidelines	:	Guidelines on Exchange-traded Funds issued by the SC
Financial Institution	:	(i) If the institution is in Malaysia, any Licensed Bank, Licensed Investment Bank or Licensed Islamic Bank; or  (ii) if the institution is outside Malaysia, any institution that is licensed, registered, approved, or authorised by the relevant banking regulator to provide financial services
Fund	:	MyETF MSCI Malaysia Islamic Dividend
Fund Assets	:	All the assets (including cash) held or deemed to be held upon trust by the Trustee pursuant to the Deed including Income but excluding any amount which has been allocated for distribution to Unit holders
GICS	:	Global Industry Classification Standard

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**DEFINITIONS (cont'd)**

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i-VCAP	:	i-VCAP Management Sdn Bhd (Registration No. 200701034939 (792968-D))
In-Kind Creation	:	The creation of new Units in Creation Unit Block(s) in exchange for In-Kind Creation Basket(s) delivered by a Participating Dealer
In-Kind Creation Basket	:	The portfolio of Creation Securities and Cash Component (if any) determined by the Manager in respect of each Dealing Day, that must be delivered by a Participating Dealer pursuant to a Creation Application in exchange for one (1) Creation Unit Block
In-Kind Redemption	:	The redemption of existing Units in Redemption Unit Block(s) delivered by a Participating Dealer in exchange for In-Kind Redemption Basket(s)
In-Kind Redemption Basket	:	The portfolio of Redemption Securities and Cash Component (if any) determined by the Manager in respect of each Dealing Day, that will be received by a Participating Dealer pursuant to a Redemption Application in exchange for one (1) Redemption Unit Block
Income	:	The net realised income of the Fund, comprising all profits, dividends and other distributions or income accrued in respect of the Fund Assets taking into account all or any part of the capital gains and losses realised on the sale or disposal of the Fund Assets as the Manager with the consent of the Trustee may, from time to time, determine to be treated as income of the Fund
Index Licence Agreement	:	The index licence agreement dated 1 August 2012 entered into between the Index Licensor and the Manager
Index Licensor	:	MSCI, the licensor of the Benchmark, who has the right to grant the Manager usage of the Benchmark
Index Securities	:	The securities or interests issued by the companies that are included in the Benchmark from time to time or depository receipts that may be issued against such securities or interests
IOPV per Unit	:	Indicative Optimised Portfolio Value per Unit, the estimated NAV per Unit, calculated by the Manager in the manner as set forth in Section 5.7 of this Prospectus
Islamic ETF	:	An ETF which complies with Shariah
Issue Date	:	The Trade Date on which a Creation Application for such Units is received or deemed received or such other day as may be agreed upon between the Manager and Trustee (on a general or case to case basis) and notified to the Participating Dealers and Trustee on which Units are to be issued/created
Issue Price	:	The price per Unit at which Units are issued from time to time, based on the NAV per Unit, which shall be ascertained in accordance with the provisions set out in Section 5.7 of this Prospectus



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**DEFINITIONS (cont'd)**

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Khazanah	:	Khazanah Nasional Berhad (Registration No. 199301020767 (275505-K))
KWAP	:	Kumpulan Wang Persaraan (Diperbadankan)
Latest Practicable Date	:	21 February 2020, being the latest practicable date prior to the registration of this Prospectus whereby the information disclosed shall remain relevant and current as at such date
Liabilities	:	<p>The outstanding liabilities, costs and expenses of the Fund including without limitation:</p> <ul style="list-style-type: none"><li>(i) unpaid administrative fees and expenses including the Management Fee and the Trustee Fee;</li><li>(ii) all fees and expenses and all duties, taxes, governmental charges, brokerage fees, transfer fees, or other charges or expenses incurred by the Manager and/or the Trustee in relation to or in connection with any transaction, dealing or instrument or as a consequence of such transaction, dealing or instrument;</li><li>(iii) accrued charges in respect of or owing in relation to any Permitted Investments;</li><li>(iv) any provision for tax which in the opinion of the Manager should be taken into account and such sum (if any) as estimated by the Manager to be paid or reclaimed in respect of taxation related to income and transactions prior to the relevant date;</li><li>(v) the amount outstanding in respect of any financing permitted by applicable laws and the amount of any unpaid profit and expenses in respect thereof;</li><li>(vi) any other cost or expenses payable but not paid which are expressly authorised by any of the provisions of the Deed to be payable out of the Fund Assets; and</li><li>(vii) any other amounts required to meet liabilities or other expenditure which in the opinion of the Manager, with the approval of the Trustee, should be taken into account and which have not otherwise been taken into account in determining the amount of the liabilities in any of the preceding paragraphs of this definition.</li></ul> <p>Liabilities shall be treated as accruing from day to day where appropriate</p>
Licensed Bank	:	Has the meaning assigned to it in the Financial Services Act 2013
Licensed Investment Bank	:	Has the meaning assigned to it in the Financial Services Act 2013
Licensed Islamic Bank	:	Has the meaning assigned to it in the Islamic Financial Services Act 2013

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**DEFINITIONS (cont'd)**

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Listing	:	Admission to the Official List and the listing of and quotation for the Units on the Main Market of Bursa Securities
Listing Requirements	:	The Main Market Listing Requirements issued by Bursa Securities
Main Market	:	The Main Market of Bursa Securities
Manager	:	i-VCAP, being the management company for the Fund
Market Day	:	A day on which Bursa Securities is open for trading
Management Fee	:	A percentage of the NAV of the Fund that is paid to the Manager for managing the portfolio of the Fund as set out in Section 4.2 of this Prospectus
MER	:	Management expense ratio which is the ratio of the sum of fees and the recovered expenses of the Fund to the average daily NAV of the Fund as set out below:

$$\frac{\text{Fees of the Fund} + \text{Recovered expenses of the Fund}}{\text{Average daily NAV of the Fund}} \times 100$$

where:

Fees of the Fund = All ongoing fees deducted or deductible directly from the Fund in respect of the period covered by the management expense ratio, expressed as a fixed amount, calculated on a daily basis. This would include the annual Management Fee, the annual Trustee Fee and any other fees deducted or deductible directly from the Fund;

Recovered expenses of the Fund = All expenses recovered from or charged to the Fund, as a result of the expenses incurred by the operation of the Fund, expressed as a fixed amount. This should not include expenses that would otherwise be incurred by an individual investor (e.g. brokerage, tax and levies); and

Average daily NAV of the Fund = The NAV of the Fund in respect of the period covered by the management expense ratio, calculated on a daily basis

MSCI	:	MSCI Inc.
MyETF MSCI Malaysia Islamic Dividend	:	The ETF as established by the Deed known as “MyETF MSCI Malaysia Islamic Dividend” or other name as the Manager may determine, subject to the approval of the relevant authority(ies)
NAV	:	Net asset value

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**DEFINITIONS (cont'd)**

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NAV of the Fund	:	The value of all the Fund Assets less the value of all the Liabilities, at the Valuation Point. For the purpose of computing the annual Management Fee and annual Trustee Fee, the NAV of the Fund should be inclusive of the Management Fee and Trustee Fee for the relevant day
NAV per Unit	:	The NAV of the Fund divided by the number of Units in issue, at the Valuation Point
Parent Index	:	MSCI Malaysia IMI Islamic Index, an index provided by MSCI, comprising the universe of securities from which the Benchmark is derived
Participating Dealers	:	CGS-CIMB Securities Sdn Bhd (formerly known as Jupiter Sdn Bhd) (Registration No.197901004504 (48703-W)), RHB Investment Bank Berhad (Registration No. 197401002639 (19663-P)) and/or any other person who has entered into a Participating Dealer Agreement in the form and substance acceptable to the Manager and Trustee
Participating Dealer Agreements	:	The agreements entered into between the Participating Dealers, the Manager and Trustee setting out, amongst others: <ul style="list-style-type: none"><li>(i) the arrangements in respect of the creation and issue of Units and the redemption and cancellation of Units; and/or</li><li>(ii) the obligations of the Participating Dealers as liquidity providers</li></ul>
Permitted Investments	:	The assets and instruments that the Fund is authorised to invest in as set out in Section 2.3.4(i) of this Prospectus
PNB	:	Permodalan Nasional Berhad (38218-X)
Prospectus	:	This prospectus dated 31 March 2020 in relation to the Fund
PWC Taxation	:	PricewaterhouseCoopers Taxation Services Sdn Bhd (Registration No. 199801008604 (464731-M))
Redemption Amount	:	The cash sum to be delivered to the Participating Dealers in respect of a Cash Redemption equivalent to the Redemption Price multiplied by the number of Units to be redeemed
Redemption Application	:	An application by a Participating Dealer to the Manager for the redemption of existing Units in a Redemption Unit Block (or whole multiples thereof) in exchange for the In-Kind Redemption Basket
Redemption Application Fee	:	The fee which may be charged by the Manager to the Participating Dealers on each Redemption Application in addition to the Transaction Costs, as set out in Section 4.1(i) of this Prospectus
Redemption Date	:	In relation to Units applied for, means: <ul style="list-style-type: none"><li>(i) for In-Kind Redemption, the Trade Date on which a Redemption Application for such Units is received or deemed received;</li></ul>

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**DEFINITIONS (cont'd)**

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	(ii) for Cash Redemption, the Trade Date on which a Redemption Application for such Units is received or deemed received,  or such other day as may be agreed between the Manager and Trustee (on either a general or case by case basis) and notified to the Participating Dealers on which Units are to be redeemed/cancelled
Redemption Price	: The price per Unit at which Units are redeemed from time to time, based on the NAV per Unit, which shall be ascertained in accordance with the provisions set out in Section 5.7 of this Prospectus
Redemption Securities	: The Authorised Securities comprised in an In-Kind Redemption Basket
Redemption Unit Block	: The quantity of Units which are required to be delivered to the Trustee upon a successful Redemption Application:  (i) for In-Kind Redemption, in respect of one (1) whole In-Kind Redemption Basket; and  (ii) for Cash Redemption, in respect of the Redemption Amount.  The size of a Redemption Unit Block may change from time to time as determined by the Manager, upon consultation with the Trustee and notified to the Participating Dealers
Register	: The register of Unit holders kept and maintained by the Manager or its appointed agent on the following basis:  (i) Units issued to the Unit holders;  (ii) Units redeemed by the Unit holders; and  (iii) records obtained from Bursa Depository annually, or on such other dates as may be determined by the Manager
Registrar	: Boardroom
Ringgit Malaysia or RM	: The lawful currency of Malaysia
SC	: Securities Commission Malaysia
SC SAC	: Shariah Advisory Council of the SC
Shariah	: The Islamic law, originating from the Qur`an (the holy book of Islam), and its practices and explanations rendered by the prophet Muhammad (pbuh) and ijtiḥad of ulamak (personal effort by qualified Shariah scholars to determine the true ruling of the divine law on matters whose revelations are not explicit)
Shariah Adviser	: Amanie, being the Shariah adviser for the Fund

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**DEFINITIONS (cont'd)**

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Shariah Investment Guidelines	:	Shariah investment guidelines established for the Fund and endorsed by the Shariah Adviser
Special Resolution	:	A resolution passed by a majority of not less than 75% of the total voting rights of the Unit holders who are entitled to vote on the resolution at the meeting of Unit holders, provided that for the purposes of terminating the Fund, a special resolution is passed by a majority in number representing at least 75% of the voting rights of the Unit holders voting at the meeting of Unit holders
Subscription Amount	:	The Consideration in cash, to be delivered by the Participating Dealers in respect of a Cash Creation
Tax Adviser	:	PWC Taxation
Trade Date	:	The Dealing Day on which the Manager receives a valid Application in accordance with the Deed and the Participating Dealer Agreements provided that if such valid Application is received after the Dealing Deadline, the next Dealing Day shall be the Trade Date
Transaction Costs	:	In relation to any particular transaction or dealing, means all stamp duty and other duties, taxes, government charges, brokerage fees, bank charges, transfer fees, registration fees, transaction levies and other duties and charges whether in connection with the constitution of the Fund Assets or the increase or decrease of the Fund Assets or the creation, issue, transfer, cancellation or redemption of Units or the acquisition or disposal of Fund Assets or otherwise which may have become or may be payable in respect of (whether prior to, upon or after the occasion of) any transaction or dealing
Trustee	:	DTMB, being the trustee for the Fund
Trustee Fee	:	A percentage of the NAV of the Fund that is paid to the Trustee, as set out in Section 4.2 of this Prospectus
Unit	:	An undivided interest in the Fund
Unit holder	:	Any person registered as holding a Unit in accordance with the provisions of the Deed
VCAM	:	VCAP Asset Managers Sdn Bhd (Registration No. 201301043812 (1073635-A))
Valuation Point	:	At the official close of trading on Bursa Securities on each Dealing Day
Valuecap	:	Valuecap Sdn Bhd (Registration No. 200201028326 (595989-V)), the parent company of <i>i</i> -VCAP

Words denoting the singular shall, where applicable, include the plural and vice versa. Words denoting the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include companies and corporations, and a reference to a section is a reference to the relevant section of this Prospectus.

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**DEFINITIONS (cont'd)**

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Any reference in this Prospectus to an enactment or guidelines is a reference to that enactment or guidelines as for the time being amended or re-enacted.

Any reference to a time or day in this Prospectus shall be reference to Malaysian time or day, unless otherwise stated.

Any discrepancies in the tables, graphs and charts between the listed amounts and totals thereof are due to rounding. Figures and percentages are rounded to one or two decimal places, where appropriate. Percentage changes in this Prospectus have been calculated on the basis of relevant figures disclosed in the Prospectus, where applicable, which may be after rounding.

All the information set out in this Prospectus is presented as at the Latest Practicable Date, unless otherwise stated.

The information on the Fund's, the Manager's and the Index Licensor's websites or any website directly or indirectly linked to such websites is not incorporated by reference into this Prospectus and should not be relied on.

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## CORPORATE DIRECTORY

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- MANAGER** : iVCAP Management Sdn Bhd  
(Registration No. 200701034939 (792968-D))
- Registered/Business address : Level 8, Block B, Plaza Zurich  
No. 12, Jalan Gelenggang  
Bukit Damansara  
50490 Kuala Lumpur  
Malaysia
- Tel. no.: (+603) 2093 7119  
Fax no.: (+603) 2094 7119  
E-mail: [info@myetf.com.my](mailto:info@myetf.com.my)  
Website: [www.myetf.com.my](http://www.myetf.com.my)
- REGISTRAR** : Boardroom Share Registrars Sdn Bhd (*formerly known as  
Symphony Share Registrars Sdn Bhd*)  
(Registration No. 199601006647 (378993-D))
- Registered/Business address : Level 6, Symphony House  
Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya  
Selangor  
Malaysia
- Helpdesk no.: (+603) 7849 0777  
Fax no.: (+603) 7841 8151 / 8152
- TRUSTEE** : Deutsche Trustees Malaysia Berhad  
(Registration No. 200701005591 (763590-H))
- Registered/Business address : Level 20, Menara IMC  
8, Jalan Sultan Ismail  
50250 Kuala Lumpur  
Malaysia
- Tel. no.: (+603) 2053 7522  
Fax no.: (+603) 2053 7526
- CUSTODIAN** : Deutsche Bank (Malaysia) Berhad  
(Trustee's Delegate)  
(Registration No. 199401026871 (312552-W))
- Registered address : Level 18, Menara IMC  
8, Jalan Sultan Ismail  
50250 Kuala Lumpur  
Malaysia
- Business address : Level 18-20, Menara IMC  
8, Jalan Sultan Ismail  
50250 Kuala Lumpur  
Malaysia
- :  
Tel. no.: (+603) 2053 6788  
Fax no.: (+603) 2031 8710
- SHARIAH ADVISER** : Amanie Advisors Sdn Bhd  
(Registration No. 200501007003 (684050-H))
- Registered address : Unit 11-3A, 3<sup>rd</sup> Mile Square  
No. 151, Jalan Klang Lama Batu 3 ½  
58100 Kuala Lumpur

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**CORPORATE DIRECTORY (cont'd)**

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Business address : Level 13A-2, Menara Tokio Marine Life  
189, Jalan Tun Razak  
50400 Kuala Lumpur

Tel. no.: (+603) 2161 0260

Fax no.: (+603) 2161 0262

**AUDITOR OF THE MANAGER AND THE FUND** : PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146)

Registered/Business address : Level 10, 1 Sentral  
Jalan Rakyat  
Kuala Lumpur Sentral  
50470 Kuala Lumpur  
Malaysia

Mailing address : PO Box 10192  
50706 Kuala Lumpur  
Malaysia

**TAX ADVISER** : PricewaterhouseCoopers Taxation Services Sdn Bhd  
(Registration No. 199801008604 (464731-M))

Registered address : Level 10, 1 Sentral  
Jalan Rakyat  
Kuala Lumpur Sentral  
50470 Kuala Lumpur  
Malaysia

Business address : Level 10, 1 Sentral  
Jalan Rakyat  
Kuala Lumpur Sentral  
50470 Kuala Lumpur  
Malaysia

Mailing address : PO Box 10192  
50706 Kuala Lumpur  
Malaysia

**SOLICITOR** : Messrs. Wei Chien & Partners  
D-20-02, Menara Suezcap 1  
No. 2, Jalan Kerinchi  
Gerbang Kerinchi Lestari  
59200 Kuala Lumpur  
Malaysia

**PARTICIPATING DEALER** : CGS-CIMB Securities Sdn Bhd (formerly known as Jupiter Sdn Bhd)  
(Registration No.197901004504 (48703-W))

Registered address : 13<sup>th</sup> Floor, Menara CIMB  
Jalan Stesen Sentral 2  
Kuala Lumpur Sentral  
50470 Kuala Lumpur  
Malaysia

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**CORPORATE DIRECTORY (cont'd)**

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Business address : 29<sup>th</sup> Floor, Menara CIMB  
Jalan Stesen Sentral 2  
Kuala Lumpur Sentral  
50470 Kuala Lumpur  
Malaysia

**PARTICIPATING DEALER** : RHB Investment Bank Berhad  
(Registration No. 197401002639 (19663-P))

Registered address : Level 10, Tower One  
RHB Centre  
Jalan Tun Razak  
50400 Kuala Lumpur  
Malaysia

Business address : Level 3A, Tower One  
RHB Centre  
Jalan Tun Razak  
50400 Kuala Lumpur  
Malaysia

**INDEX LICENSOR** : MSCI Inc.  
Registered/Business address : 7 World Trade Center  
250 Greenwich Street  
49th Floor, New York  
NY 10007, USA

**LISTED ON** : Main Market of Bursa Securities

**MARKET MAKER** : Information relating to the market makers may be obtained from  
the Fund's website.

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## 1. INFORMATION SUMMARY

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**This section is only a summary of salient information about the Fund. Investors should read and understand the whole Prospectus prior to making investment decisions and if necessary, consult their professional adviser(s).**

### 1.1 Summary of the Fund

Item	Brief Description	Sections
Name of Fund	: MyETF MSCI Malaysia Islamic Dividend	Definitions
Category of Fund	: Islamic exchange-traded fund	-
Type of Fund	: Index tracking fund	-
Investment objective	: The Fund aims to provide investment results that closely correspond to the performance of the Benchmark, regardless of its performance.	2.2
Benchmark	: The MSCI Malaysia IMI Islamic High Dividend Yield 10/40 Index or such replacement index as may be determined by the Manager in accordance with the Deed and as set out in Section 2.4.5 of this Prospectus.	2.4
Investment policy and strategy	: The Fund is a passively managed fund. The Manager will generally adopt a replication strategy to manage the Fund.	2.3
Risk factors	: <b>Unit prices and distributions payable, if any, may go down as well as up.</b>	3
	<b>For information concerning certain risk factors which should be considered by prospective investors, see "RISK FACTORS" in Section 3 of this Prospectus.</b>	
	The following is a non-exhaustive list of risks of investing in the Fund:	
(a)	General risks of investing in the Fund	3.1
(i)	Returns and capital are not guaranteed	
(ii)	Market risk	
(iii)	Passive investment	
(iv)	Tracking error risk	
(v)	Concentration in a particular group of securities, industry or group of industries	
(vi)	Reliance on Participating Dealers	
(vii)	Price and liquidity risks	
(viii)	Units may trade at prices other than at the NAV per Unit	
(ix)	Income distributions are contingent on dividends from the Fund Assets	

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**1. INFORMATION SUMMARY (cont'd)**

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	(x) Trading in Units on Bursa Securities may be suspended or de-listed	
	(xi) Market disruption events and settlement disruption events	
	(xii) Minimum creation and redemption size	
	(xiii) Legal and regulatory risk	
	(xiv) Registration or cross-listing of the Fund in other markets	
	(b) Risk factors specific to the investment portfolio of the Fund	3.2
	(i) Concentration risk	
	(ii) Reclassification of Shariah-compliant securities	
	(c) Risk factors related to the Benchmark	3.3
	(i) Errors or inaccuracies in the Benchmark	
	(ii) Benchmark is subject to fluctuations	
	(iii) Composition of and weightings in the Benchmark may change	
	(iv) Licence to use the Benchmark may not be renewed	
	(v) Compilation of the Benchmark	
Investor profile	: The Fund is designed for investors who wish to invest in a liquid financial instrument with an index-tracking feature that focuses on high dividend yielding Shariah-compliant companies listed on Bursa Securities. The Units may be used by investors seeking a medium-term (three (3) to five (5) years) to long-term (more than five (5) years) investment as well as those looking for short-term arbitrage opportunities.	-
Initial approved fund size	: 500 million Units	2.1
Purchase and sale of the Units	: Investors may choose to:	5.1
	(a) apply through the Participating Dealers, for creation of Units in a Creation Unit Block (or whole multiples thereof) or for redemption of Units in a Redemption Unit Block (or whole multiples thereof). The fees and charges for creation and redemption of Units are as set out in Section 1.2(i)(a) of this Prospectus; or	
	(b) purchase or sell Units in the secondary market on the Main Market of Bursa Securities. The fees and charges which may be incurred for	

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**1. INFORMATION SUMMARY (cont'd)**


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		trading of Units on Bursa Securities are as set out in Section 1.2(i)(b) of this Prospectus.	
Creation/ Redemption Units	: (I) Creation of Units  of  Participating Dealers (either for their own accounts or for the accounts of their clients) can apply for in-kind creation of new Units via the delivery of In-Kind Creation Basket(s) or cash creation of new Units via the delivery of Subscription Amount.		5.2, 5.3 and 5.5
	: (II) Redemption of Units  Participating Dealers (either for their own accounts or for the accounts of their clients) can apply for in-kind redemption of Units via the delivery of existing Units in exchange for In-Kind Redemption Basket(s) or cash redemption via the delivery of existing Units in exchange for Redemption Amount.		5.2, 5.4 and 5.6
	Under certain circumstances, the Manager, in consultation with the Trustee, may substitute the Authorised Securities comprised in an In-Kind Creation/ Redemption Basket with cash.		
Creation/ Redemption Unit Block	: Currently, 400,000 Units. This quantity may change from time to time as determined by the Manager, upon consultation with the Trustee and notified to the Participating Dealers.  Creation/Redemption of Units must be in a Creation/Redemption Unit Block (or whole multiples thereof).		6.3 - 6.6
Trading of Units on Bursa Securities	: Investors may trade (buy and sell) Units on the Main Market.		5.1 and 5.9
Trading board lot size	: 100 Units		5.1 and 5.9
Trading currency	: Ringgit Malaysia		-
Financial year end of the Fund	: 31 December		-
Income distribution Policy	: Annually, subject to the discretion of the Manager		2.6
Manager	: iVCAP Management Sdn Bhd		6

Trustee : Deutsche Trustees Malaysia Berhad

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**Please refer to the relevant sections and pages of this Prospectus as set out above for additional information specific to the respective items on the Fund.**

Latest information and other important news on the Benchmark will be published on MSCI's website at [www.msci.com](http://www.msci.com) (on index ground rules and methodology) and the Fund's website at [www.myetf.com.my](http://www.myetf.com.my) (on end of day index values).

## 1.2 Fees, charges and expenses

**There are fees involved and investors are advised to consider them before investing in the Fund. Please refer to Section 4 for further details on the fees, charges and expenses related to investing in the Fund.**

### (i) Direct fees and charges payable by an investor

#### (a) For creation and redemption of Units through the Participating Dealers

All Creation Applications and Redemption Applications must be submitted to the Manager through a Participating Dealer and the creation and redemption of Units must be implemented in accordance with the terms and conditions set out in the Participating Dealer Agreements.

The fees and charges (excluding out-of-pocket expenses) to be paid by the Participating Dealers to the Manager and/or Trustee (which may be charged to the investor by the Participating Dealers) as set out in the Participating Dealer Agreements are as follows:

Fees and charges		Description
(a)	Creation/Redemption Application Fee	Nil.
(b)	Creation/Redemption Application Cancellation Fee	Currently RM50 per Creation/Redemption Unit Block (and subject to a maximum of RM500) payable to the Manager or such amount as may be determined by the Manager from time to time, in consultation with the Trustee.
(c)	Transaction Costs	The Manager may charge Transaction Costs (incurred by the Fund). This is to prevent the NAV of the Fund from being diluted by the Transaction Costs.
(d)	Other fees	The amount (other than Transaction Costs described above) that may be incurred by the Manager and/or the Trustee from time to time in



## 1. INFORMATION SUMMARY (cont'd)

		relation to the Applications submitted by the Participating Dealers, which is charged by Bursa Depository.
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### (b) For trading of Units on Bursa Securities

This table describes the charges that a typical investor may incur (based on the charges set out by Bursa Securities as at the Latest Practicable Date, which may be varied from time to time) when an investor buys or sells Units on Bursa Securities:

Fees and charges	%/RM
Brokerage fee	A percentage of the transaction value prescribed by or negotiated with the authorised depository agents, subject to a minimum of RM40 per transaction.
Bursa Securities clearing fee	0.03% of the transaction value, subject to a maximum of RM1,000 per transaction.
Stamp duty	RM1 for every RM1,000 or a fractional part of the transaction value (payable by both buyer and seller), subject to a maximum of RM200 per transaction.

Further information on the charges that an investor may incur from trading the Units on Bursa Securities can be found at [www.bursamalaysia.com](http://www.bursamalaysia.com).

### (ii) Indirect fees and expenses payable by an investor

This table describes the fees and expenses that an investor may indirectly incur when an investor invests in the Fund:

Fees and expenses	%
Annual Management Fee	0.4% <sup>(1)</sup> per annum
Annual Trustee Fee	0.045% <sup>(1)</sup> per annum, subject to a minimum of RM12,000 per annum
Annual Index Licence fee	0.06% <sup>(1)</sup> per annum

**Note:**

<sup>(1)</sup> Calculated based on the NAV of the Fund, accrued daily. This fee is the current fee and is subject to such increase/variation as provided in Section 8.3 for Management Fee and Trustee Fee and Section 2.4.6(v) for index licence fee.

In addition, there will be other fees and/or expenses incurred by the Fund as described in Section 4.3.3 of this Prospectus.

All of the abovementioned fees and expenses shall be deducted from the Fund Assets.

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## 1. INFORMATION SUMMARY (cont'd)

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### 1.3 Other information

The Deed is dated 23 December 2013 as amended by the first supplemental deed dated 9 December 2016, second supplemental deed dated 19 June 2017, the third supplemental deed dated 16 August 2018, the fourth supplemental deed dated 8 February 2019 and the fifth supplemental deed dated 13 September 2019 and has been entered into between the Manager and the Trustee.

### 1.4 Avenue for Advice

Investors may contact iVCAP by telephone at (+603) 2093 7119, fax at (+603) 2094 7119 or email at info@myetf.com.my. The Manager is available Mondays to Fridays (except on public holidays in Wilayah Persekutuan Kuala Lumpur), from 8:30 a.m. to 5:30 p.m.

**All fees, charges and expenses mentioned in this section are exclusive of any taxes or duties as may be imposed by the government from time to time.**

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## 2. DETAILED INFORMATION OF THE FUND

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### 2.1 Listing of the Fund

The Manager has obtained Bursa Securities' approval for the admission to the Official List of Bursa Securities and the listing of and quotation for up to 500 million Units on the Main Market for the Fund on 9 January 2014.

**Pursuant to Section 14(1) of the Central Depositories Act, Bursa Securities has prescribed the Units as prescribed securities. In consequence thereof, the Units will be deposited directly with Bursa Depository and any dealings in the Units will be carried out in accordance with the Central Depositories Act and the rules of Bursa Depository.**

### 2.2 Investment objective of the Fund

The Fund aims to provide investment results that closely correspond to the performance of the Benchmark regardless of its performance.

The Manager attempts to achieve an absolute value of tracking error of less than 3% between the NAV of the Fund and the Benchmark.

**Any material amendments to be made to the investment objective of the Fund would require a resolution passed by not less than two-thirds (2/3) of all the Unit holders at a Unit holders' meeting held in accordance with the Deed.**

### 2.3 Investment policy of the Fund

#### 2.3.1 Investment approach

The Fund is not an actively managed investment fund where considerable discretion is involved in the buying and selling of Shariah-compliant securities based on the Manager's economic, financial and market analysis and investment judgment. Instead, the role of the Manager is essentially passive. The responsibility of the Manager is to deliver an investment performance which reflects the performance of the Benchmark.

#### 2.3.2 Investment strategy

The Manager will generally adopt a replication strategy to manage the Fund. The Manager may use techniques including indexing via full or partial replication in seeking to achieve the investment objective of the Fund, subject to conformity with Shariah.

##### (i) Full replication technique

Under the full replication technique, the Manager will ensure (insofar as practicable and in accordance with the provisions of the Deed) that the Fund Assets comprise only, or substantially only of interest in the Index Securities in substantially the same weightings as they appear in the Benchmark.

However, a partial replication technique may be adopted if the Manager believes that the full replication technique is not the most efficient method to track the Benchmark.

**(ii) Partial replication technique**

Under the partial replication technique, the Manager will invest in a representative sample of Shariah-compliant securities selected by the Manager using amongst others, a quantitative analytical model in a technique known as “portfolio sampling”. Non-Index Securities may be held by the Fund when using the partial replication technique. However, such non-Index Securities will be expected to have a high level of correlation (i.e. positive correlation coefficient of at least 0.7) with the Index Securities they are substituting and must be constituents of the Parent Index, ensuring that they have passed the necessary Shariah and liquidity screenings.

If the Manager is of the opinion that there is liquidity constraints with the Index Securities and/or non-Index Securities, the Fund may invest in one or more Islamic collective investment schemes which are likely to behave in a manner that is consistent with the investment objective of the Fund, as determined by the Manager.

**2.3.3 Compliance with Shariah Investment Guidelines**

As the Fund is designed as an Islamic ETF, it will comply strictly with the Shariah Investment Guidelines that has been established and endorsed by the Shariah Adviser. The Shariah Investment Guidelines cover the Fund's investments as well as its operational and administrative matters in relation to Shariah.

The Shariah Investment Guidelines is formulated based on the MSCI Islamic Index Series Methodology adopted by the MSCI Shariah Supervisory Committee and rulings issued by the SC SAC.

Further details of the Shariah Investment Guidelines are set out in Section 2.5 of this Prospectus.

**2.3.4 Investment scope****(i) Permitted investments**

The Manager is authorised to invest in the following types of assets and instruments subject to the investment restrictions set out in Section 2.3.5 below.

- (a) Authorised Securities which includes any or all of the following:
  - i. Index Securities;
  - ii. non-Index Securities which in the opinion of the Manager has a high correlation (i.e. positive correlation coefficient of at least 0.7) to one or more of the Index Securities that it is substituting;
  - iii. if the Manager is of the opinion there exists liquidity constraints with the Index Securities and/or non-Index Securities, one or more Islamic collective investment schemes which are likely to

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## 2. DETAILED INFORMATION OF THE FUND (cont'd)

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behave in a manner that is consistent with the investment objective of the Fund as determined by the Manager;

- (b) Islamic liquid assets (i.e. cash and cash equivalents); and
- (c) any other Shariah-compliant investments permitted by the SC from time to time.

Notwithstanding the above, the Manager is only allowed to invest in securities which comply with the Shariah Investment Guidelines which have been issued by the Shariah Adviser. If any of the Index Securities do not comply with the Shariah Investment Guidelines, the Manager may:

- (a) rebalance the Fund's portfolio by investing in the remaining Index Securities which comply with the Shariah Investment Guidelines;
- (b) replace the relevant Index Securities by investing in non-Index Securities that comply with the Shariah Investment Guidelines and have high correlations to the Index Securities that they are substituting; or
- (c) invest in Islamic liquid assets (i.e. cash and cash equivalents),

subject always to the investment scope and restrictions of the Fund.

### (ii) Asset allocation

As a general rule, the Fund will adhere to the following asset allocation:

- (a) at least 90% in Authorised Securities; and
- (b) not more than 10% in Islamic liquid assets (i.e. including but not limited to Islamic deposits and Islamic money market instruments).

The Fund's investment scope may include Shariah-compliant securities and investments other than Authorised Securities in order to facilitate the Fund's portfolio rebalancing activities.

The investments other than Authorised Securities may include:

- (a) Shariah-compliant securities received by or distributed to the Fund by way of dividend-in-specie, capital distribution or any other distribution; and
- (b) former Index Securities i.e. securities which were formerly but have ceased to be Index Securities. Such former Index Securities will only be held for such period after they cease to be Index Securities as the Manager, in consultation with the Trustee, determines necessary to dispose of and replace or substitute such former Index Securities.

**2.3.5 Investment restrictions**

The investment restrictions imposed upon the Manager are as follows:

- (i) the Fund may invest in units/shares in other Islamic collective investment schemes (“**Target Fund**”) provided that the investment must not exceed 20% of the NAV of the Fund based on the most up-to-date value of the Fund Assets and such Target Fund must:
  - (a) be regulated by a regulatory authority;
  - (b) where the Target Fund is constituted in Malaysia, be approved by the SC;
  - (c) where the Target Fund is constituted outside of Malaysia, be registered, authorised or approved by the relevant regulatory authority in its home jurisdiction; and
  - (d) operate on the principle of prudent spread of risk and its investments do not divert from the general investment principles of the ETF Guidelines.

Where the Fund invests in Target Fund operated by the Manager or its related corporation, the Manager must ensure that:

- (a) there is no cross-holding between the Fund and the Target Fund;
  - (b) all initial charges on the Target Fund are waived; and
  - (c) the management fee must only be charged once, either at the Fund or the Target Fund.
- (ii) The Fund must not invest in Islamic derivatives.
  - (iii) The Fund must not make investments in foreign markets.
  - (iv) The Fund must not borrow cash or other assets (including borrowing of securities within the meaning of the Securities Borrowing and Lending Guidelines issued by the SC) in connection with its activities.
  - (v) The Fund must not participate in securities lending or Islamic Securities Selling and Buying-Negotiated Transaction activities.

Further, the Fund is governed by the Shariah Investment Guidelines which are established and endorsed by the Shariah Adviser for the Fund and is set out in Section 3.7 of this Prospectus.

**2.3.6 Breach of investment restrictions**

- (a) If any of the investment restrictions contained in the ETF Guidelines are breached, save to the extent any waiver has been obtained for the Fund

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## 2. DETAILED INFORMATION OF THE FUND (cont'd)

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from the SC, the Manager shall take as a priority objective all steps as are necessary to remedy such breach taking into account the interests of the Unit holders, and notify the SC, within a reasonable period of time as prescribed in the ETF Guidelines or any relevant law, of such breach with the steps taken to rectify and prevent such breach from recurring.

- (b) Notwithstanding Clause 10.9(a) above and subject to applicable laws, any breach of the restriction or limit as a result of any:
- (i) appreciation or depreciation in the value of the Fund's underlying investments;
  - (ii) redemption of Units or payments made from the Fund;
  - (iii) change in capital of a company in which the Fund has invested in; or
  - (iv) downgrade in or cessation of a credit rating,

must be rectified by the Manager as soon as practicable and within such time as may be prescribed by any relevant laws.

### 2.4 The Benchmark

#### 2.4.1 Introduction to the Benchmark

The Benchmark, namely the MSCI Malaysia IMI Islamic High Dividend Yield 10/40 Index is a free-float adjusted, market capitalisation weighted, price return index calculated, maintained and published by MSCI.

The Benchmark is designed as a performance benchmark for the high dividend-yielding segment of its Parent Index, the MSCI Malaysia IMI Islamic Index. The Benchmark consists of Shariah-compliant companies listed on Bursa Securities with higher than average dividend yield that are deemed both sustainable and persistent by MSCI.

The Parent Index is a free-float adjusted market capitalisation weighted index that is designed to measure the equity market performance of Malaysia.

The weight of any single group or entity in the Benchmark is capped at 10% of a fund's total assets and the sum of the weights of all groups or entities representing more than 5% of the fund is capped at 40% of the fund's total assets.

The Benchmark is calculated and published in Ringgit Malaysia and the end of the day index values are available through Bloomberg (MIMYDY40 Index) and the Fund's website at [www.myetf.com.my](http://www.myetf.com.my).

The Parent Index and Benchmark consist only of Shariah-compliant securities which are approved by the MSCI's Sharia advisors' committee based on the MSCI Islamic Index Series Methodology. The MSCI's Sharia advisors' committee will issue periodic certification in the constituent stocks forming the Benchmark and Parent Index to ensure compliance with Shariah.

The Index Licensor is not a related corporation of the Manager.

#### **2.4.2 Construction of the Benchmark**

Constituents of the Benchmark must be selected from the universe of securities which constitute the Parent Index. As the Parent Index is an Islamic index, its constituents will be screened using the MSCI Islamic Index Series Methodology.

##### **(i) Islamic Index Screens**

In accordance with the MSCI Islamic Index Series Methodology, MSCI will screen the constituents of the Parent Index as well as the Benchmark based on the following criteria:

##### **(a) Business activity screen**

Companies must not be directly active in or derive more than 5% of their revenue (cumulatively)<sup>(1)</sup> from the following prohibited activities:

- alcohol;
- tobacco;
- pork related products;
- conventional financial services;
- defense/weapons;
- gambling/casino;
- music;
- hotels;
- cinema; and
- adult entertainment.

##### **(b) Financial screen**

Companies must not derive a significant portion of their income from interest or companies must not have excessive leverage. Only companies whose percentage ratios in the following three financial ratios are less than 33.33% are considered Shariah-compliant:

- total debt over total assets<sup>(2)</sup>;
- sum of cash and interest-bearing securities over total assets<sup>(1)</sup>;  
and
- sum of account receivables and cash over total assets.

**Note:**

<sup>(1)</sup> *Calculated as follows: (Revenue from prohibited activities including Interest Income) / (Total Income defined as Total Earnings including Sales and Interest Income). Interest income includes both operating and non-operating income.*



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## 2. DETAILED INFORMATION OF THE FUND (cont'd)

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<sup>(2)</sup> *Shariah-compliant debt and Shariah-compliant instruments are excluded from the numerator when calculating the ratio.*

A lower threshold of 30% for all three financial ratios will be used to determine new inclusions to the Parent Index.

Islamic Financial Institutions are not subject to the financial screen while revenue derived from their provision of financial services activities will not be considered as revenue from prohibited activity.

### **(ii) Screening criteria for the Benchmark**

A constituent of the Parent Index must then meet the following screening criteria to be eligible for inclusion in the Benchmark:

#### **(a) Sustainability and persistence**

The security must offer a high dividend yield that meets the following sustainability and persistence screening criteria:

- securities with zero or negative dividend payout ratios are not considered for inclusion in the Benchmark as they either do not pay dividends or have negative earnings which may put their future dividend payments at risk. Additionally, securities with extremely high dividend payout ratio (within the top 5% of securities by number within the universe of companies with positive dividend payout) are not considered for inclusion in the Benchmark. Securities with an extremely high payout ratio, which occurs when earnings are low relative to dividends, may indicate that the dividend payment of the securities might not be sustainable in the future; and
- securities with a negative 5-year dividend per share growth are also excluded from the Benchmark as shrinking dividend growth could be a precursor to lower dividends.

#### **(b) Price performance**

Securities ranked in the bottom 5% of securities (of the Parent Index) with negative 1-year price performance (measured as the change in price of a security in the preceding 12 months) will not qualify to be included in the Benchmark. Any existing constituents of the Benchmark which fails the screening criteria at any rebalancing period will also be excluded from the Benchmark. The aim of the screening criteria is to exclude securities with potentially deteriorating fundamentals which may force the company to cut or reduce dividends. In addition, this screening exercise will result in exclusions of securities that offer high dividend yields which are due to lower share price instead of higher dividend payout.

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## 2. DETAILED INFORMATION OF THE FUND (cont'd)

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### (c) Dividend yield

Companies that have passed the sustainability and persistence screening criteria are then filtered for their dividend yield performance. Only companies which record a dividend yield that is higher than the average dividend yield of the Parent Index are eligible for inclusion in the Benchmark.

#### 2.4.3 Constituents of the Benchmark

As at the Latest Practicable Date, the top ten (10) constituents of the Benchmark and their respective weightings are as follows:

No.	Company Name	Weightings (%)
1	TENAGA NASIONAL BHD	9.17%
2	PETRONAS GAS BHD	10.05%
3	MAXIS BHD	10.02%
4	WESTPORTS HOLDINGS BHD	4.38%
5	HARTALEGA HOLDINGS BHD	5.37%
6	NESTLE (MALAYSIA) BERHAD	4.85%
7	IHH HEALTHCARE BHD	5.18%
8	SIME DARBY BERHAD	4.47%
9	SIME DARBY PLANTATION BHD	4.83%
10	TIME DOTCOM BHD	5.07%

Source: MSCI

**There is no guarantee or assurance of exact or identical replication at any time of the performance of the Benchmark.**

**Benchmark composition may change and securities may be de-listed.**

**There is a lack of discretion for the Fund to adapt to market changes due to the inherent investment nature of exchange-traded funds and that falls in the Benchmark are expected to result in corresponding falls in the value of the Fund.**

#### 2.4.4 Review of constituents

##### (i) Review and rebalancing

The Benchmark is reviewed and rebalanced semi-annually. Any changes to the Benchmark will be implemented at the close of the last business day of May and November. Before each rebalancing exercise, the Index Licensor will provide the pro-forma index nine (9) business days before the effective

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## 2. DETAILED INFORMATION OF THE FUND (cont'd)

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date of the rebalancing exercise. Between the semi-annual index reviews, the Benchmark follows the event maintenance of the Parent Index.

The Parent Index is reviewed quarterly and will not result in any change in the Benchmark except for deletion of companies from the Parent Index due to corporate events. Initial public offerings and other newly listed securities will only be considered for inclusion in the Benchmark at the next semi-annual index review, even if they qualify for early inclusion in the Parent Index.

The Benchmark has a base date of 30 November 2006.

For further information on ground rules for the Benchmark (MSCI Global Investible Market Indices Methodology, MSCI Islamic Index Series Methodology, MSCI High Dividend Yield Indices Methodology and MSCI 10/40 Indexes Methodology), please refer to MSCI's website at [www.msci.com/index-methodology](http://www.msci.com/index-methodology).

### (ii) Shariah assessment

A complete reassessment of the constituents in the Benchmark based on the business activity and financial screens as set out in Section 2.4.2(i) above is conducted annually at the May semi-annual index review. However, reassessment based on the financial screen is done on a quarterly basis whereby securities that fail the financial screen will be excluded immediately from the Benchmark.

### (iii) Corporate Events

A current constituent deleted from the Parent Index following a corporate event will be simultaneously deleted from the Benchmark.

There will be no early inclusion of new securities to the Benchmark following an event affecting non-index constituents such as initial public offering ("IPO") or newly listed securities. These types of securities will only be considered for inclusion at the nearest semi-annual review which could be either in May or November. For example, an inclusion of a security to the Parent Index following an IPO in September would only be considered for inclusion to the Benchmark at the nearest upcoming semi-annual index review in November. Whereas, inclusion of new securities resulting from an event affecting an existing index constituent such as spin off or merger is generally reflected in both the Parent Index and Benchmark at the time of event.

Current constituents of the Benchmark that are impacted by a corporate event will be reviewed on a quarterly basis (please refer to Section 2.4.4(ii) above with regards to the Shariah assessment) for compliance with the MSCI Islamic Index Series Methodology. However, under circumstances where a corporate event causes a constituent in the Benchmark to be Shariah non-compliant, the deletion of the constituent from the Benchmark will be considered at the nearest upcoming quarterly index review.

**(iv) GICS Changes**

Regular monthly and annual GICS changes may trigger Shariah non-compliance of the Benchmark constituent. A change in a company's existing GICS code to a GICS code that is not compliant will result in deletion of the company from the Benchmark at the effective date of the GICS code change.

**2.4.5 Replacement of the Benchmark****The Benchmark may be replaced in the event of cessation of the availability of the Benchmark.**

- (a) As provided under the Deed, the Manager may, after taking into account the interests of the Unit holders and subject to the approval of the SC, replace the MSCI Malaysia IMI Islamic High Dividend Yield 10/40 Index with another index in the event any of the following occurs:
- (i) the MSCI Malaysia IMI Islamic High Dividend Yield 10/40 Index ceases to exist;
  - (ii) a major change is made in the formula or method used to calculate the MSCI Malaysia IMI Islamic High Dividend Yield 10/40 Index (other than a change in accordance with the operating rules of the Benchmark, such as a change in constituents);
  - (iii) a new index replacing the MSCI Malaysia IMI Islamic High Dividend Yield 10/40 Index is released;
  - (iv) in the opinion of the Board of the Manager, a new index permitting better valuation of the investments made by the Unit holders is released. This decision will be based on objective financial criteria including better liquidity, lower costs and a more efficient secondary market;
  - (v) it becomes difficult to invest in the securities forming the MSCI Malaysia IMI Islamic High Dividend Yield 10/40 Index or if part of the securities forming the MSCI Malaysia IMI Islamic High Dividend Yield 10/40 Index have limited liquidity;
  - (vi) the Index Licensor increases its licence fee to a level considered too high by the Manager;
  - (vii) in the opinion of the Manager, the quality (including the precision and availability of data) of the MSCI Malaysia IMI Islamic High Dividend Yield 10/40 Index has deteriorated; or
  - (viii) a major change in the Shariah screening methodology which may impact the ability of the Manager to implement the investment policy of the Fund.

The Manager may change the name of the Fund if the Benchmark is replaced. Any replacement of the Benchmark must first be approved by the SC and/or any other relevant authorities, as the case may be.

- (b) Notwithstanding the above, the Manager shall not replace the MSCI Malaysia IMI Islamic High Dividend Yield 10/40 Index with a new index without the approval of the Unit holders if the objective of the new index differs from that of the Benchmark. The objective of the Benchmark is set out in Section 2.4.1 of this Prospectus.

#### **2.4.6 Licensing conditions of the Index Licence Agreement**

Some of the licensing conditions of the Index Licence Agreement are as follows:

- (i) The Index Licensor shall compile, calculate, maintain and publish the Benchmark drawing upon judgment experience and expertise, and from time to time amend the Benchmark.
- (ii) The Index Licensor shall grant the Manager a non-exclusive and specifically limited licence to use the Benchmark and Benchmark trade marks in connection with the issue, the operation, the marketing and the promotion of the Fund to the extent necessary to indicate the source of the Benchmark and in connection with making such disclosure as required by the relevant authorities.
- (iii) The Index Licensor or the Manager may terminate the Index Licence Agreement which termination shall be effective at the end of the then-current term by giving not less than ninety (90) days' written notice to the other party prior to the end of such then-current term.
- (iv) The Index Licence Agreement will commence on the date of the Index Licence Agreement and will continue for a period of three (3) years and thereafter be automatically renewed for successive terms of one (1) year until terminated in accordance with the terms of the Index Licence Agreement.
- (v) The Manager agrees and acknowledges that the Index Licensor reserves the right to review and increase the charges (where the proposed increase shall be limited to five per cent (5%) per year) under the Index Licence Agreement after the initial three (3) years period and prior to the expiry of the then-current term of the Index Licensing Agreement upon written notice to the Manager at least sixty (60) days prior to the end of such then-current term and that any variation relating to the charges will take effect in the subsequent contract year.

#### **2.4.7 Further Information on the Benchmark**

Latest information and other important news on the Benchmark will be published on MSCI's website at [www.msci.com](http://www.msci.com) (for index ground rules and methodology) and the Fund's website at [www.myetf.com.my](http://www.myetf.com.my) (for end of day index values).

**2.5 Shariah Investment Guidelines**

The Shariah Investment Guidelines (which are in compliance with the SC SAC's Shariah criteria) and also incorporates stock screening methodology of the MSCI Shariah Advisory Board (2.8 (iii) *MSCI Islamic Index - Shariah Compliance Screens*) established and endorsed by the Shariah Adviser for the Fund, are as follows:

- 2.5.1 As a general rule, the Fund can only invest in securities and financial instruments that comply with the Shariah principles and is prohibited from investing in securities and financial instruments which do not comply with the Shariah principles.
- 2.5.2 The Fund shall invest in securities listed under the List of Shariah-compliant Securities by the SAC of the SC.
- 2.5.3 The Fund shall invest in domestic Islamic collective investments schemes.
- 2.5.4 The Fund shall invest in Islamic Deposits which placements are made with financial institutions licensed under the Islamic Financial Services Act 2013 and/or Financial Services Act 2013, whichever is appropriate. For avoidance of doubt, only Islamic account is permitted for placement of Islamic Deposit with institutions licensed under the Financial Services Act 2013. The Fund is also prohibited from investing in interest-bearing Deposits and recognising any interest income.
- 2.5.5 The Fund shall seek for approval from Shariah Adviser for any other securities or instruments that are not being mentioned above.
- 2.5.6 On the timing for the disposal of securities which have been classified as Shariah non-compliant, the Fund must divest such securities if any of the following occurs:

- (i) **“Shariah-compliant securities” which are subsequently considered “Shariah non-compliant”**

This refers to securities which were classified as Shariah-compliant securities but due to certain reasons, such as changes in the companies' operations, are subsequently considered Shariah non-compliant. In this regard, if on the date the securities turned Shariah non-compliant, the value of the securities held exceeds the investment cost, the Fund must expedite the disposal of such securities. Any dividends received up to the date of the announcement/review and capital gains arising from the disposal of the Shariah non-compliant securities on the date of the announcement/review can be kept by the Fund.

On the other hand, the Fund is allowed to hold its investment in the Shariah non-compliant securities if the market price of the said securities is below the investment cost. It is also permissible for the Fund to keep the dividends received during the holding period until such time when the total amount of dividends received and the market value of the Shariah non-compliant securities held equal the investment cost. At this stage, the Fund is advised to dispose of its holding of such Shariah non-compliant securities.

In addition, during the holding period of such Shariah non-compliant securities, the Fund is allowed to subscribe to:

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## 2. DETAILED INFORMATION OF THE FUND (cont'd)

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- (a) any issue of new securities by the company such as rights issues, bonus issues, special issues and warrants but excluding securities whose nature is Shariah non-compliant such as irredeemable convertible unsecured loan stock; and
- (b) Shariah compliant securities of other companies offered by the company.

on condition that the Fund expedite the disposal of such Shariah non-compliant securities.

### (ii) Shariah non-compliant securities

If the Fund invests in Shariah non-compliant securities by mistake, the Fund is required to dispose of such securities within a month of knowing the status of the securities. Any gain made in the form of capital gain or dividend received during or after the disposal of the securities is subject to an income purification process. The Fund has a right to retain only the investment cost, which may include brokerage fee and other transaction costs.

2.5.7 Dividends or other such income on the shares and cash held by the Fund which are considered impure under the Shariah principles will be subject to an income purification process.

### 2.5.8 Income Purification

Any income from Shariah non-compliant investments such as interest income, excess capital gain from disposal of Shariah non-compliant securities or dividend distribution received by the Fund from its investment portfolio which relates to fortuitous activities are considered impure income. This impure income is subject to an income purification process as determined by the Shariah Adviser from time to time and without limitation. The impure income has to be channelled to charitable bodies as endorsed by the Shariah Adviser and approved by the Trustee.

Any cash dividend received from the constituents of the Benchmark will be subject to a purification process as determined by the Manager upon consultation and endorsement by the Shariah Adviser from time to time.

### 2.5.9 Periodic Review

The Shariah Adviser will review the Fund on a monthly basis to ensure that the Fund's operating procedures and investments comply with Shariah. Upon completion of each review, the Shariah Adviser will deliver its opinion on the Fund's compliance with Shariah. Further, a report on the Fund's compliance status for the financial period concerned will be prepared by the Shariah Adviser and included in the Fund's annual report.

These Shariah Investment Guidelines have been endorsed by the Shariah Adviser. At the end of each quarter, the Shariah Adviser audits the Fund to ensure that the Fund's operating procedures and investments comply with the Shariah principles. Upon completion of each audit, the Shariah Adviser will deliver a certificate attesting that the Fund is in compliance with the Shariah principles.

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## 2. DETAILED INFORMATION OF THE FUND (cont'd)

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The Shariah Adviser confirms that the investment portfolio of the Fund will comprise instruments that have been classified as Shariah-compliant by the SC SAC or the Shariah Advisory Council of Bank Negara Malaysia. For instruments that are not classified as Shariah-compliant by the SC SAC or the Shariah Advisory Council of Bank Negara Malaysia, the Shariah Adviser will review and determine the Shariah status of the said securities in accordance with the ruling issued by the Shariah Adviser.

### 2.6 Income distribution policy

The Fund may distribute to the Unit holders all or a substantial portion of the Fund's Distributable Income, pro-rated based on the number of Units held by each Unit holder as at the entitlement date of the income distribution. The exact amount to be distributed will be at the absolute discretion of the Manager.

Income distributions (if any) are expected to be made annually subject to the discretion of the Manager. However, if the distribution available is too small or insignificant, any distribution may not be of benefit to the Unit Holders as the total cost to be incurred in any such distribution may be higher than the amount for distribution

Details of the entitlement date, distribution amount, ex-entitlement dates and payment date for the distributions will be published on Bursa Securities' website at [www.bursamalaysia.com](http://www.bursamalaysia.com) and the Fund's website at [www.myetf.com.my](http://www.myetf.com.my).

An income distribution to the Unit holders shall be made in the following manner:

- (i) by way of eDividend;
- (ii) by way of a cheque sent to the Unit holders' postal address; or
- (iii) such other method to be determined by the Manager and the Trustee, and allowed under the relevant rules and regulations in Malaysia.

### 2.7 Correlation and rebalancing

Correlation, in this context, is the measure of how the NAV of the Fund's portfolio moves in relation to the Benchmark. If the NAV of the Fund's portfolio moves exactly as the Benchmark, it would indicate a perfectly positive correlation or 100% correlation. If the NAV of the Fund's portfolio does not move exactly as the Benchmark, the correlation is less than 100%.

The Benchmark is a theoretical calculation while the Fund's portfolio is an actual holding of securities. The performance of the two (2) may vary due to Transaction Costs, fees, expenses and taxes.

In managing the Fund, the Manager will attempt to achieve a high positive correlation and an absolute tracking error of less than 3% between the NAV of the Fund and the Benchmark. To achieve this, the Manager will primarily perform scheduled periodic rebalancing exercises which mirror the Benchmark's rebalancing schedule. The Manager will be responsible to continuously monitor the correlation and if in the Manager's belief, the current portfolio is not tracking the Benchmark closely and that it will lead to a lower correlation, then the Manager may judiciously rebalance the portfolio beyond the scheduled rebalancing frequency to improve the correlation or to rectify the divergence.



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## 2. DETAILED INFORMATION OF THE FUND (cont'd)

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Except for index changes, where rebalancing of the portfolio may have to take place prior to, upon or after the index changes, rebalancing of the Fund's portfolio of investments will be carried out no more than once a month, to reflect any changes to the composition of or weighting of shares in the Benchmark.

**You should note that there is no guarantee or assurance that the performance of the Fund will be an exact or identical replication of the performance of the Benchmark at any time.**

### 2.8 Risk management strategies and techniques

The risk management strategies and techniques employed by the Manager include the use of a replication strategy either via full or partial replication to achieve the investment objective of the Fund as well as to minimise its tracking error. As set out in Section 2.7 above, the Fund's investment portfolio may be rebalanced no more than once a month to reflect the composition and weightings of the Benchmark.

For information concerning certain risk factors which should be considered by prospective investors, see "RISK FACTORS" in Section 3 of this Prospectus.

### 2.9 Valuation of the Fund Assets

The calculation of the NAV of the Fund shall be carried out by the Manager or its agent at the Valuation Point (or at such other time as the Manager and the Trustee may determine) by valuing the assets of the Fund and deducting the liabilities of the Fund, in accordance with the terms of the Deed on each Dealing Day. The valuation of the Fund shall be done in a fair manner in accordance with the approved Malaysian accounting standards and applicable Malaysian laws and guidelines.

The valuation basis for the Fund Assets is as follows:

#### (i) Listed Shariah-compliant securities

The value of investment in Shariah-compliant securities shall be calculated by reference to the last transacted price on the Bursa Securities. Suspended Shariah-compliant securities will be valued at their last transacted price unless there is conclusive evidence to show that value of that Shariah-compliant security has gone below or above the suspended price or where the quotation of the Shariah-compliant securities has been suspended for a period exceeding fourteen (14) days, their fair value will be determined in good faith by the Manager based on the methods or basis approved by the Trustee after appropriate technical consultation.

#### (ii) Unlisted Shariah-compliant securities

As per the ETF Guidelines, the value of unlisted Shariah-compliant securities shall be determined on the basis of fair value as determined in good faith by the Manager based on methods or basis which have been verified by the Fund's auditors and approved by the Trustee.

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**2. DETAILED INFORMATION OF THE FUND (cont'd)**

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**(iii) Islamic Collective investment schemes**

The value of investment in Islamic collective investment schemes which are quoted on an approved exchange shall be calculated in the same manner as other listed Shariah-compliant securities described in Section 2.9(i) above. When investing in unlisted Islamic collective investment schemes, the value shall be determined by reference to the last published repurchase price per unit for that Islamic collective investment scheme.

**(iv) Islamic Deposits**

The value of any Islamic deposits placed with Islamic Financial Institutions shall be determined each day by reference to the principal value of such investments and the income accrued thereon for the relevant period.

If the investment valuations referred to above are not available or if the value of the investments determined in the manner described above, in the opinion of the Manager, does not represent a fair value of such investments, then the value shall be any fair value as may be determined in good faith by the Manager. This valuation method shall be verified by the auditors of the Fund and approved by the Trustee.

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### 3. RISK FACTORS

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#### 3.1 General risks of investing in the Fund

The Fund is subject to the following principal risks. Some or all of the following risks may adversely affect the Fund's NAV, yield, total return and/or its ability to achieve its investment objective. Investors should note the following risk factors associated with investing in the Fund. The following statements are intended to be summaries of some of those risks. They are by no means exhaustive and they do not offer advice on the suitability of investing in the Fund. Investors should carefully consider the risk factors described below together with all of the other information included in this Prospectus before deciding to invest in the Units.

**(i) Returns and capital are not guaranteed**

Investors should be aware that by investing in the Fund, there is no guarantee of any income distribution or returns. There is also no guarantee that investors will enjoy any capital appreciation or will not experience any loss of capital invested in the Fund.

**(ii) Market risk**

The NAV of the Fund will change with changes in the market value of the securities it holds. The price of Units and the Income of the Fund may go down as well as up. There can be no assurance that an investor will achieve profits or avoid losses, significant or otherwise. Investors in the Fund are exposed to similar market risks as investors who invest directly in the underlying securities. These risks include market fluctuations caused by factors such as economic and political developments, changes in interest rates and foreign exchange. A significant decline in the value of the Benchmark can therefore be expected to result in a similar decline in the NAV of the Fund.

**(iii) Passive investment**

As the objective of the Fund is to track the performance of the Benchmark, the Fund is not actively managed and invests all or a substantial portion of the Fund Assets in the Index Securities regardless of their investment merit. Investors should take note that the Manager does not attempt to select securities individually or take defensive positions in declining markets. Therefore, a decline in the Benchmark will result in a corresponding fall in the value of the Fund irrespective of the performance of the overall equity market. The movement of the overall equity market may not necessarily affect the movement of the Benchmark and the NAV of the Fund.

**(iv) Tracking error risk**

Factors such as the fees and expenses incurred by the Fund, imperfect correlation between the Fund Assets and the Index Securities, rounding of share prices, changes to the Benchmark and regulatory policies may affect the Manager's ability to achieve close correlation with the performance of the Benchmark. The Fund's returns may therefore deviate from the Benchmark and there is no assurance that the Fund will be able to fully track the performance of the Benchmark.

A replication strategy is adopted to minimise tracking error, by investing the Fund Assets in substantially the same composition and weightings as the Benchmark.

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### 3. RISK FACTORS (cont'd)

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Re-investment of cash dividends received by the Fund from its investment portfolio may also be done to keep the Fund's cash holdings to a low level that is operationally optimal while minimising tracking error.

**(v) Concentration in a particular group of securities, industry or group of industries**

If the Benchmark comprises Index Securities that are concentrated in a particular group of securities, industry or group of industries, the Fund may be adversely affected by the performance of those securities and be subject to price volatility. Further, the Fund may also be more susceptible to any single economic, market, political or regulatory occurrence.

**(vi) Reliance on Participating Dealers**

The creation and redemption of Units may only be effected through Participating Dealers. A Participating Dealer may, in its absolute discretion, refuse to accept a creation or redemption order from an investor and can charge such fees as it may determine. A Participating Dealer will not be able to apply to create or redeem Units during any period when, amongst other things, dealing on Bursa Securities is restricted or suspended, settlement or clearing of securities through Bursa Depository is disrupted or the Benchmark is not compiled or published. In addition, the Participating Dealers will not be able to apply to create or redeem Units if some other events occur which impedes the calculation of the NAV of the Fund or disposal of the Fund's portfolio securities cannot be effected. Since the number of Participating Dealers at any given time will be limited, and there may even be only one (1) Participating Dealer at any given time, there is a risk that investors may not always be able to create or redeem Units freely.

**(vii) Price and liquidity risks**

Investors should be aware that there can be no assurance that an active trading market for the Units will be developed or be maintained. There is no certain basis for predicting the actual price levels at, or volume in, which the Units may trade. Further, there can be no assurance that Unit holders will experience trading or pricing patterns similar to those of market-traded securities which are issued by investment companies in other jurisdictions or which are based upon indices other than the Benchmark.

Whilst the market maker has been appointed by the Manager, there can be no assurance that such liquidity risk will be fully mitigated. Investors should note, however, that the liquidity in the market for the Units may be adversely affected if the market maker fails or ceases to fulfill its role as a market maker. Consequently, investors may not be able to trade their Units on Bursa Securities due to the lack of liquidity. In order to address such liquidity risk, a liquidity provider has been appointed for the Fund.

**(viii) Units may trade at prices other than at the NAV per Unit**

The NAV per Unit represents the fair price for buying or selling Units. As with any listed fund, the secondary market price of Units may sometimes trade above or

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### 3. RISK FACTORS (cont'd)

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below this NAV per Unit. There is a risk, therefore, that Unit holders may not be able to buy or sell at a price close to this NAV per Unit. The deviation from NAV per Unit is dependent on a number of factors, but will be accentuated when there is a large imbalance between market supply and demand for Units on the Main Market.

However, given that Participating Dealers can apply to create and redeem Units in Creation and Redemption Unit Blocks, it is not anticipated that the market prices of Units will have large deviations from the NAV per Unit or even if there is, that such deviations will be sustained. However, if the creation and redemption of Units is temporarily suspended due to market events, the trading price of the Units may be adversely affected and differ from the NAV per Unit.

**(ix) Income distributions are contingent on dividends from the Fund Assets**

The ability of the Fund to make distributions to the Unit holders depends principally on the dividends declared and paid by the companies whose securities are held by the Fund and the level of fees and expenses payable by the Fund. The payment of dividend by companies can vary based on numerous factors, including their current financial condition and dividend policies as well as the general economic condition. There can be no assurance that companies will declare dividends or make other distributions. In addition, changes to the composition of the Benchmark (for example, the substitution of one constituent security in the Benchmark with another paying higher or lower dividend) will affect the level of dividends received by the Fund.

To the extent possible, the Fund may distribute all or a substantial portion of the Fund's Distributable Income to the Unit holders, pro-rated based on the number of Units held by each Unit holder as at the entitlement date of the income distribution. The exact amount to be distributed will be at the discretion of the Manager.

**(x) Trading in Units on Bursa Securities may be suspended or de-listed**

Investors will not be able to purchase or sell Units on Bursa Securities during any period that Bursa Securities suspends trading in the Units. Bursa Securities may suspend the trading of Units whenever it determines as appropriate in the interests of a fair and orderly market to protect investors. The creation and redemption of Units will also be suspended in the event that the trading of Units on Bursa Securities is suspended.

Further, Bursa Securities imposes certain requirements for the continued listing of securities, including the Units, on Bursa Securities. Investors cannot be assured that the Fund will continue to meet the requirements necessary to maintain the listing of the Units on the Main Market or that Bursa Securities will not change the Listing Requirements. The Fund may be terminated if its Units are de-listed from Bursa Securities.

**(xi) Market disruption events and settlement disruption events**

There may be a suspension of the determination of the NAV of the Fund, suspension of trading in Units on Bursa Securities and/or suspension in Creation

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### 3. RISK FACTORS (cont'd)

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Application and/or Redemption Application if there is a market disruption event or a settlement disruption event.

Market disruption events may include without limitation, any suspension of or limitation imposed on trading (by reason of movements in price exceeding limits permitted by Bursa Securities) in the constituents of the Benchmark, the closure of Bursa Securities prior to its scheduled closing time on any Market Day and any general moratorium declared in respect of banking activities in the Federal Territory of Kuala Lumpur, which may result in the inability to perform settlement activities related to constituents of the Fund.

Settlement disruption events may include without limitation, any technical difficulties experienced by the Manager, which are out of the control of the Manager, in processing a valid Creation Application and/or Redemption Application.

**(xii) Minimum creation and redemption size**

Units will only be issued and redeemed in a Creation and Redemption Unit Block(s) (currently 400,000 Units). Investors who do not hold Redemption Unit Blocks will only be able to realise the value of their Units by selling their Units on Bursa Securities at the trading market prices. As set out in Section 3.1(viii) of this Prospectus, the market prices of Units as traded on Bursa Securities may deviate from the NAV per Unit.

**(xiii) Legal and regulatory risk**

The Fund must comply with regulatory constraints or changes in the laws affecting it or its investment restrictions which might require a change in the investment policy and objectives followed by the Fund. Furthermore, such changes in the laws may have an impact on the market sentiment which may in turn affect the performance of the Benchmark and as a result, the performance of the Fund. It is impossible to predict whether such an impact caused by any change in the law will be positive or negative for the Fund. In the worst case scenario, a Unit holder may lose all his investments in the Fund.

**(xiv) Registration or cross-listing of the Fund in other markets**

The Fund may in the future be registered on other markets, or cross-listed on other exchanges, or otherwise offered in other jurisdictions. As this is expected to improve the liquidity for existing Unit holders and may result in more efficient secondary market pricing due to increased scope for arbitrage, the Manager may be permitted by the Trustee to charge the related costs to the Fund, which increases the MER of the Fund and may result in a larger tracking error between the Fund and the Benchmark.

#### 3.2 Risk factors specific to the investment portfolio of the Fund

**(i) Concentration risk**

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### 3. RISK FACTORS (cont'd)

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The Fund Assets are invested mainly in constituents of the Benchmark, comprising securities of major companies listed on Bursa Securities. As most of these companies' business activities are based predominantly in Malaysia, the performance of the Benchmark and consequently the Fund, would be susceptible to any major economic, market, political or regulatory changes in Malaysia.

**(ii) Reclassification of Shariah-compliant securities**

The Fund only invests in accordance with the Shariah Investment Guidelines established and endorsed by the Shariah Adviser for the Fund which must comply with the security screening methodology of the MSCI Shariah Supervisory Committee and SC SAC's Shariah security screening criteria. If any of the Index Securities do not comply with the Shariah Investment Guidelines, the Manager will then dispose these Index Securities and the Fund may potentially suffer losses as a result. Furthermore, securities which do not comply with the Shariah Investment Guidelines may be added to the Benchmark by the Index Licensor during its review. As a result, the Fund may not be able to closely track the Benchmark as it would not be able to invest in these Index Securities.

#### 3.3 Risk factors related to the Benchmark

**(i) Errors or inaccuracies in the Benchmark**

Factors such as technical glitch in MSCI's or the exchange's system and inconsistency of information provided by multiple data vendors to the Index Licensor may affect the accuracy and completeness in the calculation of the Benchmark. These inaccuracies, errors, omissions or mistakes in the compilation or calculation of the Benchmark may result in significant deviations between the NAV of the Fund and the Benchmark. The Manager and Trustee are not responsible or involved in the compilation or calculation of the Benchmark, and thus cannot be held responsible or liable for any inaccuracies, errors, omissions or mistakes in such compilation or calculation.

**(ii) The Benchmark is subject to fluctuations**

The investment objective of the Fund is to ensure that the NAV of the Fund corresponds closely with the performance of the Benchmark. As the Benchmark may experience periods of volatility or decline in the future, this may result in the NAV of the Fund and the price of the Units experiencing similar volatility or decline.

**(iii) Composition of and weightings in the Benchmark may change**

The constituents in the Benchmark can be changed by the Index Licensor from time to time and may not necessarily comprise the same set of constituents at the time of the investment in the Units. The price of the Units may rise or fall as a result of such changes. The composition of the Benchmark may also change if one of the constituent companies were to de-list its securities or if a company is added to the Benchmark. If this happens, the weighting and composition of the Index Securities invested by the Fund would be rebalanced as considered appropriate by the Manager in order to achieve the Fund's investment objectives. Further, the weighting and/or composition of the Index Securities invested by the Fund may

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**3. RISK FACTORS (cont'd)**

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also change during the rebalancing of the Fund's portfolio of investments which may be undertaken not more than once a month.

**(iv) Licence to use the Benchmark may not be renewed**

The Manager has been granted a licence by the Index Licensor to use the Benchmark in connection with the operation, marketing and promotion of the Fund. The Fund may be terminated if the Index Licence Agreement is not renewed or is terminated and the Manager is unable to identify or agree with the Index Licensor or any other index provider's terms for the use of a suitable replacement index that uses, in the opinion of the Manager, the same or substantially similar formula for the method of calculation as the Benchmark. Any such replacement index will be subject to the approval of the SC and Unit holders (if the objective of the replacement index differs from the Benchmark) and notified to Unit holders (if the objective of the replacement index does not differ from the Benchmark). Accordingly prospective investors should note that the ability of the Fund to track the Benchmark depends on the continuation in force of the Index Licence Agreement in respect of the Benchmark or a suitable replacement.

**(v) Compilation of the Benchmark**

No warranty, representation or guarantee is given as to the accuracy or completeness of the Benchmark and its computation or any information related thereto. The process and the basis of computing and compiling the Benchmark and any of its related formulae, constituent companies and factors may at any time be changed or altered by the Index Licensor without notice.

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#### 4. FEES, CHARGES AND EXPENSES

There are fees and charges involved to invest in the Fund and investors are advised to consider them before investing in the Fund.

##### 4.1 Direct fees and charges payable by an investor

###### (i) For creation and redemption of Units through the Participating Dealers

All Creation Applications and Redemption Applications must be submitted to the Manager through a Participating Dealer and the creation and redemption of Units must be implemented in accordance with the terms and conditions set out in the Participating Dealer Agreements.

The fees and charges (excluding out-of-pocket expenses) to be paid by the Participating Dealers to the Manager and/or Trustee (which may be charged to the investor by the Participating Dealers) as set out in the Participating Dealer Agreements are as follows:

Fees and charges		Description
(a)	Creation/Redemption Application Fee	Nil.
(b)	Creation/Redemption Application Cancellation Fee	Currently RM50 per Creation/Redemption Unit Block (and subject to a maximum of RM500) payable to the Manager or such amount as may be determined by the Manager from time to time, in consultation with the Trustee.
(c)	Transaction Costs	The Manager may charge Transaction Costs (incurred by the Fund). This is to prevent the NAV of the Fund from being diluted by the Transaction Costs.
(d)	Other fees	The amount (other than Transaction Costs described above) that may be incurred by the Manager and/or the Trustee from time to time in relation to the Applications submitted by the Participating Dealers, which is charged by Bursa Depository.

###### (ii) For trading of Units on Bursa Securities

This table describes the charges that an investor may incur (based on the charges set out by Bursa Securities as at the Latest Practicable Date which may be varied from time to time) when an investor buys or sells Units on Bursa Securities.

Fees and charges	%/RM
Brokerage fee	A percentage of the transaction value prescribed by or negotiated with the authorised depository agents, subject to a minimum of RM40 per transaction.
Bursa Securities clearing fee	0.03% of the transaction value, subject to a maximum of RM1,000 per transaction.

#### 4. FEES, CHARGES AND EXPENSES (cont'd)

Stamp duty	RM1 for every RM1,000 or a fractional part of the transaction value (payable by both buyer and seller), subject to a maximum of RM200 per transaction.
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Further information on the charges that an investor may incur from trading the Units on Bursa Securities can be found at [www.bursamalaysia.com](http://www.bursamalaysia.com).

#### 4.2 Indirect fees and expenses payable by an investor

This table describes the fees and expenses that an investor may indirectly incur when an investor invests in the Fund:

Fees and expenses	%
Annual Management Fee	0.4% <sup>(1)</sup> per annum
Annual Trustee Fee	0.045% <sup>(1)</sup> per annum, subject to a minimum of RM12,000 per annum
Annual Index Licence fee	0.06% <sup>(1)</sup> per annum

**Note:**

- <sup>(1)</sup> Calculated based on the NAV of the Fund, accrued daily. This fee is the current fee and is subject to such increase/variation as provided in Section 8.3 for Management Fee and Trustee Fee and Section 2.4.6(v) for index licence fee.

In addition, there will be other fees or expenses incurred by the Fund as described in Section 4.3.3 of this Prospectus.

All of the abovementioned fees and expenses shall be deducted from the Fund Assets.

#### 4.3 Other fees, charges and expenses

4.3.1 The Manager (including its officers) will not retain any form of rebate or soft commission from, or otherwise share in any commission with, any broker in consideration for directing dealings in the investments of the Fund. All dealings with brokers are executed on best available terms.

4.3.2 The aforementioned fees may be expressed in the form of a ratio i.e. the MER.

The MER is the ratio of all incidental costs incurred in operating the Fund to the average daily NAV of the Fund. These incidental costs are paid directly from the Fund and include the following:

- (i) Management Fee;
- (ii) Trustee Fee; and
- (iii) other fund expenses.

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#### 4. FEES, CHARGES AND EXPENSES (cont'd)

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4.3.3 The Trustee and/or the Manager shall be entitled to pay the following fees, costs and expenses out of the Fund Assets to the extent they have been incurred in relation to the Fund:

- (i) any costs, fees and expenses to be paid under any licence and data supply contracts in relation to the Index Licensor entered into by the Manager in respect of the Fund;
- (ii) the processing or handling fees levied by any person for rendering services to effect any acquisition, disposal or any other dealings whatsoever in the Fund Assets and any expenses in relation thereto including commissions or fees paid to brokers and/or dealers in effecting dealings in the Permitted Investments of the Fund;
- (iii) all fees, charges, expenses and disbursements of any Shariah Adviser, legal adviser or counsel, accountant, auditor, valuer, broker, banker, tax adviser or other professional advisers employed or engaged by the Trustee or the Manager in the establishment of the Fund, in maintaining, preserving and protecting the Fund Assets and in the ongoing performance of their respective duties and obligations under the Deed or otherwise in connection with the Fund;
- (iv) all fees, charges, expenses and disbursements incurred in relation to the acquisition, registration, realisation of or other dealing with any Fund Assets and all transactional fees as may be agreed from time to time between the Manager and Trustee in relation to all transactions involving the whole or any part of the Fund Assets;
- (v) all charges and expenses incurred for any meeting of Unit holders other than convened by and for the benefit of the Manager and the Trustee;
- (vi) the fees and expenses incurred by the Manager and the Trustee in obtaining and/or maintaining the listing of and quotation for the Units on Bursa Securities, and/or the authorisation or other official approval or sanction of the Fund under the CMSA or any other applicable law or regulation;
- (vii) the fees and expenses incurred in connection with depositing and holding Units with Bursa Depository and the Clearing House (and in any other securities depository or clearing system);
- (viii) cost of establishment of the Fund;
- (ix) all charges, costs and expenses incurred by the Manager and/or the Trustee in respect of and/or in connection with the maintenance of a website or web pages (as the case may be) dedicated entirely to the Fund and communications with and/or notification to the Unit holders, the Registrar and/or any relevant authorities including notifications made in relation to the Fund in Bursa Securities, newspaper(s) in Malaysia and such other forms of communication permitted or acceptable under the ETF Guidelines and as the Manager may from time to time determine;

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#### 4. FEES, CHARGES AND EXPENSES (cont'd)

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- (x) all fees, costs and expenses incurred in respect of preparing any deeds supplemental to the Deed and in respect of preparing any agreement in connection with the Fund other than those for the benefit of the Manager or the Trustee;
- (xi) all costs incurred in respect of the preparation, publication and distribution of the annual reports and interim reports (if any) and of all cheques, statements, notices and other documents relating to the Fund;
- (xii) all fees and expenses incurred in connection with the removal of the Manager, the Trustee or the auditor or the appointment of a new management company, a new trustee or new auditor;
- (xiii) all expenses incurred in the collection of Income (including expenses incurred in obtaining tax repayments or relief and agreement of tax liabilities) or the determination of taxation;
- (xiv) all expenses associated with the distributions declared pursuant to the Deed including without limitation, fees for the revalidation or reissuance of any distribution cheque or warrant or telegraphic transfer;
- (xv) all fees and expenses incurred by the Manager and the Trustee in terminating the Fund;
- (xvi) fees for the valuation of the Fund by independent valuers for the benefit of the Fund;
- (xvii) any costs, fees and expenses to be paid under any licence and data supply contracts in relation to the maintenance of calculation of IOPV per Unit; and
- (xviii) such other charges, costs, expenses and disbursements (including but not limited to any tax and other duties imposed by any government and other authorities) as permitted or required (as the case may be) under the applicable laws which the Manager or Trustee is entitled to charge to the Fund.

#### 4.4 Additional remuneration

Save as disclosed in Sections 4.1, 4.2 and 4.3, there are no other additional form of remuneration which the Manager and/or any related party/corporation or person may derive from the Fund.

**All fees, charges and expenses mentioned in this section are exclusive of any taxes or duties as may be imposed by the government from time to time.**

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## **5. UNITS OF THE FUND**

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### **5.1 Purchase and Sale of the Units**

Investors may choose to:

- (i) apply for an In-Kind Creation/Cash Creation of Units in a Creation Unit Block (or whole multiples thereof) or apply for an In-Kind Redemption/Cash Redemption of Units in a Redemption Unit Block (or whole multiples thereof), through a Participating Dealer. The procedures are set out in Sections 5.1, 5.2, 5.3, 5.4 and 5.5 of this Prospectus; or
- (ii) trade their Units in the secondary market on Bursa Securities like ordinary listed shares through a licensed intermediary such as a stockbroker or any of the share dealing services offered by banks or other financial advisers. Further details are set out in Section 5.9 of this Prospectus.

Under certain circumstances, the Manager, in consultation with the Trustee, may substitute the Authorised Securities comprised in an In-Kind Creation/Redemption Basket with cash (as set out in Sections 5.3.12 and 5.4.16 of this Prospectus).

Investors should note that transactions in the secondary market on Bursa Securities as set out in Section 5.1(ii) above will occur at quoted market prices, which may differ from the NAV per Unit due to market demand and supply, liquidity and scale of trading spread for the Units.

### **5.2 Creation and redemption of Units**

Applications from a Participating Dealer for the creation and redemption of Units in accordance with the Participating Dealer Agreements are expected under the following circumstances:

- (i) to facilitate the Participating Dealers' clients' requests for creation and/or redemption of Units; and
- (ii) to create liquidity in the market as part of the Participating Dealers or liquidity provider's market making function.

Investors should note that the Fund is not like a typical unit trust fund offered to the public. Investors can acquire or dispose Units by trading Units on Bursa Securities. Units created upon Listing are only issued to the Participating Dealer. Hence, investors may only apply through the Participating Dealers for creation of Units via Creation Applications or redemption of Units via Redemption Applications, subject to the terms and conditions of the Deed and based on the procedures set out in the Participating Dealer Agreements.

The prices at which creations and redemptions occur are based on the NAV per Unit at the Valuation Point on the Trade Date.

### **5.3 Procedures for In-Kind Creation**

- 5.3.1 Creation of new Units can only be made on a Dealing Day by a Participating Dealer who will submit a Creation Application to exchange In-Kind Creation Basket(s) for Units in a Creation Unit Block (or whole multiples thereof).

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## 5. UNITS OF THE FUND (cont'd)

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- 5.3.2 The In-Kind Creation Basket will be determined by the Manager on each Dealing Day and published on the Fund's website at [www.myetf.com.my](http://www.myetf.com.my) and Bursa Securities' website at [www.bursamalaysia.com](http://www.bursamalaysia.com) prior to the opening of the market on that Dealing Day.
- 5.3.3 Creation Applications received from the Participating Dealers on a day which is not a Dealing Day or is received after the Dealing Deadline of a Dealing Day shall be treated as having been received on the following Dealing Day.
- 5.3.4 Once a Creation Application is submitted, it cannot be revoked or withdrawn without the consent of the Manager, unless a suspension period has been declared by the Manager in accordance with the Deed.
- 5.3.5 For a Creation Application to be valid, it must:
- (i) be submitted by a Participating Dealer in accordance with the Participating Dealer Agreements;
  - (ii) include the certifications required under the Participating Dealer Agreements, and such other certificates and opinion of counsel as the Trustee and Manager may consider necessary to ensure compliance with applicable laws;
  - (iii) specify the number of Creation Unit Blocks (the current size of one (1) Creation Unit Block is 400,000 Units); and
  - (iv) specify the person making the Creation Application or on whose behalf the Creation Application is being made.
- 5.3.6 The Manager will instruct the Trustee to issue the Units if the Creation Application is valid and the Creation Securities to be delivered to the Trustee have been approved by the Manager.
- 5.3.7 If a Creation Application is valid, the new Units will be issued on the Trade Date, and the Register will be updated on the Issue Date. The Issue Price will be based on the NAV of the Fund as at the Valuation Point on the Trade Date. Details on the computation of the Issue Price are set out in Section 5.7 of this Prospectus.
- 5.3.8 The Manager and/or the Trustee reserve the right in its/their sole discretion, provided that it is reasonable, to reject or suspend a Creation Application if:
- (i) the Creation Application is unclear, erroneous or ambiguous (in the reasonable opinion of the Manager and/or Trustee);
  - (ii) the Creation Securities and the Cash Component (if any) do not correspond with the In-Kind Creation Basket for the applicable Dealing Day;
  - (iii) the aggregate of the Creation Unit Block(s) in respect of a Creation Application and the number of Units then in issue exceeds the authorised size of the Fund;

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## 5. UNITS OF THE FUND (cont'd)

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- (iv) the Manager reasonably believes that the acceptance of the Creation Securities would be unlawful; or
- (v) the Manager has suspended the rights of the Participating Dealers to make Creation Applications pursuant to the Deed.

5.3.9 In addition, the Trustee may (by notice to the Manager) refuse to:

- (i) create Units; or
- (ii) create Units in the number instructed by the Manager;

if the Trustee considers that such creation is not in the interest of the Unit holders or that it would result in a breach of the provisions of the Deed and other applicable laws.

5.3.10 Any commission, remuneration or other sum payable by the Manager in respect of the issue or sale of any Unit shall not be added to the Issue Price of such Unit and shall not be paid from the Fund Assets.

5.3.11 Cancellation of Units created pursuant to a Creation Application

- (i) The Manager may instruct the Trustee to cancel the Units created (but not yet issued) pursuant to a Creation Application if:
  - (a) the Creation Securities have not vested upon the Fund or to the Trustee's satisfaction;
  - (b) the Cash Component (if any) has not been received in cleared funds by the Trustee;
  - (c) the Creation Application Fee has not been received in cleared funds by the Manager; or
  - (d) the aggregate of the value of the Creation Securities delivered to the Trustee and the amount of cash paid to the Trustee in respect of the Cash Component (if any) does not equal to the Consideration;

by such time and date as determined by the Manager (in consultation with the Trustee) in accordance with the Participating Dealer Agreements.

- (ii) If any Units are cancelled as described in Section 5.3.11(i) above, the Creation Securities (if already vested upon the Fund) and the Cash Component (if already received in cleared funds by the Trustee) shall be delivered to the Participating Dealers.

The relevant cancelled Units shall be deemed to never have been created and the Participating Dealers shall have no right or claim against the Manager or the Trustee in respect of such cancellation. Further, the Manager may charge the Participating Dealers the Application Cancellation Fee.

**5.3.12 Substitution of Creation Securities**

- (i) Following a Creation Application by the Participating Dealer,
  - (a) if the Manager determines in its discretion that an Authorised Security is likely to be unavailable for delivery or available in insufficient quantity for delivery to the Trustee; or
  - (b) if the Manager is satisfied that the Participating Dealer is prevented by regulation or otherwise from investing or engaging in a transaction in any Authorised Securities,

then the Manager, in consultation with the Trustee, may substitute the Authorised Securities comprised in an In-Kind Creation Basket with cash.

- (ii) If the Manager exercises this discretion, the cash in lieu amount should equal to the value of the substituted Authorised Securities and shall comprise part of the Cash Component (if any). Such substituted Authorised Securities will then cease to be a Creation Security comprising part of the In-Kind Creation Basket.
- (iii) The Manager, in consultation with the Trustee, is entitled to charge the Participating Dealers (for which cash is paid in lieu of delivering any Creation Securities), in addition to the Transaction Costs, such other fees that may be incurred by the Manager and/or Trustee in relation to the creation of the Units and/or the Creation Application.

**5.4 Procedures for In-Kind Redemption**

- 5.4.1 Redemption of Units can only be made on a Dealing Day after Listing, by a Participating Dealer who will submit a Redemption Application to exchange Units in a Redemption Unit Block or whole multiples thereof for In-Kind Redemption Basket(s).
- 5.4.2 The In-Kind Redemption Basket will be determined by the Manager on each Dealing Day and published on the Fund's website at [www.myetf.com.my](http://www.myetf.com.my) and Bursa Securities' website at [www.bursamalaysia.com](http://www.bursamalaysia.com) prior to the opening of the market on that Dealing Day.
- 5.4.3 Redemption Applications received from the Participating Dealers on a day which is not a Dealing Day or is received after the Dealing Deadline on a Dealing Day shall be treated as having been received on the following Dealing Day.
- 5.4.4 Once a Redemption Application is submitted, it cannot be revoked or withdrawn without the consent of the Manager, and the Units cannot be transferred back to the Participating Dealers unless a suspension period has been declared by the Manager in accordance with the Deed.
- 5.4.5 For a Redemption Application to be valid, it must:



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## 5. UNITS OF THE FUND (cont'd)

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- (i) be submitted by a Participating Dealer in accordance with the Participating Dealer Agreements;
  - (ii) include the certifications required under the Participating Dealer Agreements and such other certificates and opinion of counsel as the Trustee and Manager may consider necessary to ensure compliance with applicable laws;
  - (iii) specify the number of Redemption Unit Blocks (the current size of one (1) Redemption Unit Block is 400,000 Units); and
  - (iv) specify the person making the Redemption Application or on whose behalf the Redemption Application is being made (if applicable).
- 5.4.6 Upon receipt of a valid Redemption Application, the Manager will instruct the Trustee (by notice in writing) to effect the redemption, which will be settled by way of a transfer of the Redemption Securities and payment of the Cash Component (if any).
- 5.4.7 The Units will be redeemed and cancelled on the Redemption Date, and the Register will be updated on the fourth (4<sup>th</sup>) Dealing Day after the Trade Date. The Redemption Price will be based on the NAV of the Fund as at the Valuation Point on the Trade Date. Details on the computation of the Redemption Price are set out in Section 5.7 of this Prospectus.
- 5.4.8 On the Redemption Date, the Fund shall be reduced by number of Units cancelled. The Trustee shall transfer the applicable Redemption Securities out of the Fund Assets to the Participating Dealers and pay the Cash Component (if any).
- 5.4.9 The Manager may deduct and set-off the Redemption Application Fee against any Cash Component (if any) payable to the Participating Dealers.
- 5.4.10 The Redemption Securities transferable and Cash Component payable (if any) to the Participating Dealers in respect of the redemption of Units shall be transferable and payable (if required) on the Redemption Date but may be transferred or paid on the Dealing Day immediately following the Redemption Date provided that:
- (i) the Redemption Application is valid and has been received by the Manager in accordance with the Deed;
  - (ii) the Units to be redeemed have been delivered to the Trustee; and
  - (iii) the Cash Component (if negative, after deduction of the Redemption Application Fee payable) has been paid in full.
- 5.4.11 The Cash Component (if any) of the Units redeemed shall be paid in Ringgit Malaysia and, if paid by telegraphic transfer, shall be paid to a Ringgit Malaysia account of a Malaysian bank, unless otherwise agreed by the Manager.
- 5.4.12 In order to raise the cash required to pay the Cash Component (if any) of the Units being redeemed, the Manager can proceed to effect any sale of the Fund Assets.

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## 5. UNITS OF THE FUND (cont'd)

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5.4.13 If the Units to be redeemed are not delivered to the Trustee in accordance with the provisions of the Deed:

- (i) the Redemption Application shall be deemed never to have been made (except that the Redemption Application Fee shall remain due and payable); and
- (ii) the Manager may charge the Participating Dealers:
  - (a) the Application Cancellation Fee; and
  - (b) any losses arising from the sale of the Fund Assets and any costs incurred by the Fund in connection with such failed redemption.

5.4.14 The Manager and/or the Trustee reserves the right in its/their discretion, provided that it is reasonable to reject or suspend a Redemption Application if:

- (i) the Redemption Application is unclear, erroneous or ambiguous (in the reasonable opinion of the Manager and/or Trustee);
- (ii) the number of Units in respect of which Redemption Applications are received by the Manager exceeds the limit set out in Section 5.4.17 of this Prospectus;
- (iii) the Manager has suspended the rights of the Participating Dealers to make Redemption Applications pursuant to the Deed;
- (iv) in the reasonable opinion of the Manager, the Redemption Application may breach any of the terms or conditions of the Participating Dealer Agreements and/or the Deed.

5.4.15 In addition, the Trustee may (by notice to the Manager) refuse to:

- (i) redeem Units; or
- (ii) redeem Units in the number instructed by the Manager;

if the Trustee considers that such redemption is not in the interest of the Unit holders or that it would result in a breach of the provisions of the Deed and other applicable laws.

5.4.16 Substitution of Redemption Securities

- (i) Following a Redemption Application by the Participating Dealer,
  - (a) if the Manager determines in its discretion that an Authorised Security is likely to be unavailable for delivery or available in insufficient quantity for delivery upon the redemption of any Unit by the Participating Dealer; or

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## 5. UNITS OF THE FUND (cont'd)

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- (b) if the Manager is satisfied that the Participating Dealer is prevented by regulation or otherwise from investing or engaging in a transaction in any Authorised Security,

then the Manager, in consultation with the Trustee, may substitute the Redemption Security comprised in an In-Kind Redemption Basket with cash.

- (ii) If the Manager exercises this discretion, the cash in lieu amount should equal the value of the substituted Authorised Securities and shall comprise part of the Cash Component (if any). Such substituted Authorised Securities will then cease to be a Redemption Security comprising part of the In-Kind Redemption Basket.
- (iii) The Manager, in consultation with the Trustee, is entitled to charge the Participating Dealers (for which cash is paid in lieu of delivering any Redemption Securities), in addition to the Transaction Costs, such other fees that may be incurred by the Manager and/or Trustee in relation to the redemption of the Units and/or the Redemption Application.

### 5.4.17 Limit on redemption per Trade Date

- (i) If the total number of Units (for which Redemption Applications have been received by the Manager) on a Trade Date exceeds 10% (or such higher percentage as the Manager may determine) of the NAV of the Fund on that day, the Manager can choose to limit the total number of Units to be redeemed on that day to 10% (or such higher percentage as the Manager may determine) of the NAV of the Fund.
- (ii) Any Units which are not redeemed in respect of a particular Trade Date ("**First Relevant Dealing Day**") as a result of the limit imposed by the Manager (as set out in Section 5.4.17(i) above) shall be carried forward for redemption on the Dealing Day following the First Relevant Dealing Day (such Dealing Day being hereinafter referred to as "**Second Relevant Dealing Day**").
- (iii) The Manager will inform the Participating Dealers of the higher percentage (if any) referred to in Section 5.4.17(i) above and of the number of Units the redemption of which have been deferred under Section 5.4.17(ii) above, within one (1) Dealing Day after the First Relevant Dealing Day and these Units shall be redeemed on the Second Relevant Dealing Day.
- (iv) If Redemption Applications are carried forward, any other Redemption Application received after the First Relevant Dealing Day and before the Second Relevant Dealing Day shall also be carried forward, and be deemed to be a Redemption Application submitted on the Second Relevant Dealing Day. Redemption Applications carried forward from the First Relevant Dealing Day shall be redeemed in priority to Redemption Applications received after such First Relevant Dealing Day.

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## 5. UNITS OF THE FUND (cont'd)

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### 5.5 Procedures for Cash Creation

- 5.5.1 Subject to Section 5.5.8, Cash Creation whereby a Creation Application is submitted by the Participating Dealers to the Manager can only be made on a Dealing Day.
- 5.5.2 The Subscription Amount will be determined by the Manager on each Dealing Day and published on the Fund's website at [www.myetf.com.my](http://www.myetf.com.my) and Bursa Securities' website at [www.bursamalaysia.com](http://www.bursamalaysia.com) prior to the opening of the market on that Dealing Day.
- 5.5.3 Creation Applications received from the Participating Dealers on a day which is not a Dealing Day or is received after the Dealing Deadline of a Dealing Day shall be treated as having been received on the following Dealing Day.
- 5.5.4 Once a Creation Application is submitted, it cannot be revoked or withdrawn without the consent of the Manager, unless a suspension period has been declared by the Manager in accordance with the Deed.
- 5.5.5 A Creation Application must:
- (i) be submitted by the Participating Dealers in accordance with the Participating Dealer Agreements;
  - (ii) include the certifications required under the Participating Dealer Agreements, and such other certificates and opinion of counsel as the Trustee and Manager may consider necessary to ensure compliance with applicable laws;
  - (iii) specify the number of Creation Unit Blocks (the current size of one (1) Creation Unit Block is 400,000 Units); and
  - (iv) specify the person making the Creation Application or on whose behalf the Creation Application is being made.
- 5.5.6 Upon the receipt of a valid Creation Application, the Manager will instruct the Trustee to create and issue new Units, which will be settled by way of cash.
- 5.5.7 The new Units will be created and issued, and the Register will be updated on the third (3<sup>rd</sup>) Dealing Day after the Trade Date. The Issue Price will be based on the NAV of the Fund as at the Valuation Point on the Trade Date. Details on the computation of the Issue Price are set out in Section 5.7 of this Prospectus.
- 5.5.8 The Manager and/or the Trustee reserve the right in its/their sole discretion, provided that it is reasonable, to reject or suspend a Creation Application if:
- (i) the Creation Application is unclear, erroneous or ambiguous (in the reasonable opinion of the Manager and/or Trustee);

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## 5. UNITS OF THE FUND (cont'd)

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- (ii) the aggregate of the Creation Unit Block(s) in respect of a Creation Application and the number of Units then in issue exceeds the authorised size of the Fund;
- (iii) the Manager reasonably believes that the acceptance of the Creation Securities would be unlawful; or
- (iv) the Manager has suspended the rights of the Participating Dealers to make Creation Applications pursuant to the Deed.

5.5.9 In addition, the Trustee may (by notice to the Manager) refuse to:

- (i) create Units; or
- (ii) create Units in the number instructed by the Manager;

if the Trustee considers that such creation is not in the interest of the Unit holders or that it would result in a breach of the provisions of the Deed and other applicable laws.

5.5.10 Any commission, remuneration or other sum payable by the Manager in respect of the issue or sale of any Unit shall not be added to the Issue Price of such Unit and shall not be paid from the Fund Assets.

5.5.11 Cancellation of Units created pursuant to a Creation Application

- (i) The Manager may instruct the Trustee to cancel the Units created (but not yet issued) pursuant to a Creation Application if:
  - (a) the full Subscription Amount has not been received in cleared funds by or on behalf of the Manager and/or the Trustee (as the case may be); or
  - (b) the Creation Application Fee has not been received in cleared funds by or on behalf of the Manager;

by such time and date as determined by the Manager (in consultation with the Trustee) in accordance with the Participating Dealer Agreements.

- (ii) If any Units are cancelled as described in Section 5.5.11(i) above, the Subscription Amount (if already received by the Trustee) shall be delivered to the Participating Dealers.

The relevant cancelled Units shall be deemed to never have been created and the Participating Dealers shall have no right or claim against the Manager or the Trustee in respect of such cancellation. Further, the Manager may, but shall not be bound to:

- (a) charge the Participating Dealers the Application Cancellation Fee;

## 5. UNITS OF THE FUND (cont'd)

- (b) charge the Participating Dealers any losses arising from the acquisition of Authorised Securities and any costs incurred by the Fund in connection with such cancelled creation; and
- (c) require the Participating Dealers to pay to the Trustee (for the account of the Fund) in respect of each Unit so cancelled, the amount (if any) by which the Issue Price (as at the Trade Date of the Creation Application) exceeds the Redemption Price (which would have been applicable if the Manager had received a Redemption Application on the date on which such Units are cancelled).

### 5.5.12 Numerical example of amount payable in the case of a Creation Application by way of Cash Creation.

The following is an illustration of the total amount payable by the Participating Dealers making a Creation Application via Cash Creation based on one (1) Creation Unit Block of 400,000 Units at an assumed Issue Price of RM1.00 per Unit, plus the Creation Application Fee, Transaction Costs and other fees that the Manager in its discretion considers appropriate. For further details on the fees applicable, see "FEES, CHARGES AND EXPENSES" in Section 4 of this Prospectus.

Number of Units issued	Issue Price per Unit	Creation Application Fee	Transaction Costs <sup>(1)</sup>	Other fees <sup>(1)</sup>	Total amount payable				
(RM)									
400,000	x 1.00	+	0	+	875	+	50	=	400,925

**Note:**

<sup>(1)</sup> Figures given are merely for illustrative purposes only. The actual Transaction Costs and other fees may differ.

## 5.6 Procedures for Cash Redemption

- 5.6.1 Subject to Section 5.6.14, Cash Redemption whereby a Redemption Application is submitted by the Participating Dealers to the Manager can only be made on a Dealing Day.
- 5.6.2 The Redemption Amount will be determined by the Manager on each Dealing Day and published on the Fund's website at [www.myetf.com.my](http://www.myetf.com.my) and Bursa Securities' website at [www.bursamalaysia.com](http://www.bursamalaysia.com) prior to the opening of the market on that Dealing Day.
- 5.6.3 Redemption Applications received from the Participating Dealers on a day which is not a Dealing Day or is received after the Dealing Deadline on a Dealing Day shall be treated as having been received on the following Dealing Day.

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## 5. UNITS OF THE FUND (cont'd)

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- 5.6.4 Once a Redemption Application is submitted, it cannot be revoked or withdrawn without the consent of the Manager unless a suspension period has been declared by the Manager in accordance with the Deed.
- 5.6.5 A Redemption Application must:
- (i) be submitted by the Participating Dealers in accordance with the Participating Dealer Agreements;
  - (ii) include the certifications required under the Participating Dealer Agreements and such other certificates and opinion of counsel as the Trustee and Manager may consider necessary to ensure compliance with applicable laws;
  - (iii) specify the number of Redemption Unit Blocks (the current size of one (1) Redemption Unit Block is 400,000 Units); and
  - (iv) specify the person making the Redemption Application or on whose behalf the Redemption Application is being made.
- 5.6.6 Upon receipt of a valid Redemption Application, the Manager will instruct the Trustee to effect the redemption, which will be settled by way of cash.
- 5.6.7 The Units will be redeemed and cancelled on the Redemption Date, and the Register will be updated on the second (2<sup>nd</sup>) Dealing Day after the Trade Date. The Redemption Price will be based on the NAV of the Fund as at the Valuation Point on the Trade Date. Details on the computation of the Redemption Price are set out in Section 5.7 of this Prospectus.
- 5.6.8 Pursuant to Section 5.6.7 above, the Fund size shall be reduced by number of Units cancelled. The Trustee shall pay the Redemption Amount out of the Fund Assets to the Participating Dealers.
- 5.6.9 The Manager may deduct and set-off the Redemption Application Fee against the Redemption Amount payable to the Participating Dealers.
- 5.6.10 The Redemption Amount in respect of the redemption of Units shall be payable to the Participating Dealers on the second (2<sup>nd</sup>) Dealing Day after the Trade Date provided that:
- (i) the Redemption Application has been received by the Manager in accordance with the Deed;
  - (ii) the Units to be redeemed have been delivered to the Trustee; and
  - (iii) the Redemption Application Fee has been paid in full.
- 5.6.11 The Redemption Amount in respect of the Units redeemed shall be paid in Ringgit Malaysia and, if paid by telegraphic transfer, shall be paid to a Ringgit Malaysia account of a Malaysian bank, unless otherwise agreed by the Manager.

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## 5. UNITS OF THE FUND (cont'd)

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- 5.6.12 In order to raise the cash required to pay for the Units being redeemed, the Manager can proceed to effect any sale of the Fund Assets.
- 5.6.13 If the Units to be redeemed are not delivered to the Trustee in accordance with the provisions of the Deed:
- (i) the Redemption Application shall be deemed never to have been made (except that the Redemption Application Fee shall remain due and payable); and
  - (ii) the Manager may charge the Participating Dealers:
    - (a) the Application Cancellation Fee;
    - (b) any losses arising from the sale of the Fund Assets and any costs incurred by the Fund in connection with such failed redemption; and
    - (c) the amount (if any) by which the Redemption Price exceeds the Issue Price (which would have been applicable if the Manager had received a Creation Application on the date on which such Units were to be redeemed).
- 5.6.14 The Manager and/or the Trustee reserves the right in its/their discretion, provided that it is reasonable to reject or suspend a Redemption Application if:
- (i) the Redemption Application is unclear, erroneous or ambiguous (in the reasonable opinion of the Manager and/or Trustee);
  - (ii) the number of Units in respect of which Redemption Applications are received by the Manager exceeds the limit set out in Section 5.6.16 of this Prospectus;
  - (iii) the Manager has suspended the rights of the Participating Dealers to make Redemption Applications pursuant to the Deed; or
  - (v) in the reasonable opinion of the Manager, the Redemption Application may breach any of the terms or conditions of the Participating Dealer Agreements and/or the Deed.
- 5.6.15 In addition, the Trustee may (by notice to the Manager) refuse to:
- (i) redeem Units; or
  - (ii) redeem Units in the number instructed by the Manager;
- if the Trustee considers that such redemption is not in the interest of the Unit holders or that it would result in a breach of the provisions of the Deed and other applicable laws.
- 5.6.16 Limit on redemption per Trade Date



## 5. UNITS OF THE FUND (cont'd)

- (i) If the total number of Units (for which Redemption Applications have been received by the Manager) on a Trade Date exceeds 10% (or such higher percentage as the Manager may determine) of the NAV of the Fund on that day, the Manager shall be entitled to limit the total number of Units to be redeemed on that day to 10% (or such higher percentage as the Manager may determine) of the NAV of the Fund.
- (ii) Any Units which are not redeemed in respect of a particular Trade Date ("**First Relevant Dealing Day**") as a result of the limit imposed by the Manager (as set out in Section 5.6.16(i) above) shall be carried forward for redemption on the Dealing Day following the First Relevant Dealing Day (such Dealing Day being hereinafter referred to as "**Second Relevant Dealing Day**").
- (iii) The Manager will inform the Participating Dealers of the higher percentage (if any) referred to in Section 5.6.16(i) above and of the number of Units the redemption of which have been deferred under Section 5.6.16(ii) above, within one (1) Dealing Day after the First Relevant Dealing Day and these Units shall be redeemed on the Second Relevant Dealing Day.
- (iv) If Redemption Applications are carried forward, any other Redemption Application received after the First Relevant Dealing Day and before the Second Relevant Dealing Day shall also be carried forward, and be deemed to be a Redemption Application submitted on the Second Relevant Dealing Day. Redemption Applications carried forward from the First Relevant Dealing Day shall be redeemed in priority to Redemption Applications received after such First Relevant Dealing Day.

### 5.6.17 Numerical example of amount of redemption proceeds received in the case of a Redemption Application by way of Cash Redemption

The following is an illustration of the total redemption proceeds the Participating Dealers will receive when making a Redemption Application via Cash Redemption based on one (1) Redemption Unit Block of 400,000 Units at an assumed Redemption Price of RM1.00 per Unit, plus the Redemption Application Fee, Transaction Costs and other fees that the Manager in its discretion considers appropriate. For further details on the fees applicable, see "FEES, CHARGES AND EXPENSES" in Section 4 of this Prospectus.

Number of Units redeemed		Redemption Price per Unit	Redemption Application Fee	Transaction Costs <sup>(1)</sup>	Other fees <sup>(1)</sup>	Total redemption proceeds
(RM)						
400,000	x	1.00	-	0	-	875
					-	50
					=	399,075

**Note:**

- <sup>(1)</sup> Figures given are merely for illustrative purposes only. The actual Transaction Costs and other fees may differ.

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## 5. UNITS OF THE FUND (cont'd)

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### 5.7 Calculation of Issue Price, Redemption Price and IOPV per Unit

The Deed provides that the Issue Price or Redemption Price of each Unit for any relevant Dealing Day will, subject to the qualification below, be calculated by the Manager and shall be based on the NAV of the Fund as at the Valuation Point on the Trade Date divided by the number of Units in issue, truncated to four (4) decimal places, or in such manner as may be determined by the Manager from time to time in consultation with the Trustee. The benefit of any such adjustment shall accrue to the Fund.

The Manager may, in consultation with the Trustee, add to the Issue Price (but not include within it) such sum (if any) as the Manager may consider representative of the appropriate provision for Transaction Costs which shall be for the account of the Fund.

As the NAV of the Fund is only calculated at the Valuation Point, the IOPV per Unit is calculated by the Manager after the close of the morning trading session of Bursa Securities (between 12.30 p.m. to 2.00 p.m.) on each Dealing Day to serve as an approximation to the NAV of the Fund. The IOPV per Unit, which is the estimated NAV per Unit of the Fund, is calculated as follows:

- (i) the price of the Fund Assets after the close of the morning trading session of Bursa Securities on a Dealing Day, including Islamic liquid assets (in Ringgit Malaysia);
- (ii) minus the liabilities of the Fund (in Ringgit Malaysia); and
- (iii) dividing the aggregation of sub-paragraphs (i) and (ii) above by the number of Units in issue.

In the future, when the Manager considers it feasible for the Fund to provide real-time IOPV or near real-time IOPV per Unit and as agreed with the SC, the IOPV per Unit may be calculated and provided on a real-time or near real-time basis and sub-paragraph (i) above shall refer to the price of the Fund Assets, including Islamic liquid assets.

Information on the IOPV per Unit can be obtained from Bursa Securities' website at [www.bursamalaysia.com](http://www.bursamalaysia.com) and the Fund's website at [www.myetf.com.my](http://www.myetf.com.my).

### 5.8 Transaction Costs

The Fund Assets may decrease as a result of costs incurred in respect of transactions or dealings pursuant to Creation and/or Redemption Applications received. In order to prevent any potential adverse effect on the Fund Assets, the Manager has the discretion to charge the Participating Dealers all the Transaction Costs relating to the Applications, which may then be charged to the investor by the Participating Dealers.

### 5.9 Obtaining information on the In-Kind Creation Basket and In-Kind Redemption Basket

Details of the In-Kind Creation Basket and In-Kind Redemption Basket and the corresponding Creation Unit Block and Redemption Unit Block sizes will be made available via daily announcements by the Manager on the Fund's website at [www.myetf.com.my](http://www.myetf.com.my) and Bursa Securities' website at [www.bursamalaysia.com](http://www.bursamalaysia.com) and other channels, as the case may be. The Manager does not accept any responsibility for any errors of the details

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## 5. UNITS OF THE FUND (cont'd)

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published or for any non-publication, non-telecast, late publication or late telecast of such details and shall incur no liability in respect of any action taken or loss suffered by you in reliance upon such publication or telecast (as the case may be).

### 5.10 Trading of the Units

The Units can be bought and sold throughout the trading day like other publicly-traded shares. There is no minimum investment. Although, Units are generally purchased and sold in “board lots” of 100 Units, brokerage firms may permit the investor to purchase or sell Units in smaller “odd lots”. However, prices of Units traded in “odd-lots” may differ from Units purchased and sold in “board lots”. Where the investor is buying or selling Units through a broker, the investor will incur customary brokerage fee, stamp duty and clearing fees.

Pursuant to Section 14(1) of the Central Depositories Act, Bursa Securities has prescribed the Units as a prescribed security. In consequence thereof, the Units will be deposited directly with Bursa Depository and any dealings in the Units will be carried out in accordance with the Central Depositories Act and the rules of Bursa Depository.

An investor’s beneficial ownership of the Units is shown in the records of Bursa Depository. Bursa Depository serves as the securities depository for all Units. As a beneficial owner of the Units, investors are not entitled to receive physical delivery of Unit certificates or to have the Units registered in the investor’s name, and the investor is not considered a registered owner of the Units. Therefore, to exercise any right as an owner of the Units, the investor must rely upon the procedures of Bursa Depository. These procedures are the same as those that apply to securities listed on Bursa Securities.

#### 5.10.1 Unit trading price

The trading prices of Units on Bursa Securities may differ from their daily NAV per Unit and IOPV per Unit and can be affected by market forces such as supply and demand, economic conditions and other factors. The investor may keep track of the current market price of the Units via Bursa Securities’ website at [www.bursamalaysia.com](http://www.bursamalaysia.com) on a daily basis.

The Units will be traded on the Main Market as determined by Bursa Securities in accordance with the relevant tick-size rules as set by Bursa Securities. This may be different from the bid/ask spread of the underlying securities.

#### 5.10.2 Liquidity provision

It is the intention of the Manager to facilitate the provision of liquidity for the investor through the appointment of Participating Dealers and/or liquidity providers who are required to maintain a market for the Units. In maintaining a market for the Units, the Participating Dealers and/or liquidity providers may realise profits or sustain losses. Any profit made by the Participating Dealers and/or liquidity providers may be retained by them for their absolute benefit and they shall not be liable to account to the Trustee in respect of such profits.

Although Participating Dealers and/or liquidity providers may buy and sell Units just like retail investors via Bursa Securities, there is no guarantee or assurance

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**5. UNITS OF THE FUND (cont'd)**

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as to the price at which the market for the Units will be made. A list of Participating Dealers appointed by the Manager may be obtained from the Fund's website at [www.myetf.com.my](http://www.myetf.com.my).

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**6.1 About the Manager**

i-VCAP Management Sdn Bhd (Registration No. 200701034939 (792968-D)), a wholly-owned subsidiary of Valuecap was incorporated on 25 October 2007 under the Act at Kuala Lumpur, Malaysia. As at the Latest Practicable Date, i-VCAP has an issued share capital of RM11,000,000 comprising 11,000,000 ordinary shares.

i-VCAP is a licensed fund management company approved by the SC on 7 January 2008. i-VCAP's principal business activity is to provide solely Shariah-compliant investment management services. As at the Latest Practicable Date, i-VCAP is the management company for MyETF Dow Jones Islamic Market Malaysia Titans 25 ("MyETF-DJIM25") established in 2008, MyETF MSCI Malaysia Islamic Dividend ("MyETF-MMID") established in 2014, MyETF MSCI SEA Islamic Dividend ("MyETF-MSEAD") established in 2015, MyETF Dow Jones U.S. Titans 50 ("MyETF-US50") established in 2018 currently listed on the Main Market of Bursa Securities.

**6.2 Roles, duties and responsibilities**

The Manager is responsible for setting the investment policies for the Fund and implementing strategies to meet the objective of the Fund. The Manager is also responsible for managing the Fund's portfolio, issuing Units and preparing and issuing the Prospectus.

The Manager will set the strategic direction and risk management policies of the Fund. The Manager will generally carry out investment and advisory activities in relation to the Fund Assets in accordance with the provisions of the Deed.

The general functions, duties and responsibilities of the Manager include, but are not limited to, the following:

- (i) to manage the Fund's assets and liabilities for the benefit of Unit holders;
- (ii) to be responsible for the day-to-day management of the Fund;
- (iii) to carry out activities in relation to the Fund Assets in accordance with the provisions of the Deed;
- (iv) to use its best endeavours to carry on and conduct its business in a proper, diligent and efficient manner and to ensure that the management of the Fund is carried on and conducted in a proper and efficient manner and to conduct all transactions with or for the Fund at arm's length;
- (v) to monitor the performance of the Fund's portfolio on a regular basis, which may contain proposals and forecasts on net income, capital expenditure, sales and valuations, explanations of major variance to previous forecasts, written commentary on key issues and underlying assumptions;
- (vi) to calculate the amount of Distributable Income which may be distributed to Unit holders;
- (vii) to maintain proper records of the Fund; and

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## 6. THE MANAGER (cont'd)

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- (viii) to ensure that the Fund is managed within the ambit of the Deed, the CMSA and other securities laws and relevant guidelines at all times.

### 6.3 Key personnel of the Manager

The following table sets out information on the key personnel of i-VCAP:

<b>Name:</b>	<b>Khairi Shahrin Arief Bin Baki</b>
<b>Designation:</b>	<b><i>Chief Executive Officer (“CEO”) / Non-Independent Executive Director</i></b>
<b>Age:</b>	39
<b>Qualifications:</b>	Bachelor of Business Administration from Universiti Putra Malaysia and Diploma in Investment Analysis from the Research Institute of Investment Analysts Malaysia.
<b>Experience:</b>	<p>Khairi Shahrin was appointed as CEO of i-VCAP in January 2018 and bringing with him fourteen (14) years of experience in the capital market industry.</p> <p>Khairi Shahrin began his career with OSK Investment Bank in 2003 and later held various positions at various institutions which include Maybank Investment Bank, JP Morgan Securities and Citigroup Global Markets. He subsequently served as Senior Director &amp; Head of Equity Dealing, MIDF Amanah Investment Bank prior to his appointment as CEO of i-VCAP.</p>

<b>Name:</b>	<b>Syed Mukhrim Bin Syed Mahadzir</b>
<b>Designation:</b>	<b><i>Head, Compliance</i></b>
<b>Age:</b>	36
<b>Qualifications:</b>	Bachelor’s Degree in Electrical & Electronics Engineering from Universiti Tenaga Nasional.
<b>Experience:</b>	<p>Syed Mukhrim joined VCAP Asset Managers Sdn. Bhd. (“VCAM”) on 9 July 2018, bringing with him more than 10 years of experience as a compliance specialist in the financial services industry. At VCAM, he is responsible for overall regulatory supervision and compliance to regulatory requirements.</p> <p>He began his career at Maybank as a Risk &amp; Compliance Executive before moving to RHB Investment Management Sdn. Bhd. as a Compliance Officer, where within 2 years he assumed the role of Acting Head, Compliance. Before joining VCAM, he spent more than 5 years as the Head of Compliance at Muamalat Invest Sdn. Bhd., an Islamic fund management company.</p> <p>Throughout his career, he has worked in both the conventional and Islamic financial sectors, with extensive experience in the fund management industry covering a diverse range of products including portfolio management, wholesale funds, unit trusts, and private retirement schemes.</p>

## 6. THE MANAGER (cont'd)

	He is registered with the SC as the designated Compliance Officer for VCAM.
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<b>Name:</b>	<b>Nazifah Binti Mohd Arshad</b>
<b>Designation:</b>	<b><i>Equities Portfolio Manager</i></b>
<b>Age:</b>	37
<b>Qualifications:</b>	Bachelor of Science (Hons) in Actuarial Science from Universiti Teknologi MARA.
<b>Experience:</b>	<p>Nazifah joined i-VCAP in July 2013. She has 9 years working experience in financial and investment industry particularly in research analysis, equity and fixed income fund management.</p> <p>She was previously a fund manager at Permodalan BSN Berhad and also served at various institutions such as Syarikat Takaful Malaysia Berhad and Sime Darby Berhad.</p> <p>She is a Capital Market Services Representatives Licence holder.</p>

### 6.4 The Board

The Board plays an active role in the affairs of the Manager and is responsible for the overall management of i-VCAP. The Board has four (4) members. The Board generally meets at least six (6) times a year to receive recommendations and reports from the Investment and Board Audit & Risk Management Committees and the senior management of i-VCAP.

The following are the profiles of members of the Board (except for Khairi Shahrin Arief Bin Baki whose profile has been stated in Section 6.3 of this Prospectus):

<b>Name:</b>	<b>Datuk Dr. Syed Muhamad Syed Abdul Kadir</b>
<b>Designation:</b>	<b><i>Chairman, Independent Non-Executive Director</i></b>
<b>Age:</b>	72
<b>Qualifications:</b>	Bachelor of Arts (Hons) degree from the University of Malaya and MBA degree from the University of Massachusetts followed by a Ph.D. (BM) from Virginia Polytechnic Institute and State University.
<b>Experience:</b>	Datuk Dr. Syed Muhamad started his career in 1973 as Senior Project Officer, School of Financial Management at the National Institute of Public Administration and in November 1988, he joined the Ministry of Education as Secretary of Higher Education and then assumed the position of Deputy Secretary (Foreign and Domestic Borrowing, Debt Management) Federal Treasury. From 1993, he joined the board of directors of Asian

6. THE MANAGER (cont'd)

<b>Name:</b>	<b>Datuk Dr. Syed Muhamad Syed Abdul Kadir</b>
	<p>Development Bank, first as Alternate Executive Director and later as Executive Director prior to joining the Ministry of Finance as Secretary, Tax Analysis Division and later became Deputy Secretary General (Operations). Prior to his retirement, YBhg. Datuk Dr. Syed was Secretary General in the Ministry of Human Resource. Currently, Datuk Dr. Syed is also a Director of Valuecap Sdn. Bhd., the holding company of i-VCAP.</p> <p>During his career, he wrote and presented many papers relating to human resources development. His special achievement was that his dissertation "A Study on Board of Directors and Organizational Effectiveness" was published by Garland Publisher, Inc, of New York in 1991.</p> <p>Datuk Dr. Syed Muhamad is a Director of Euro Holdings Berhad, BSL Corporation Berhad, Malakoff Corporation Berhad and Asia Capital Reinsurance Malaysia Sdn Bhd. He is also the Chairman of Sun Life Malaysia Assurance Berhad. In addition, he holds a directorship in a number of private companies.</p>

<b>Name:</b>	<b>Mohd Asri Awang</b>
<b>Designation:</b>	<b><i>Independent Non-Executive Director</i></b>
<b>Age:</b>	63
<b>Qualifications:</b>	Economics graduate from Macquarie University, Sydney.
<b>Experience:</b>	<p>Prior to his retirement, Asri was the Chief Operating Officer ("COO") of Bank Muamalat Malaysia Berhad. As COO, he served as a member and Deputy Chairman of the Bank's management committee, executive risk management committee, credit committee, investment committee and Chairman of Asset Liability Committee. Previously, he was the Chief Risk Officer and reported directly to the Board Risk Management Committee. He also sat on the board of Muamalat Ventures Sdn Bhd and Muamalat Invest Sdn Bhd, the bank's subsidiaries involved in private equity and asset management businesses respectively.</p> <p>Asri's previous appointments include being the Chief Executive Officer of Malaysian Rating Corporation Berhad, a domestic rating agency; the Head of Corporate Planning and Business Development at Amanah-MIDF Berhad, a Malaysian financial services group; Country Treasurer and Vice President of the then Chase Manhattan Bank Malaysia; General Manager, Treasury and Southern Region of a domestic commercial bank; CEO of a domestic finance company and Treasurer of a merchant bank.</p>



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## 6. THE MANAGER (cont'd)

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<b>Name:</b>	<b>Roslina Binti Abdul Rahman</b>
<b>Designation:</b>	<b><i>Non-Independent Non-Executive Director</i></b>
<b>Age:</b>	51
<b>Qualifications:</b>	Bachelor of Business Administration from Loyola Marymount University in Los Angeles and a Master of Business Administration from the Australia Graduate School of Management, University of New South Wales.
<b>Experience:</b>	<p>Roslina Abdul Rahman was appointed to the board of directors of VCAP Asset Managers Sdn. Bhd. as Non-Independent Non-Executive Director on 1 August 2018. She is the Group Chief Executive Officer of ValueCAP.</p> <p>Prior to joining ValueCAP, Roslina was the Managing Director of Amundi Malaysia and Director of Amundi Islamic Malaysia. Roslina joined Amundi Malaysia in 2008, prior to which she held fund management roles at CIMB-Principal Asset Management from 2004 to 2008 and served across various units of AMMB Holdings Berhad – namely AmInvestment Management, Arab-Malaysian Merchant Bank/Arab-Malaysian Asset Management Berhad, and Arab-Malaysian Unit Trusts Berhad – from 1990 to 2004.</p>

### 6.5 The designated fund manager

As required by the ETF Guidelines, the Manager is required to appoint a designated fund manager whose role is to ensure that the investment management of the Fund is consistent with the investment objective, investment policy and strategy, investment scope and restrictions as set out in Section 2 of this Prospectus and the ETF Guidelines.

The designated fund manager for the Fund is Nazifah Binti Mohd Arshad whose profile is as set out in Section 6.3 of this Prospectus.

### 6.6 Material litigation and arbitration

As at the Latest Practicable Date, there is no litigation or arbitration proceeding current, pending or threatened against or initiated by the Manager which might materially affect the business/financial position of the Manager.

### 6.7 Direct and indirect unit holding in the Fund

As at the Latest Practicable Date, the substantial shareholders, directors and key personnel of the Manager do not hold any Units, direct or indirect, in the Fund.

***Further information on the Manager, Shariah Adviser and the service providers is provided in the Manager's and/or the Fund's website.***

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## **7. TRUSTEE**

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### **7.1 About the Trustee**

Deutsche Trustees Malaysia Berhad (“DTMB”) (Registration No. 200701005591 (763590-H)) was incorporated in Malaysia on 22 February 2007 and commenced business in May 2007. DTMB is registered as a trust company under the Trust Companies Act 1949, with its business address at Level 20, Menara IMC, 8 Jalan Sultan Ismail, 50250 Kuala Lumpur.

DTMB is a member of Deutsche Bank Group (“Deutsche Bank”). Deutsche Bank provides commercial and investment banking, retail banking, transaction banking and asset and wealth management products and services to corporations, governments, institutional investors, small and medium-sized businesses, and private individuals.

### **7.2 Experience in Trustee Business**

DTMB is part of Deutsche Bank’s Securities Services, which provides trust, custody and related services on a range of securities and financial structures. As at Latest Practicable Date, DTMB is the trustee for 182 collective investment schemes including unit trust funds, wholesale funds, exchange-traded funds and private retirement schemes.

DTMB’s trustee services are supported by Deutsche Bank (Malaysia) Berhad (“DBMB”), a subsidiary of Deutsche Bank, financially and for various functions, including but not limited to financial control and internal audit.

### **7.3 Roles, Duties and Responsibilities of the Trustee**

DTMB’s main functions are to act as trustee and custodian of the assets of the Fund and to safeguard the interests of Unit holders. In performing these functions, the Trustee has to exercise due care and vigilance and is required to act in accordance with the relevant provisions of the Deed, the CMSA and all relevant laws.

### **7.4 Trustee’s Disclosure of Material Litigation**

As at Latest Practicable Date, neither the Trustee nor its delegate is (a) engaged in any material litigation and arbitration, including those pending or threatened, nor (b) aware of any facts likely to give rise to any proceedings which might materially affect the business/financial position of the Trustee and any of its delegate.

### **7.5 Trustee’s Delegate**

The Trustee has appointed DBMB as the custodian of the assets of the Fund. DBMB is a wholly-owned subsidiary of Deutsche Bank AG. DBMB offers its clients access to a growing domestic custody network that covers over 30 markets globally and a unique combination of local expertise backed by the resources of a global bank. In its capacity as the appointed custodian, DBMB’s roles encompass safekeeping of assets of the Fund; trade settlement management; corporate actions notification and processing; securities holding and cash flow reporting; and income collection and processing.

### **7.6 Trustee’s Statement of Responsibility**

The Trustee has given its willingness to assume the position as Trustee of the Fund and all the obligations in accordance with the Deed, the CMSA, the ETF Guidelines and all relevant laws.

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## 8. SALIENT TERMS OF THE DEED

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**This Section 8 is meant to disclose the salient terms of the Deed and is not meant to be exhaustive. For full details of the Deed, please refer to the Deed which is available for inspection at the registered office of the Manager and Trustee.**

Money invested by an investor in the Fund will be used to purchase a number of Units, which represents the Unit holder's interest in the Fund. Each unit held in the Fund represents an equal undivided beneficial interest in the Fund Assets. However, the unit does not give a Unit holder an interest in any particular part of the Fund or a right to participate in the management or operation of the Fund (other than through Unit holders' meetings).

A Unit holder will be recognised as having any right, title or interest in or to the Units registered in the name of that Unit holder and shall be treated as an absolute owner of such Units.

### 8.1 Rights of Unit holders

A Unit holder has the right, among others, to the following:

- (i) to inspect the Register, free of charge, at any time during normal working hours at the registered office of the Manager, and obtain such information pertaining to its Units as permitted under the Deed and the ETF Guidelines;
- (ii) to receive distributions declared by the Fund (if any) and to other rights and privileges as set out in the Deed;
- (iii) to vote for the removal of the Trustee or the Manager through a Special Resolution; and
- (iv) to receive annual reports, interim reports (if any) or any other reports of the Fund.

Unit holders' rights may be varied by changes to the Deed, the ETF Guidelines or judicial decisions or interpretation.

### 8.2 Liabilities and limitations of Unit holders

#### 8.2.1 Liabilities

- (i) A Unit holder need not indemnify the Trustee or the Manager if there is a deficiency in the Fund Assets to meet the claim of any creditor of the Trustee or Manager in respect of the Fund.
- (ii) The recourse of the Trustee, the Manager and any creditor is limited to the Fund Assets.

#### 8.2.2 Limitations

A Unit holder cannot:

- (i) interfere with any rights or powers of the Manager and/or Trustee in their dealings with the Fund; or
- (ii) assert an interest in any particular part of the Fund Assets; or

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**8. SALIENT TERMS OF THE DEED (cont'd)**

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- (iii) require the transfer to the Unit holder of any particular part of the Fund Assets; or
- (iv) attend meetings whether of shareholders, creditors, ratepayers or otherwise or to take part in or to consent to any action concerning any Fund Assets in connection with the Fund Assets; or
- (v) exercise any rights, powers or privileges in respect of any of the Fund Assets; or
- (vi) lodge with a government authority or any person any caveat or other notice whether under the provisions of any regulation, legislation, rule or otherwise:
  - (a) prohibiting the government authority or person (either conditionally or absolutely) from taking the action specified in the caveat or notice or forbidding (either conditionally or absolutely) the registration of any person as transferee or proprietor of, or of any instrument or thing affecting any particular part of the Fund Assets; or
  - (b) claiming any estate or interest in any particular part of the Fund Asset; or
- (vii) interfere in any way with the Fund.

For full details of the rights of a registered Unit holder of the Fund, please refer to the Deed.

**8.3 Maximum fees and charges permitted by the Deed**

This table describes the maximum rates for fees permitted by the Deed and payable indirectly by investors.

<b>Fees</b>	<b>%/RM</b>
Management Fee	Up to 3.0% per annum, calculated daily on the NAV of the Fund.
Trustee Fee	Up to 0.20% per annum, calculated daily on the NAV of the Fund, but subject to a minimum fee of RM12,000 per annum (excluding foreign sub-custodian fees and charges).

A lower fee and/or charges than what is stated in the Deed may be charged, all current fees and/or charges will be disclosed in the Prospectus.

Any increase of the Management Fee and Trustee Fee that is stated in Sections 1.2(ii) and 4.2 of this Prospectus may be made provided that:

- (i) In relation to the Manager,
  - (a) the higher Management Fee does not exceed the maximum rate stipulated in the Deed;

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**8. SALIENT TERMS OF THE DEED (cont'd)**

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- (b) the Manager has notified the Trustee in writing of the higher Management Fee and the Trustee agrees after considering the matters required under the ETF Guidelines;
  - (c) the Manager has announced to Bursa Securities of the higher Management Fee and its effective date;
  - (d) thirty (30) days have elapsed since the date of the announcement in Section 8.3(i)(c) above; and
  - (e) a supplementary or replacement prospectus stating the higher Management Fee and its effective date, has been registered, lodged and issued.
- (ii) In relation to the Trustee,
- (a) the higher Trustee Fee does not exceed the maximum rate stipulated in the Deed;
  - (b) the Trustee has notified the Manager in writing of the higher Trustee Fee and the Manager agrees after considering the matters required under the ETF Guidelines;
  - (c) the Manager has announced to Bursa Securities of the higher Trustee Fee and its effective date;
  - (d) thirty (30) days have elapsed since the date of announcement in Section 8.3(ii)(c) above; and
  - (e) a supplementary or replacement prospectus stating the higher Trustee Fee and its effective date, has been registered, lodged and issued.

Any increase in the maximum rates for the Management Fee and Trustee Fee stipulated in the Deed and this Section 8.3 may only be made by way of a supplementary deed and in accordance with the requirements of the CMSA.

**8.4 Expenses permitted by the Deed**

The Deed allows for payment of other fees, costs and expenses from the Fund Assets, which include (without limitation) expenses connected with:

- (i) any costs, fees and expenses to be paid under any licence and data supply contracts in relation to the Index Licensor entered into by the Manager in respect of the Fund;
- (ii) the processing or handling fees levied by any person for rendering services to effect any acquisition, disposal or any other dealings whatsoever in the Fund Assets and any expenses in relation thereto including commissions or fees paid to brokers and/or dealers in effecting dealings in the Permitted Investments of the Fund;

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**8. SALIENT TERMS OF THE DEED (cont'd)**

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- (iii) all fees, charges, expenses and disbursements of any Shariah Adviser, legal adviser or counsel, accountant, auditor, valuer, broker, banker, tax adviser or other professional advisers employed or engaged by the Trustee or the Manager in the establishment of the Fund, in maintaining, preserving and protecting the Fund Assets and in the ongoing performance of their respective duties and obligations under the Deed, or otherwise in connection with the Fund;
- (iv) all fees, charges, expenses and disbursements incurred in relation to the acquisition, registration, realisation of or other dealing with any Fund Assets and all transactional fees as may be agreed from time to time between the Manager and the Trustee in relation to all transactions involving the whole or any part of the Fund Assets;
- (v) all charges and expenses incurred for any meeting of Unit holders other than convened by and for the benefit of the Manager and the Trustee;
- (vi) the fees and expenses incurred by the Manager and the Trustee in obtaining and/or maintaining the listing of and quotation for the Units on Bursa Securities, and/or the authorisation or other official approval or sanction of the Fund under the CMSA or any other applicable laws or regulations;
- (vii) the fees and expenses incurred in connection with depositing and holding Units with the Bursa Depository and the Clearing House (and in any other securities depository or clearing system);
- (viii) cost of establishment of the Fund which shall be funded by the Manager upfront and charged back to the Fund over a period of up to two (2) Financial Years from the date of the Prospectus;
- (ix) all charges, costs and expenses incurred by the Manager and/or the Trustee in respect of and/or in connection with the maintenance of a website or web pages (as the case may be) dedicated entirely to the Fund and communications with and/or notification to the Unit holders, the Registrar and/or any relevant authorities including notifications made in relation to the Fund in Bursa Securities, newspaper(s) in Malaysia and such other forms of communication permitted or acceptable under the ETF Guidelines and as the Manager may from time to time determine;
- (x) all fees, costs and expenses incurred in respect of preparing any deeds supplemental to the Deed and in respect of preparing any agreement in connection with the Fund other than those for the benefit of the Manager or the Trustee;
- (xi) all costs incurred in respect of the preparation, publication and distribution of the annual reports and interim reports (if any) and of all cheques, statements, notices and other documents relating to the Fund;
- (xii) all fees and expenses incurred in connection with the removal of the Manager, the Trustee or the auditor of the Fund or the appointment of a new management company, a new trustee or new auditor;

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**8. SALIENT TERMS OF THE DEED (cont'd)**

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- (xiii) all expenses incurred in the collection of Income (including expenses incurred in obtaining tax repayments or relief and agreement of tax liabilities) or the determination of taxation;
- (xiv) all expenses associated with the distributions declared pursuant to the Deed including without limitation fees for the revalidation or reissuance of any distribution cheque or warrant or telegraphic transfer;
- (xv) all fees and expenses incurred by the Manager and the Trustee in terminating the Fund;
- (xvi) fees for the valuation of the Fund by independent valuers for the benefit of the Fund;
- (xvii) any costs, fees and expenses to be paid under any licence and data supply contracts in relation to the maintenance of calculation of IOPV per Unit; and
- (xviii) such other charges, costs, expenses and disbursements (including but not limited to any tax and other duties imposed by any government and other authorities, as permitted or required (as the case may be) under the applicable laws which the Trustee or Manager is entitled to charge to the Fund.

**8.5 Retirement of the Manager**

The Manager may retire from the management of the Fund upon giving to the Trustee twelve (12) months notice in writing of its desire to do so, or such lesser time as the Manager and Trustee may agree upon.

The retiring Manager, subject to the approval required by applicable laws, may appoint in writing any other suitably qualified corporation approved by the Trustee and the SC as the new management company in its stead.

The Trustee shall take reasonable steps to remove and replace the Manager as soon as practicable after becoming aware of any such circumstances as stated under Section 8.6 below.

**8.6 Power of the Trustee to remove or replace the Manager**

The Manager may be removed by the Trustee under certain circumstances as specified in the Deed which include the following events:

- (i) the Manager goes into liquidation or provisional liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation or some similar purpose upon terms previously approved in writing by the Trustee) or is placed under official management or ceases to carry on business or if a receiver, or receiver and manager is appointed in relation to all or a substantial portion of the property of the Manager and is not removed or withdrawn within thirty (30) days of appointment or if any encumbrances shall take possession of any of its assets;
- (ii) if the Trustee is of the reasonable opinion that the Manager has, to the prejudice of the Unit holders, failed to comply with any provision or covenant under the Deed or

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**8. SALIENT TERMS OF THE DEED (cont'd)**

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contravened any of the provisions of the CMSA and within such period as is specified by the Trustee in a written notice to the Manager, the contravention(s) have not been remedied;

- (iii) if the Manager has failed or neglected to carry out its duties to the satisfaction of the Trustee and the Trustee considers that it would be in the interests of the Unit holders for the Trustee to remove the Manager provided that:
  - (a) the Trustee has given notice to the Manager of that opinion and the reasons for that opinion, and the Trustee has considered any representations made by the Manager in respect of that opinion;
  - (b) after consultation with the SC; and
  - (c) a Special Resolution has been duly passed by the Unit holders;
- (iv) if the Unit holders by a Special Resolution resolve that the Manager shall be removed; or
- (v) the Manager ceases to be approved by the SC to be the management company for the Fund.

In any of the above said grounds, the Manager for the time being shall upon receipt of a written notice by the Trustee cease to be the management company and the Trustee shall subject to any approval required by applicable laws, is entitled to appoint in writing some other suitably qualified corporation to be the management company for the Fund with approval of the Unit holders by way of a Special Resolution at a meeting convened in accordance with the Deed. Until the appointment of a new management company is complete, the Trustee may act as the management company.

The appointment of a new management company has no effect until the new management company executes a deed under which it covenants to act as the management company in accordance with the Deed.

**8.7 Retirement of the Trustee**

The Trustee may retire as trustee of the Fund upon giving to the Manager twelve (12) months' notice in writing of its desire to do so, or such lesser time as the Manager and Trustee may agree upon.

The retiring Trustee, subject to the approval required by applicable laws, may appoint in writing any other suitably qualified corporation approved by the Manager and the SC as the new trustee in its stead.

The Manager shall take reasonable steps to remove and replace the Trustee as soon as practicable after becoming aware of any such circumstances as stated under Section 8.8 below.



**8.8 Power of the Manager to remove or replace the Trustee**

The Trustee may be removed by the Manager under certain circumstances as specified in the Deed which include the following events:

- (i) the Trustee goes into liquidation or provisional liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation or some similar purpose upon terms previously approved in writing by the Manager) or is placed under official management or ceases to carry on business or if a receiver, or receiver and manager, is appointed in relation to all or a substantial portion of the property of the Trustee and is not removed or withdrawn within thirty (30) days of the appointment or if any encumbrances shall take possession of any of its assets;
- (ii) the approval of the Trustee to act under provisions of the CMSA and regulations is revoked;
- (iii) the Unit holders by Special Resolution resolve that the Trustee should be removed;  
or
- (iv) the Trustee has contravened its obligation to the Unit holders in a manner that, in the reasonable opinion of the Manager, adversely affects those Unit holders and, within such period as is specified by the Manager in a written notice to the Trustee, the contravention(s) have not be remedied.

Additionally, the Manager is legislatively empowered under Section 299 of the CMSA to remove a Trustee under specific circumstances set out therein.

In any of the above said grounds, the Trustee for the time being shall upon receipt of a written notice by the Manager cease to be the trustee and the Manager shall subject to any approval required by applicable laws, is entitled to appoint in writing some other suitably qualified corporation to be the trustee with approval of the Unit holders by way of Special Resolution at a meeting convened in accordance with the Deed. Until the appointment of a new trustee is complete, the Manager may act as trustee.

The appointment of a new trustee has no effect until the new trustee executes a deed under which it covenants to act as trustee in accordance with the Deed.

**8.9 Termination of the Fund**

8.9.1 The Fund may be terminated by the Trustee, with the approval of the Manager by notice in writing (except in the case of Sections 8.9.1(vi) and Section 8.9.1(vii) below) upon the occurrence of any of the following events:

- (i) if it becomes illegal or in the opinion of the Trustee impossible or impracticable to continue the Fund;
- (ii) if the Fund shall become liable to taxation (whether in Malaysia or elsewhere) in respect of income or capital gains at a rate considered by the Manager to be excessive in relation to the rate which would be borne by the Unit holder if they owned directly the relevant Fund Asset in question;

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## 8. SALIENT TERMS OF THE DEED (cont'd)

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- (iii) if the Units cease to be listed on Bursa Securities;
- (iv) if the Fund ceases to be authorised under the CMSA;
- (v) if the Index Licence Agreement is terminated and a new Index Licence Agreement relating to the Benchmark is not entered into by the Trustee and/or the Manager;
- (vi) if the Manager goes into liquidation (other than voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Trustee) or shall be adjudged a bankrupt or insolvent or appoints liquidators or if a receiver shall be appointed in respect of the property or undertaking of the Manager or any part thereof or the Manager is the subject of any analogous proceedings or procedure in each case under the law of Malaysia or such other law as may be applicable in the circumstances where, after the expiration of a period of three (3) months, the Trustee has not appointed a new management company;
- (vii) if on the expiration of three (3) months after notifying the Manager that in the Trustee's opinion a change of management company is desirable in the interests of the Unit holders and the Trustee has not found another company ready to accept the office of management company for the Fund of which the Trustee and the SC shall approve; or
- (viii) if by Special Resolution for the termination or winding up of the Fund and the court shall have confirmed the such Special Resolution in accordance with the CMSA.

8.9.2 Notwithstanding Section 8.9.1 above, the Fund may be terminated at any time by Special Resolution of the Unit holders and such termination shall take effect from the date of which such Special Resolution is passed or such later date (if any) as the Special Resolution may provide.

### 8.10 Unit holders meeting

8.10.1 The Trustee or the Manager may respectively at any time convene a meeting of Unit holders at such time or place in Malaysia as the party convening the meeting may think fit.

8.10.2 The Manager shall call for a meeting of Unit holders if not less than fifty (50) Unit holders or ten percent (10%) of all Unit holders, whichever is less, direct the Manager to do so in writing delivered to the registered office of the Manager for the purpose of:

- (i) considering the most recent financial statement of the Fund;
- (ii) giving the Trustee such directions as the meeting thinks proper; or
- (iii) considering any other matter related to the Deed.

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## 8. SALIENT TERMS OF THE DEED (cont'd)

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- 8.10.3 Where the meeting is convened to pass:
- (i) an ordinary resolution, at least fourteen (14) days' notice (exclusive of the day on which the notice is served or deemed to be served and of the day for which the notice is given) of such meeting shall be given to the Unit holders by the Manager or the Trustee in the manner provided in the Deed; or
  - (ii) a Special Resolution, at least twenty one (21) days notice (exclusive of the day on which the notice is served or deemed to be served and of the day for which the notice is given) of such meeting shall be given to the Unit holders by the Manager or the Trustee in the manner provided in the Deed; or
  - (iii) where resolution which requires approval by not less than two-thirds (2/3) of all Unit holders at a Unit holders' meeting, at least twenty one (21) days notice (exclusive of the day on which the notice is served or deemed to be served and of the day for which notice is given) of such meeting shall be given to the Unit holders by the Manager or the Trustee in the manner provided in the Deed.

Such notices shall be given to the Unit holders in the following manner as contemplated under the Deed:

- (a) in writing to the Unit holder by letter addressed to the holder at the Unit holder's address appearing in the Register;
  - (b) by publication in a national language daily national newspaper and in one (1) other newspaper as may be approved by the SC;
  - (c) by sending it using electronic communications; or
  - (d) such other forms of communication permitted or acceptable under the ETF Guidelines and as the Manager may from time to time determine.
- 8.10.4 The notice shall be in the form of a circular and shall specify the place, time of meeting, the general nature of the business to be transacted and the terms of any resolution to be proposed thereat. A copy of the notice shall be sent to the Trustee unless the meeting is convened by the Trustee. The accidental omission to give notice to or the non-receipt of notice by any of the Unit holders shall not invalidate the proceedings at any meeting. The Manager or the Trustee shall publish an advertisement giving the relevant notice of the Unit holders' meeting in at least one nationally circulated Bahasa Malaysia or English daily newspaper. The Unit holders' meeting shall be held not later than two (2) months after the notice was given at the place and time specified in the notice and advertisement.
- 8.10.5 At any meeting, at least five (5) Unit holders present in person or by proxy shall form a quorum for the transaction of business except for the purpose of passing a Special Resolution. The quorum for passing a Special Resolution shall be at least five (5) Unit holders present in person or by proxy registered as holding not

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**8. SALIENT TERMS OF THE DEED (cont'd)**

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less than twenty five percent (25%) of the Units in issue provided that if there are only five (5) or less than five (5) Unit holders, the quorum shall be by all the Unit holders for the time being. No business shall be transacted at any meeting unless the requisite quorum is present at the commencement of business.

- 8.10.6 Every Unit holder (being an individual) who is present in person or by proxy or (being a corporation) is represented by one of its representatives or by proxy shall, on a poll, have one vote for every Unit of which he or it is the Unit holder and need not cast all the votes to which he or it is entitled in the same way.
- 8.10.7 Each Unit holder shall be entitled to attend and vote at any meeting of Unit holders and shall be entitled to appoint another person (whether or not a Unit holder) as his proxy to attend and vote. Where the Unit holder is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with units standing to the credit of the said securities account. Where a Unit holder appoints two (2) proxies in accordance with this provision the appointment shall be invalid unless he specifies the proportions of his holding to be represented by each proxy. Such proxy shall have the same rights as the member to vote, to speak and to be reckoned a quorum.
- 8.10.8 Any Unit holder being a corporation may by resolution of its directors or other governing body authorise any person to act as its representative at any meeting of Unit holders, and a person so authorised shall at such meeting be entitled to exercise the same powers on behalf of the corporation as the corporation could exercise if it were an individual Unit holder.
- 8.10.9 Every question arising at a meeting of Unit holders shall be decided by a poll.
- 8.10.10 Upon any question decided by a poll, each Unit holder present in person or by proxy shall have one vote for each fully paid Unit.
- 8.10.11 In the case of equality of votes the chairman of a meeting of Unit holders shall have a casting vote in addition to his votes (if any) as a Unit holder.

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## 9. APPROVALS AND CONDITIONS

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### 9.1 Approvals obtained from SC and conditions imposed

The SC had on 26 November 2013 approved the following proposals:

- (i) establishment of the Fund with an initial fund size of 500 million Units;
- (ii) the listing and quotation for up to 500 million Units on the Main Market of Bursa Securities;
- (iii) the appointment of iVCAP as the management company of the Fund; and
- (iv) the appointment of DTMB as the trustee for the Fund,

subject to the following conditions:

No.	Conditions imposed	Status of compliance
(a)	The Manager must inform SC of the listing date of the Fund prior to the listing of the Fund; and	Complied.
(b)	The listing of the Fund must be completed within six (6) months from the date of the approval letter from SC. SC's approval would be deemed to have lapsed if the Manager fails to do so within the stipulated timeframe.	Complied.

The SC had on 26 November 2013 and 28 November 2013 stated that it has no objection on the following:

- (i) to allow the Manager to calculate and provide the IOPV per Unit, in relation to Paragraphs 11.02 of the Exchange-traded Fund Guidelines issued on 11 June 2009, once per day after the close of the morning trading session of the Bursa Securities, subject to the condition that:

No.	Conditions imposed	Status of compliance
(a)	The Manager is to provide real-time or near real-time IOPV per Unit for the Fund when the size of the Fund reaches a size where the cost of providing such information does not have a negative effect on the tracking error of the Fund, i.e. cost not exceeding 0.05% of the NAV of the Fund.	Duly noted and to be met when the size of the Fund reaches a size where the cost of providing real-time or near real-time IOPV does not exceed 0.05% of the NAV of the Fund.

; and

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## 9. APPROVALS AND CONDITIONS (cont'd)

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- (ii) the basis for ascertaining income available for distribution by the Fund to its Unit holders, in relation to Paragraphs 13.01 and 13.02 of the Exchange-traded Fund Guidelines issued on 11 June 2009, as follows:
- (a) the distributable income is the net realised income from profit, dividend and other distributions, after deducting the costs/expenses as allowed by the Deed;
  - (b) no adjustment will be made from any realised capital gains or losses as a result of price appreciation or depreciation of the underlying securities;
  - (c) unrealised income or gains of the Fund will not be distributed to Unit holders and unrealised losses (including capital losses) will not be deducted; and
  - (d) the distributable income is subject to a maximum of the net cash flow of the Fund available for distribution,

subject to the conditions that:

No.	Conditions imposed	Status of compliance
(a)	The amount of income distribution is capped at a maximum of the net cash flow of the Fund;	Duly noted and will be complied with.
(b)	The objective of the Fund remains as tracking a price index; and	Duly noted and will be complied with.
(c)	Any distribution declared by the Fund should be accompanied by an announcement as to the source of the income distributed.	Duly noted and will be complied with.

### 9.2 Waiver/Variation approved by the SC in relation to the Fund

The SC had on 26 November 2013 approved the variation to Paragraph 14.04 of the Prospectus Guidelines for Collective Investment Schemes updated 1 June 2010, Part II – Listed Funds, to limit the assessment and disclosure of details of the interests of Khazanah, PNB and KWAP (collectively known as “**Substantial Shareholders**”) in other corporations carrying on similar businesses as the Manager to the subsidiaries, associates and jointly-controlled entities of the Substantial Shareholders, based on their principal activities as stated in the respective audited consolidated financial statements of the Substantial Shareholders for the financial year ended 31 December 2012, being the latest available audited consolidated financial statements of the Substantial Shareholders.

**10.1 Existing and proposed related party transactions****10.1.1 The Manager**

The Manager and its directors and any of its delegates will at all times act in the best interests of the Unit holders of the Fund and will not conduct itself in any manner that will result in a conflict of interest or potential conflict of interest. In the unlikely event that any conflict of interest arises, such conflict shall be resolved such that the Fund is not disadvantaged. In the unlikely event that the Manager faces conflicts in respect of its duties to the Fund and its duties to other investment funds that it manages, the Manager is obliged to act in the best interests of all its investors and will seek to resolve any conflicts fairly and in accordance with the Deed.

The Manager will not act as principals in the sale and purchase of any securities or investments to and from the Fund. Further, the Manager will not make any investment for the Fund in any securities, properties or assets in which the Manager or its officer has financial interest in or from which the Manager or its officer derives a benefit, unless with the prior approval of the Trustee.

The Fund may have dealings with parties related to the Manager. The related parties include Valuecap and VCAM which the Manager outsources certain functions to Valuecap and VCAM. Information of the outsourcing function can be obtained at the Fund's website, [www.myetf.com.my](http://www.myetf.com.my).

**10.1.2 The Trustee**

As the Trustee for the Fund and the Manager's delegate for the fund accounting and valuation services, there may be related party transactions involving or in connection with the Fund in the following events:

- (i) where the Fund invests in the products offered by Deutsche Bank AG and any of its group companies (e.g. money market placement, etc.);
- (ii) where the Fund has obtained financing from Deutsche Bank AG and any of its group companies, as permitted under the SC's guidelines and other applicable laws;
- (iii) where the Manager appoints DTMB to perform its back office functions (e.g. fund accounting and valuation); and
- (iv) where DTMB has delegated its custodian functions for the Fund to DBMB.

DTMB will rely on the Manager to ensure that any related party transactions, dealings, investments and appointments are on terms which are the best that are reasonably available for or to the Fund and are on an arm's length basis as if between independent parties.

While DTMB has internal policies intended to prevent or manage conflicts of interests, no assurance is given that their application will necessarily prevent or mitigate conflicts of interests. DTMB's commitment to act in the best interests of the Unit holders does not preclude the possibility of related party transactions or conflicts.

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**10. RELATED PARTY TRANSACTIONS/CONFLICTS OF INTEREST (cont'd)**

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**10.1.3 Interests in the Fund**

Subject to any applicable laws and guidelines, the Manager, the Trustee, or any related corporation of the Trustee or the Manager, or any officers or directors of any of them, may invest in the Fund. The directors of the Manager and of the Trustee will receive no payments from the Fund other than distributions that they may receive as a result of investment in the Fund. No fees other than those set out in this Prospectus have been paid to the Trustee (either to become a Trustee or for other services in connection with the Fund), or the Manager for any purpose.

**10.2 Interests of directors and substantial shareholders of the Manager****10.2.1 Interest of directors of the Manager**

Saved as disclosed below, none of the directors of the Manager have any direct or indirect interests in other corporations carrying on similar business as the Manager as at the Latest Practicable Date.

<b>Name</b>	<b>Businesses / Corporations</b>	<b>Nature of interest</b>	<b>Direct Interest %</b>	<b>Indirect Interest %</b>
Datuk Dr. Syed Muhamad Syed Abdul Kadir	Valuecap Sdn Bhd	Independent Non-Executive Director	-	-
Khairi Shahrin Arief Bin Baki	VCAP Asset Managers Sdn Bhd	Non Independent Non-Executive Director	-	-
Mohd Asri Awang	Valuecap Sdn Bhd	Independent Non-Executive Director	-	-
Roslina Binti Abdul Rahman	Valuecap Sdn Bhd	Group Chief Executive Officer/ Managing Director	-	-
	VCAP Asset Managers Sdn Bhd	Chairman/ Non-Independent Non-Executive Director	-	-

**10.2.2 Interest of substantial shareholders of the Manager**

The Manager is wholly-owned by Valuecap which in turn is jointly owned by Khazanah, PNB and KWAP. The principal activity of Khazanah is that of



## 10. RELATED PARTY TRANSACTIONS/CONFLICTS OF INTEREST (cont'd)

investment holding, while PNB is involved in the acquisition and holding of shares to promote greater ownership of share capital in the corporate sector in Malaysia by Bumiputeras, and KWAP manages the retirement fund contributions from federal government, statutory bodies, local authorities and other agencies.

Save as disclosed below and based on the variation granted by the SC as set out in the "APPROVAL AND CONDITIONS" section of this Prospectus, none of the substantial shareholders of the Manager has any direct or indirect interests in other corporations carrying on similar business as the Manager.

Name	Business/Corporations	Nature of interest	Direct Interest	Indirect Interest
Valuecap	- VCAP Asset Managers Sdn Bhd	- Direct shareholding	% 100.0	% -
<b>Substantial shareholders of Valuecap</b>				
Khazanah	- Malaysia Technology Development Corporation Sdn Bhd - Xeraya Capital Bhd  - Xeraya Capital Labuan Limited - Valuecap Sdn Bhd  - Phoenix Investments Ltd. - MLSCF Management (Labuan) Ltd	- Direct shareholding  - Direct shareholding  - Direct shareholding - Direct shareholding  - Direct shareholding - Direct shareholding	100.0  100.0  100.0 33.3  100.0 50.0	-  -  - -  - -
KWAP	- Prima Ekuiti (UK) Limited - KWAP Managed Investment Trust - Valuecap Sdn Bhd  - Prima Harta Trust (Jersey) - Harta Integra Berkat Sdn Bhd - Capsquare Tower Sdn Bhd - KWEST Sdn Bhd	- Direct shareholding - Direct shareholding - Direct shareholding  - Direct shareholding - Direct shareholding - Direct shareholding - Direct shareholding	100.0  100.0 33.34  100.0 100.0 100.0 100.0	-  - -  - - - -
PNB	- Amanah Saham Nasional Berhad - PFM Capital Sdn. Berhad	- Direct shareholding - Indirect shareholding	100.0  -	-  100.0 <sup>(1)</sup>

**10. RELATED PARTY TRANSACTIONS/CONFLICTS OF INTEREST (cont'd)**

<b>Name</b>	<b>Business/Corporations</b>	<b>Nature of interest</b>	<b>Direct Interest</b>	<b>Indirect Interest</b>
	- PNB-Wasserstein Holdings, LLC	- Indirect shareholding	-	50.0 <sup>(2)</sup>
	- MIDF Amanah Asset Management Berhad	- Indirect shareholding	-	100.0 <sup>(3)</sup>
	- Pelaburan Hartanah Nasional Berhad	- Direct shareholding	100.0	-
	- Valuecap Sdn Bhd	- Direct shareholding	33.3	-
	- KAF Astley & Pearce Sdn Bhd	- Indirect shareholding	-	50.6 <sup>(4)</sup>
	- KAF Investment Bank Berhad	- Direct shareholding	33.05	-
	- KAF Seagroatt & Campbell Berhad	- Indirect shareholding	-	98.9 <sup>(5)</sup>
	- KAF Investment Funds Berhad	- Indirect shareholding	-	70.0 <sup>(5)</sup>
	- Maybank Asset Management Group Berhad	- Direct shareholding	20.0	-
	- Maybank Asset Management Sdn Bhd	- Indirect shareholding	-	100.0 <sup>(6)</sup>
	- Amanah Mutual Berhad	- Indirect shareholding	-	100.0 <sup>(6)</sup>
	- PT Maybank Asset Management	- Indirect shareholding	-	99.0 <sup>(6)</sup>
	- Maybank Islamic Asset Management	- Indirect shareholding	-	100.0 <sup>(6)</sup>
	- Maybank Asset Management Singapore Pte Ltd	- Indirect shareholding	-	100.0 <sup>(6)</sup>
	- PNB-SBI Asean Gateway Investment Management Limited	- Indirect shareholding	-	50.0 <sup>(7)</sup>
	- PNB-SBI ASEAN Gateway Fund Ltd.P.	- Indirect shareholding	-	50.0 <sup>(7)</sup>

**Notes:**

- (1) Deemed interested by virtue of its shareholding in PFM Capital Holdings Sdn. Berhad pursuant to Section 8 of the Act.
- (2) Deemed interested by virtue of its shareholding in PNB International Limited pursuant to Section 8 of the Act.
- (3) Deemed interested by virtue of its shareholding in Malaysian Industrial Development Finance Berhad pursuant to Section 8 of the Act.
- (4) Deemed interested by virtue of its shareholding in KAF Securities Sdn Bhd pursuant to Section 8 of the Act.
- (5) Deemed interested by virtue of its shareholding in KAF Investment Bank Berhad pursuant to Section 8 of the Act.

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**10. RELATED PARTY TRANSACTIONS/CONFLICTS OF INTEREST (cont'd)**

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- (6) *Deemed interested by virtue of its shareholding in Maybank Asset Management Group Berhad pursuant to Section 8 of the Act.*
- (7) *Deemed interested by virtue of its shareholding in PNB Equity Resource Corporation Sdn. Berhad pursuant to Section 8 of the Act.*

**10.3 Declaration of expert's existing and potential interests/conflicts of interests****10.3.1 Amanie**

Amanie confirms that there is no existing or potential interests or conflict of interests in its capacity as the Shariah Adviser with respect to the Fund or the Manager.

**10.3.2 Messrs Wei Chien & Partners**

Messrs Wei Chien & Partners confirms that there is no existing or potential interests or conflict of interests in its capacity as the solicitors with respect to the Fund or the Manager.

**10.3.3 PWC Taxation**

PWC Taxation confirms that there is no existing or potential interests or conflict of interests in its capacity as the tax adviser with respect to the Fund or the Manager.

**10.3.4 CGS-CIMB Securities Sdn Bhd (formerly known as Jupiter Sdn Bhd)**

CGS-CIMB Securities Sdn Bhd (formerly known as Jupiter Sdn Bhd) confirms that there is no existing or potential interests or conflict of interests in its capacity as the Participating Dealer with respect to the Fund or the Manager.

**10.3.5 RHB Investment Bank Berhad**

RHB Investment Bank Berhad confirms that there is no existing or potential interests or conflict of interests in its capacity as the Participating Dealer with respect to the Fund or the Manager.

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**TAX ADVISER'S LETTER  
ON TAXATION OF THE FUND AND UNIT HOLDERS**

**PricewaterhouseCoopers Taxation Services Sdn Bhd**

Level 10, 1 Sentral  
Jalan Rakyat  
Kuala Lumpur Sentral  
P.O.Box 10192  
50706 Kuala Lumpur

**The Board of Directors**

i-VCAP Management Sdn Bhd  
Level 8, Block B, HP Towers  
No. 12, Jalan Gelenggang  
Bukit Damansara  
50490 Kuala Lumpur

**26 FEB 2020**

Dear Sirs,

**TAXATION OF THE FUND OFFERED UNDER THE PROSPECTUS AND UNIT HOLDERS**

This letter has been prepared for inclusion in the Prospectus ("hereinafter referred to as "the Prospectus") in connection with the offer of units in the MyETF MSCI Malaysia Islamic Dividend ("the Fund").

The taxation of income for both the Fund and the unit holders are subject to the provisions of the Malaysian Income Tax Act, 1967 ("the Act"). The applicable provisions are contained in Section 61 of the Act, which deals specifically with the taxation of trust bodies in Malaysia.

**TAXATION OF THE FUND**

The Fund will be regarded as resident for Malaysian tax purposes since the Trustee of the Fund is resident in Malaysia.

**(1) Foreign Investments**

Income of the Fund in respect of overseas investment is exempt from Malaysian tax by virtue of Paragraph 28 of Schedule 6 of the Act and distributions from such income will be tax exempt in the hands of the unit holders. Such income from foreign investments may be subject to taxes or withholding taxes in the specific foreign country. However, any foreign tax suffered on the income in respect of overseas investment is not tax refundable to the Fund in Malaysia.

The foreign income exempted from Malaysian tax at the Trust level will also be exempted from tax upon distribution to the unit holders.

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*PricewaterhouseCoopers Taxation Services Sdn Bhd (464731-M),  
Level 10, 1 Sentral, Jalan Rakyat, Kuala Lumpur Sentral, P.O. Box 10192, 50706 Kuala Lumpur, Malaysia  
T: +60 (3) 2173 1188, F: +60 (3) 2173 1288, [www.pwc.com/my](http://www.pwc.com/my)*

**(2) Domestic Investments****(i) General Taxation**

The income of the Fund consisting of dividends, interest / profit<sup>1</sup> (other than interest / profit<sup>1</sup> which is exempt from tax) and other investment income derived from or accruing in Malaysia, after deducting tax allowable expenses, is liable to Malaysian income tax at the rate of 24%.

Gains on disposal of investments in Malaysia by the Fund will not be subject to Malaysia income tax.

**(ii) Dividends and Other Exempt Income**

All companies have adopted the single-tier system. Hence dividends received from Malaysian companies would be exempted from tax and the expenses incurred against such dividend income would be disregarded. There will not be any tax refunds available for single-tier dividends received.

The Fund may receive Malaysian dividends which are tax exempt. The exempt dividends may be received from investments in companies which had previously enjoyed or are currently enjoying the various tax incentives provided under the law. The Fund will not be taxable on such exempt income.

Interest or discount income or profit<sup>1</sup> derived from the following investments is exempt from tax:

- (a) Securities or bonds issued or guaranteed by the Government of Malaysia;
- (b) Debentures or sukuk, other than convertible loan stocks, approved or authorised or lodged with the Securities Commission Malaysia ("SC"); or
- (c) Bon Simpanan Malaysia issued by Bank Negara Malaysia.

Income from Investment in structured products which are seen to be "debentures" under Capital Markets and Services Act 2007 will be exempted. Otherwise, tax implications could arise.

- (d) Interest or profit<sup>1</sup> paid or credited by any bank or financial institution licensed under the Financial Services Act 2013 and Islamic Financial Services Act 2013 or any development financial institution regulated under the Development Financial Institutions Act 2002<sup>2</sup>;
- (e) Bonds, other than convertible loan stocks, paid or credited by any company listed on Bursa Malaysia Securities Berhad ACE Market; and
- (f) Interest or profit<sup>1</sup> paid or credited by Malaysia Building Society Berhad .

The interest income / profit<sup>1</sup> or discount exempted from tax at the Fund's level will also be exempted from tax upon distribution to the unit holders.

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<sup>1</sup> Under section 2(7) of the Income Tax Act 1967, any reference to interest shall apply, *mutatis mutandis*, to gains or profits received, and expenses incurred, in lieu of interest, in transactions conducted in accordance with the principles of Syariah. The effect of this is that any gain or profits received, and expenses incurred, in lieu of interest, in transactions conducted in accordance with the principles of Syariah, will be accorded the same tax treatment as if they were interest.

<sup>2</sup> Pursuant to the letters from Ministry of Finance Malaysia dated 11 June 2015 and 16 June 2015 with effect from YA 2015.



Exceptions:

With effect from 1 January 2019, the exemption shall not apply to interest income / profit<sup>1</sup> paid or credited to a unit trust that is a wholesale money market fund.

The Ministry of Finance has communicated that the tax exemptions available to retail money market funds will no longer apply to corporate investors with effect from 1 July 2020 onwards. This will mean that income which would normally be tax exempted at unit trust level will no longer be tax exempted if received by corporate investors.

**(3) Other Income**

The Fund may receive other income such as exit fee which will subject to tax at the rate of 24%.

**(4) Tax Deductible Expenses**

Expenses wholly and exclusively incurred in the production of taxable gross income are allowable as deductions under Section 33(1) of the Act. In addition, Section 63B of the Act provides for tax deduction in respect of managers' remuneration, expenses on maintenance of the register of unit holders, share registration expenses, secretarial, audit and accounting fees, telephone charges, printing and stationery costs and postages. The deductions are based on a formula subject to a minimum of 10% and a maximum of 25% of the expenses.

**(5) Real Property Gains Tax ("RPGT")**

With effect from 1 January 2019, any gains on disposal of real properties or shares in real property companies<sup>3</sup> (chargeable asset) by the Trust would be subject to RPGT at the following rates:-

Disposal time frame	RPGT rates
Within 3 years	30%
In the 4 <sup>th</sup> year	20%
In the 5 <sup>th</sup> year	15%
In the 6 <sup>th</sup> year and subsequent years	10%

**(6) Sales and Services Tax ("SST")**

Effective from 1 September 2018, SST has been reintroduced to replace the Goods and Services Tax ("GST"). Both the Sales Tax Act 2018 and Services Tax Act 2018 have been gazetted on 28 August 2018. The rates for sales tax are nil, 5%, 10% or a specific rate whereas the rate for service tax is at 6%.

Sales tax will be chargeable on taxable goods manufactured in or imported into Malaysia, unless specifically exempted by the Minister. Whereas, only specific taxable services provided by specific taxable persons will be subject to service tax. Sales tax and service tax are single stage taxes. As such, SST incurred would generally form an irrecoverable costs to the business.

<sup>3</sup> A real property company is a controlled company which owns or acquires real property or shares in a real property company with a market value of not less than 75% of its total tangible assets. A controlled company is a company which does not have more than 50 members and is controlled by not more than 5 members.



In general, the Fund, being collective investment vehicles, will not be caught under the service tax regime.

Certain brokerage, professional, consultancy or management services obtained by the Fund may be subject to service tax at 6 percent. However, fund management services and trust services are excluded from service tax. In addition, with effect from 1 January 2019, should the Fund acquire imported taxable services from foreign service providers, the Fund will be required to self-impose the 6% service tax and remit the tax to the Royal Malaysian Customs Department in the prescribed form.

#### **TAXATION OF UNIT HOLDERS**

Unit holders will be taxed on an amount equivalent to their share of the total taxable income of the Fund to the extent of the distributions received from the Fund. The income distribution from the Fund will carry a tax credit in respect of the tax paid by the Fund. Unit holders will be entitled to utilise the tax credit against the tax payable on the income distribution received by them. No additional withholding tax will be imposed on the income distribution from the Fund.

Non-resident unit holders may also be subject to tax in their respective jurisdictions and depending on the provisions of the relevant tax legislation and any double tax treaty with Malaysia, the Malaysian tax suffered may be creditable in the foreign tax jurisdictions.

Corporate unit holders, resident<sup>4</sup> and non-resident, will generally be liable to income tax at 24% on distribution of income received from the Fund. The tax credits attributable to the distribution of income can be utilised against the tax liabilities of these unit holders.

Individuals and other non-corporate unit holders who are tax resident in Malaysia will be subject to income tax at graduated rates ranging from 1% to 30%<sup>5</sup>. Individuals and other non-corporate unit holders who are not resident in Malaysia will be subject to income tax at 30%. The tax credits attributable to the distribution of income will be utilised against the tax liabilities of these unit holders.

The distribution of exempt income and gains arising from the disposal of investments by the Fund will be exempted from tax in the hands of the unit holders.

Any gains realised by unit holders (other than those in the business of dealing in securities, insurance companies or financial institutions) on the sale or redemption of the units are treated as capital gains and will not be subject to income tax. This tax treatment will include in the form of cash or residual distribution in the event of the winding up of the Fund.

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<sup>4</sup> Pursuant to the Finance Act 2019 (Act 823), resident companies with paid up capital in respect of ordinary shares of RM2.5 million and below and having an annual sales of not more than RM50 million will pay tax at 17% for the first RM600,000 of chargeable income with the balance taxed at 24% with effect from year of assessment 2020.

The above shall not apply if more than –

- (a) 50% of the paid up capital in respect of ordinary shares of the company is directly or indirectly owned by a related company;
- (b) 50% of the paid up capital in respect of ordinary shares of the related company is directly or indirectly owned by the first mentioned company;
- (c) 50% of the paid up capital in respect of ordinary shares of the first mentioned company and the related company is directly or indirectly owned by another company.

“Related company” means a company which has a paid-up capital in respect of ordinary shares of more than RM2.5 million at the beginning of the basis period for a YA.

<sup>5</sup> Pursuant to the Finance Act 2019 (Act 823), with effect from year of assessment 2020.



Unit holders electing to receive their income distribution by way of investment in the form of new units will be regarded as having purchased the new units out of their income distribution after tax.

Unit splits issued by the Fund are not taxable in the hands of unit holders.

We hereby confirm that the statements made in this report correctly reflect our understanding of the tax position under current Malaysian tax legislation. Our comments above are general in nature and cover taxation in the context of Malaysian tax legislation only and do not cover foreign tax legislation. The comments do not represent specific tax advice to any investors and we recommend that investors obtain independent advice on the tax issues associated with their investments in the Fund.

Yours faithfully,

for and on behalf of  
**PRICEWATERHOUSECOOPERS TAXATION SERVICES SDN BHD**

A handwritten signature in black ink, appearing to read 'Jennifer Chang', written over a large, faint circular watermark.

Jennifer Chang  
Partner

PricewaterhouseCoopers Taxation Services Sdn Bhd have given their written consent to the inclusion of their report as Tax Adviser in the form and context in which it appears in the Prospectus and have not, before the date of issue of the Prospectus, withdrawn such consent.

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## 12. ADDITIONAL INFORMATION

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### 12.1 Keeping abreast with developments of the Fund

Copies of the annual reports and interim reports (if any) of the Fund will be available on the Fund's website at [www.myetf.com.my](http://www.myetf.com.my) and Bursa Securities' website at [www.bursamalaysia.com](http://www.bursamalaysia.com). Upon request from any Unit holder, a hard copy of the annual report of the Fund shall be sent to the Unit holder as soon as reasonably practicable after the receipt of the request, free of charge.

Where applicable, the Manager will send the investor tax vouchers which set out such information that is needed to complete a tax return.

Updated information on the Fund can be obtained from the Fund's website at [www.myetf.com.my](http://www.myetf.com.my) and as announced on Bursa Securities' website at [www.bursamalaysia.com](http://www.bursamalaysia.com) from time to time.

Some of the information which is made available on the Fund's website and/or Bursa Securities' website includes:

- (i) the annual reports and interim reports (if any);
- (ii) NAV per Unit;
- (iii) IOPV per Unit;
- (iv) Fees and charges in relation to the Fund;
- (v) Prospectus; and
- (vi) Benchmark.

### 12.2 Investor Services

Investors may contact i-VCAP by telephone at (+603) 2093 7119, fax at (+603) 2094 7119 or email at [info@myetf.com.my](mailto:info@myetf.com.my). The Manager is available Mondays to Fridays (except on public holidays in Wilayah Persekutuan Kuala Lumpur), from 8:30 a.m. to 5:30 p.m. Information of the Fund can be obtained at the Fund's website, [www.myetf.com.my](http://www.myetf.com.my).

An investor who wishes to write in, may address their letter to:

Business Development Department  
i-VCAP Management Sdn Bhd  
Level 8, Block B, Plaza Zurich,  
No 12, Jalan Gelenggang,  
Bukit Damansara,  
50490 Kuala Lumpur,  
Malaysia

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## 12. ADDITIONAL INFORMATION

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### 12.3 Material Agreements

Save as disclosed below, there are no other material agreements which have been entered into in relation to the Fund as at the date of this Prospectus:

- (i) The Deed;
- (ii) The Participating Dealer Agreements dated 23 January 2014 entered into between the Participating Dealers, the Manager and the Trustee; and
- (iii) The Index Licence Agreement dated 1 August 2012 entered into between the Index Licensor and the Manager.

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**13. DOCUMENTS FOR INSPECTION**

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Copies of the following documents may be inspected at the registered office of the Manager or such other place as the SC may determine during normal business hours:

- (i) The material agreements referred to in Section 12.3 of this Prospectus;
- (ii) The latest annual report of the Fund;
- (iii) The audited financial statements of the Fund for the current financial year (where applicable) and for the last three (3) financial years or if the Fund has been established or incorporated for a period of less than three (3) years, the entire period preceding the date of the Prospectus, once available;
- (iv) The Tax Adviser's letter referred to in Section 11 of this Prospectus;
- (v) Each consent given by the parties as disclosed in the Prospectus ;
- (vi) This Prospectus and supplementary or replacement prospectus, if any; and
- (vii) The Deed.

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## 14. DIRECTORY OF PARTICIPATING DEALERS' OFFICES

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As at Latest Practicable Date, the Participating Dealers' office is as follows:

Participating Dealers

**CGS-CIMB Securities Sdn Bhd (formerly known as Jupiter Sdn Bhd)**

Registered address:

13<sup>th</sup> Floor, Menara CIMB

Jalan Stesen Sentral 2

Kuala Lumpur Sentral

50470 Kuala Lumpur

Malaysia

Tel. no.: (+603) 2261 8888

Business address:

29<sup>th</sup> Floor, Menara CIMB

Jalan Stesen Sentral 2

Kuala Lumpur Sentral

50470 Kuala Lumpur

Malaysia

Tel. no.: (+603) 2265 8930/ (+603) 2303 8930

**RHB Investment Bank Berhad**

Registered address:

Level 10, Tower One

RHB Centre

Jalan Tun Razak

50400 Kuala Lumpur

Malaysia

Tel. no.: (+603) 9287 8888

Business address:

Level 3A, Tower One

RHB Centre

Jalan Tun Razak

50400 Kuala Lumpur

Malaysia

Tel. no.: (+603) 2113 8118

For the list of participating organisation, kindly refer to Bursa Securities' website at [www.bursamalaysia.com](http://www.bursamalaysia.com).]