

MyETF MSCI MALAYSIA ISLAMIC DIVIDEND

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MyETF MSCI MALAYSIA ISLAMIC DIVIDEND**STATEMENT OF COMPREHENSIVE INCOME**FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021 (*unaudited*)

	Note	1.1.2021 to 30.6.2021 RM	1.1.2020 to 30.6.2020 RM
INVESTMENT INCOME			
Gross dividend income		1,045,371	535,632
Profit from short-term Islamic deposits		2,462	3,937
Net (loss)/gain on financial assets at fair value through profit or loss ("FVTPL")	4	<u>(4,236,300)</u>	<u>5,416,588</u>
		<u>(3,188,467)</u>	<u>5,956,157</u>
EXPENSES			
Management fee	5	85,846	71,697
Trustee's fee	6	9,658	8,066
License fee	7	12,877	10,755
Shariah adviser's fee		3,223	3,232
Auditors' remuneration		8,132	8,155
Tax agent's fee		4,860	4,874
Transaction costs		74,893	42,637
Purification of non Shariah-compliant income		6,253	1,172
Other expenses		<u>6,906</u>	<u>17,363</u>
		<u>212,648</u>	<u>167,951</u>
(LOSS)/PROFIT BEFORE TAXATION		(3,401,115)	5,788,206
Taxation	8	<u>-</u>	<u>-</u>
NET (LOSS)/PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE (LOSS)/INCOME		<u>(3,401,115)</u>	<u>5,788,206</u>
Net (loss)/profit after taxation is made up as follows:			
Realised (loss)/gain		(1,079,743)	4,928,423
Unrealised (loss)/gain		<u>(2,321,372)</u>	<u>859,783</u>
		<u>(3,401,115)</u>	<u>5,788,206</u>

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

MyETF MSCI MALAYSIA ISLAMIC DIVIDEND

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021 (unaudited)**

	Note	30.6.2021 RM	30.6.2020 RM
ASSETS			
Financial assets at FVTPL	4	42,651,926	38,664,252
Dividend receivable	9	42,416	11,950
Amount due from Manager		468,018	-
Cash and cash equivalents	10	295,982	107,911
TOTAL ASSETS		43,458,342	38,784,113
LIABILITIES			
Amount due to Manager		-	13,580
Amount due to Trustee		1,609	1,528
Amount due to index licensor		6,412	5,664
Other payables and accruals	11	41,678	14,542
TOTAL LIABILITIES		49,699	35,314
NET ASSET VALUE ("NAV") OF THE FUND		43,408,643	38,748,799
EQUITY			
Unit holders' capital		33,758,040	26,479,600
Retained earnings		9,650,603	12,269,199
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS	13	43,408,643	38,748,799
NUMBER OF UNITS IN CIRCULATION	13	36,000,000	30,400,000
NET ASSET VALUE PER UNIT (RM)		1.2058	1.2746

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

MyETF MSCI MALAYSIA ISLAMIC DIVIDEND

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021 *(unaudited)*

	Note	Unit holders' capital RM	Retained earnings RM	Total RM
1.1.2021 to 30.6.2021				
At beginning of financial period		27,559,080	13,911,918	41,470,998
Total comprehensive loss		-	(3,401,115)	(3,401,115)
Creation of units		6,198,960	-	6,198,960
Distribution	15	-	(860,200)	(860,200)
At end of financial period		<u>33,758,040</u>	<u>9,650,603</u>	<u>43,408,643</u>
1.1.2020 to 30.6.2020				
At beginning of financial period		36,356,040	7,392,673	43,748,713
Total comprehensive income		-	5,788,206	5,788,206
Creation of units		949,280	-	949,280
Cancellation of units		(10,825,720)	-	(10,825,720)
Distribution	15	-	(911,680)	(911,680)
At end of financial period		<u>26,479,600</u>	<u>12,269,199</u>	<u>38,748,799</u>

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

MyETF MSCI MALAYSIA ISLAMIC DIVIDEND**STATEMENT OF CASH FLOWS****FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021** *(unaudited)*

	Note	1.1.2021 to 30.6.2021 RM	1.1.2020 to 30.6.2020 RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES			
Proceeds from sales of financial assets at FVTPL		20,709,042	14,010,807
Dividends received		1,090,521	581,431
Profit from short-term Islamic deposits		2,462	3,937
Trustee's fee paid		(9,639)	(8,253)
License fee paid		(12,927)	(19,251)
Management fee paid		(85,681)	(73,365)
Payment for other fees and expenses		(108,995)	(64,624)
Purchase of financial assets at FVTPL		<u>(26,809,592)</u>	<u>(13,600,979)</u>
Net cash (used in)/generated from operating activities		<u>(5,224,809)</u>	<u>829,703</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from creation of units	20	6,248,320	753
Payments for cancellation of units	20	-	(59,165)
Distribution paid	14	<u>(860,200)</u>	<u>(911,680)</u>
Net cash generated from/(used in) financing activities		<u>5,388,120</u>	<u>(970,092)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		163,311	(140,389)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD		<u>132,671</u>	<u>248,300</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	10	<u>295,982</u>	<u>107,911</u>

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

MyETF MSCI MALAYSIA ISLAMIC DIVIDEND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021 (*unaudited*)

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

A BASIS OF PREPARATION OF THE FINANCIAL

The financial statements of the MyETF MSCI Malaysia Islamic Dividend (“the Fund”) have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) and International Financial Reporting Standards (“IFRS”).

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at FVTPL, except as disclosed in the summary of significant accounting policies.

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

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

(a) The Fund has applied the following amendments and interpretations for the first time for the financial period beginning on 1 January 2021:

- The Conceptual Framework for Financial Reporting (“Framework”) (effective 1 January 2021)

The Framework was revised with the primary purpose to assist the International Accounting Standards Board (“IASB”) to develop IFRS that are based on consistent concepts and enable preparers to develop consistent accounting policies where an issue is not addressed by an IFRS.

Key changes include:

- increasing the prominence of stewardship in the objective of financial reporting;
- reinstating prudence as a component of neutrality;
- defining a reporting entity, which may be a legal entity, or a portion of an entity;
- revising the definitions of an asset and a liability;
- removing the probability threshold for recognition and adding guidance on derecognition;
- adding guidance on difference measurement basis; and
- stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

No changes are made to any of the current accounting standards. However, entities that rely on the Framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards have to apply the revised Framework from 1 January 2021.

- Amendments to MFRS 101 and MFRS 108 ‘Definition of Material’ (effective 1 January 2020) clarify the definition of materiality and use a consistent definition throughout MFRSs and the Conceptual Framework for Financial Reporting.

MyETF MSCI MALAYSIA ISLAMIC DIVIDEND

A BASIS OF PREPARATION OF THE FINANCIAL (CONTD.)

The revised Framework and adoption of the amendments to published standards did not have any impact on the current year or any prior period and is not likely to affect future periods.

- (b) A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2021, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Fund.

B INCOME FROM SHARIAH-COMPLIANT FINANCIAL INSTRUMENTS

Profit income

Profit income from short-term Islamic deposits with licensed financial institutions are recognised based on effective profit rate method on an accrual basis.

Profit is calculated by applying the effective profit rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective profit rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Realised gains and losses

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

Dividend income

Dividend income from financial assets at FVTPL is recognised in the statement of comprehensive income as part of gross dividend income when the Fund's right to receive payments is established.

C SHARIAH NON-COMPLIANT INCOME

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

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

MyETF MSCI MALAYSIA ISLAMIC DIVIDEND

D TAXATION

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

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

E CASH AND CASH EQUIVALENTS

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

F FINANCIAL ASSETS AND LIABILITIES

(i) Classification

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

- those to be measured at FVTPL; and
- those to be measured at amortised cost.

The Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and make decisions. The Fund has not taken the option to irrevocably designate any Shariah-compliant equity securities as fair value through other comprehensive income.

The Fund classifies cash and cash equivalents and dividends receivable as financial assets measured at amortised cost as these financial assets are held to collect contractual cash flows consisting of the amount outstanding.

The Fund classifies amount due to Manager, amount due to Trustee, amount due to index licensor, audit fee payable, tax agent's fee payable, Shariah Adviser's fee payable and other payables and accruals as financial liabilities recognised initially at fair value and subsequently measured at amortised cost using the effective profit rate method.

(ii) Recognition and measurement

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

Financial liabilities, within the scope of MFRS 9 are recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the financial instrument.

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

MyETF MSCI MALAYSIA ISLAMIC DIVIDEND

F FINANCIAL ASSETS AND LIABILITIES (CONTD.)

(ii) Recognition and measurement (contd.)

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

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

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

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

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

(iii) Impairment of financial assets

The Fund measures credit risk and expected credit losses using probability of default and loss given default. Management considers both historical analysis and forward-looking information in determining any expected credit loss. Management considers the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12 month expected credit losses as any such impairment would be wholly insignificant to the Fund.

Significant increase in credit risk

A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due.

Definition of default and credit-impaired financial assets

Any contractual payment which is more than 90 days past due is considered credit impaired.

Write-off

The Fund writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount.

The Fund may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains. There are no write-offs/recoveries during the financial period.

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G UNIT HOLDERS' CAPITAL

The unit holders' contributions to the Fund meet the criteria to be classified as equity instruments under MFRS 132 "Financial Instruments: Presentation". Those criteria include:

- the units entitle the holder to a proportionate share of the Fund's NAV;
- the units are the most subordinated class and class features are identical;
- there is no contractual obligation to deliver cash or another financial asset other than the obligation on the redemption of units; and
- the total expected cash flows from the units over its life are based substantially on the profit or loss of the Fund.

The outstanding units are carried at the redemption amount that is payable at each financial period if unit holder exercises the right to put the unit back to the Fund.

Units are created and cancelled at prices based on the Fund's NAV per unit at the time of creation or cancellation. The Fund's NAV per unit is calculated by dividing the net assets attributable to unit holders with the total number of outstanding units. In accordance with the Securities Commission Malaysia's ("SC") Guidelines on Exchange-Traded Funds ("SC Guidelines"), investment positions are valued based on the last traded market price for the purpose of determining the NAV per unit for creations and cancellations.

H PRESENTATION AND FUNCTIONAL CURRENCY

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

I SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer ("CEO") of the Fund's manager that undertakes strategic decisions for the Fund.

J DISTRIBUTION

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

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

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

MyETF MSCI MALAYSIA ISLAMIC DIVIDEND

K TRANSACTION COSTS

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

L CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

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

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

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

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

MyETF MSCI MALAYSIA ISLAMIC DIVIDEND

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021 (*unaudited*)

1. INFORMATION ON THE FUND

The exchange-traded fund was constituted under the name MyETF MSCI Malaysia Islamic Dividend pursuant to the execution of a trust deed dated 23 December 2013 (collectively, together with deeds supplemental thereto, referred to as “the Deed”) entered into between i-VCAP Management Sdn. Bhd. (the “Manager”) and Deutsche Trustees Malaysia Berhad (the “Trustee”).

The Fund was launched on 27 February 2014 and will continue its operations until terminated in accordance with Part 26 of the Deed.

The Fund is an Exchange-Traded Fund that is designed to provide investment results that closely correspond to the performance of the MSCI Malaysia IMI Islamic High Dividend Yield 10/40 Index (“Benchmark Index”) regardless of its performance. The Benchmark Index is a free-float adjusted, market capitalisation weighted, price return index representing securities of 16 to 30 leading Shariah-compliant Malaysian companies listed on Bursa Malaysia Securities Berhad as determined by MSCI Inc. All investments will be subjected to the SC Guidelines, the Deed and the objective of the Fund.

i-VCAP Management Sdn. Bhd. is a wholly-owned subsidiary of Kenanga Investors Berhad and its ultimate holding company is Kenanga Investment Bank Berhad that is listed on the Main Market of Bursa Malaysia Securities Berhad. All of these companies are incorporated in Malaysia.

The principal place of business of the Manager is Level 14, Kenanga Tower, 237, Jalan Tun Razak, 50400 Kuala Lumpur.

2. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

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

	Financial assets at FVTPL RM	Amortised cost RM	Total RM
30.6.2021			
Financial assets at FVTPL	42,651,926	-	42,651,926
Dividends receivable	-	42,416	42,416
Amount due from Manager	-	468,018	468,018
Cash and cash equivalents	-	295,982	295,982
	<u>42,651,926</u>	<u>806,416</u>	<u>43,458,342</u>
30.6.2020			
Financial assets at FVTPL	38,664,252	-	38,664,252
Dividends receivable	-	11,950	11,950
Cash and cash equivalents	-	107,911	107,911
	<u>38,664,252</u>	<u>119,861</u>	<u>38,784,113</u>

MyETF MSCI MALAYSIA ISLAMIC DIVIDEND

2. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTD.)

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

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

Market risk

Market risk is a risk that arises when the prices of investments in the market place are affected by circumstances such as general market or economic events. These circumstances, which may be a local or global event, can affect a local market or global markets where the equities are invested in.

Price risk

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

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

	30.6.2021	30.6.2020
	RM	RM
Financial assets at FVTPL	<u>42,651,926</u>	<u>38,664,252</u>

The table below summarises the sensitivity of the Fund's unrealised income or loss to equity price movements as at 30 June. The analysis is based on the assumptions that the MSCI Malaysia IMI Islamic High Dividend Yield 10/40 Index ("the Index") increased by 10% and decreased by 10%, with all other variables held constant, and that the fair value of the Fund's portfolio of Shariah-compliant equity securities moves in tandem with the Index.

Percentage change in Benchmark Index	Benchmark Index	Market value RM	Impact to (loss)/profit after tax/NAV RM
30.6.2021			
-10%	2,337.51	39,325,489	(3,326,436)
0%	2,597.23	42,651,926	-
10%	2,856.95	45,978,362	3,326,436
30.6.2020			
-10%	2,502.40	35,131,441	(3,532,811)
0%	2,780.44	38,664,252	-
10%	3,058.48	42,197,063	3,532,811

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

MyETF MSCI MALAYSIA ISLAMIC DIVIDEND

2. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTD.)

Profit rate risk

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

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

The Fund's exposure to profit rate risk associated with Islamic deposits with licensed financial institutions is not material as the Islamic deposit is held on a short-term basis.

Credit risk

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

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

The credit risk is minimal as all transactions in quoted investments are settled/paid upon delivery using approved brokers.

The maximum exposure to credit risk before any credit enhancements at reporting date is the carrying amount of the financial assets as set out below.

	Cash and cash equivalents RM	Dividends receivable RM	Amount due from Manager RM	Total RM
30.6.2021				
Licensed financial institutions				
- AAA	295,982	-	-	295,982
Not rated	-	-	468,018	468,018
Others	-	42,416	-	42,416
	<u>295,982</u>	<u>42,416</u>	<u>468,018</u>	<u>806,416</u>
30.6.2020				
Licensed financial institutions				
- AAA	107,911	-	-	107,911
Others	-	11,950	-	11,950
	<u>107,911</u>	<u>11,950</u>	<u>-</u>	<u>119,861</u>

MyETF MSCI MALAYSIA ISLAMIC DIVIDEND

2. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTD.)

Reclassification of Shariah-compliant securities risk

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

3. CAPITAL AND LIQUIDITY RISK MANAGEMENT

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

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

	Within one month RM	One month to one year RM	Total RM
30.6.2021			
Amount due to Trustee	1,609	-	1,609
Other payables	-	23,581	23,581
	<u>1,609</u>	<u>23,581</u>	<u>25,190</u>
30.6.2020			
Amount due to Manager	107,677	-	107,677
Amount due to Trustee	13,460	-	13,460
Other payables	-	166,277	166,277
	<u>121,137</u>	<u>166,277</u>	<u>287,414</u>

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4. Financial assets at FVTPL

	30.6.2021 RM	30.6.2020 RM
Financial assets held for trading, at FVTPL: Listed Shariah-compliant equity securities	42,651,926	38,664,252
	1.1.2021 to 30.6.2021 RM	1.1.2020 to 30.6.2020 RM
Net (loss)/gain on financial assets at FVTPL comprised:		
Realised (loss)/gain on disposals	(1,914,927)	4,556,805
Unrealised changes in fair values	(2,321,373)	859,783
	(4,236,300)	5,416,588

5. MANAGEMENT FEE

The Manager is entitled to a management fee at a rate not exceeding 3.00% per annum on the NAV of the Fund calculated on a daily basis, as provided under Clause 15.1(b) of the Deed.

For the financial period from 1 January 2021 to 30 June 2021, the management fee was recognised at a rate of 0.40% (2020: 0.40%) per annum on the NAV of the Fund, calculated on daily basis.

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

6. TRUSTEE'S FEE

The Trustee is entitled to an annual fee at a rate not exceeding 0.20% per annum on the NAV of the Fund, subject to a minimum of RM12,000 per annum, as provided under Clause 15.2(b) of the Deed

For the financial period from 1 January 2021 to 30 June 2021, the Trustee's fee was recognised at a rate of 0.045% (2020: 0.045%) per annum on the NAV of the Fund, subject to a minimum of RM12,000 per annum, inclusive of local custodian fee, calculated on a daily basis.

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

7. LICENSE FEE

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

For the financial period from 1 January 2021 to 30 June 2021, the license fee was recognised at a rate of 0.06% (2020: 0.06%) per annum of the NAV of the Fund, calculated on a daily basis.

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

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8. TAXATION

Income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable income for the current and previous financial periods.

Income tax is calculated on investment income less partial deduction for permitted expenses as provided for under Section 63B of the Income Tax Act, 1967.

A reconciliation of income tax expense applicable to net (loss)/income before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Fund is as follows:

	1.1.2021 to 30.6.2021 RM	1.1.2020 to 30.6.2020 RM
(Loss)/Profit before tax	<u>(3,401,115)</u>	<u>5,788,206</u>
Tax at Malaysian statutory tax rate of 24% (financial period from 1 January 2020 to 30 June 2020: 24%)	(816,268)	1,389,169
Tax effect of:		
Income not subject to tax	(251,480)	(1,429,478)
Losses not deductible for tax purposes	1,016,712	-
Expenses not deductible for tax purposes	6,643	19,105
Restriction on tax deductible expenses for unit trust fund	<u>44,393</u>	<u>21,204</u>
Income tax for the financial period	<u>-</u>	<u>-</u>

9. DIVIDEND RECEIVABLE

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

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

10. CASH AND CASH EQUIVALENTS

	30.6.2021 RM	30.6.2020 RM
Islamic deposits with licensed financial institutions	217,018	-
Cash at bank - from Shariah-compliant income	78,922	69,744
Cash at bank - from Shariah non-compliant income	<u>42</u>	<u>38,167</u>
	<u>295,982</u>	<u>107,911</u>

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

	30.6.2021 %	30.6.2020 %
Islamic deposits with licensed financial institutions	<u>1.50</u>	<u>-</u>

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11. OTHER PAYABLES AND ACCRUALS

	30.6.2021 RM	30.6.2020 RM
Amount due to beneficial organisations (Note 12)	8,889	12,278
Accrual for tax agent's fees	16,391	8,704
Accrual for auditors' remuneration	8,118	8,155
Other payables and accruals	8,280	(14,595)
	<u>41,678</u>	<u>14,542</u>

12. AMOUNT DUE TO BENEFICIAL ORGANISATIONS

Amount due to beneficial organisations is the Shariah non-compliant income portion of dividends received and receivable as at 30 June 2021. It comprises the following amounts:

	30.6.2021 RM	30.6.2020 RM
Dividends receivable - Shariah non-compliant income	8,847	-
Cash at bank - Shariah non-compliant income	42	12,278
	<u>8,889</u>	<u>12,278</u>

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

13. NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AND UNITS IN CIRCULATION

NAV attributable to unit holders is represented by:

	Note	30.6.2021 RM	30.6.2020 RM
Unit holders' contribution		33,758,040	26,479,600
Retained earnings		9,650,603	12,269,199
		<u>43,408,643</u>	<u>38,748,799</u>

(a) Unit holders' contribution/Units in circulations

	1.1.2021 to 30.6.2021		1.1.2020 to 30.6.2020	
	No. of units	RM	No. of units	RM
At beginning of the financial period	31,200,000	27,559,080	39,200,000	36,356,040
Add: Creation of units	4,800,000	6,198,960	800,000	949,280
Less: Cancellation of units	-	-	(9,600,000)	(10,825,720)
	<u>36,000,000</u>	<u>33,758,040</u>	<u>30,400,000</u>	<u>26,479,600</u>

MyETF MSCI MALAYSIA ISLAMIC DIVIDEND

14. UNITS HELD BY THE MANAGER AND PARTIES RELATED TO THE MANAGER

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

<u>Related parties</u>	<u>Relationship</u>
i-VCAP Management Sdn. Bhd. ("i-VCAP")	The Manager (Acquired by KIB on 19 February 2021)
Valuecap Sdn. Bhd. ("Valuecap")	Immediate holding company of the Manager (Disposed of i-VCAP on 19 February 2021 and subsequently wound up on 2 September 2021)
Shareholders of Valuecap with significant influence on Valuecap	Shareholders of Valuecap
Kenanga Investment Bank Berhad ("KIBB")	Ultimate holding company of the Manager
Kenanga Investors Berhad ("KIB")	Immediate holding company of the Manager (Acquired i-VCAP on 19 February 2021)
Subsidiaries and associates of KIBB as disclosed in its financial statements	Subsidiaries and associates of ultimate holding company
Subsidiaries and associates of KIB as disclosed in its financial statements	Subsidiaries and associates of immediate holding company

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

	30.6.2021		30.6.2020	
	No. of units	RM	No. of units	RM
Shareholders of Valuecap	-	-	24,308,434	30,983,530

The units are held beneficially by Valuecap and the shareholders of Valuecap as at 30 June 2020.

15. INCOME DISTRIBUTION

Distribution to unit holders is from the following sources:

	1.1.2021 to 30.6.2021 RM	1.1.2020 to 30.6.2020 RM
Undistributed income brought forward	860,200	911,680
Total amount of income distribution	860,200	911,680

MyETF MSCI MALAYSIA ISLAMIC DIVIDEND

15. INCOME DISTRIBUTION (CONTD.)

The NAV per unit prior and subsequent to the income distribution was as follows:

Distribution date (ex-date)	Cum-distribution RM	Distribution per unit RM	Ex-distribution RM
30.6.2021 12 March 2021	1.2798	0.0253	1.2545
30.6.2020 10 March 2020	1.0873	0.0296	1.0577

The NAV prior and subsequent to the income distribution was as follows:

Distribution date (ex-date)	Cum-distribution RM	Distribution amount RM	Ex-distribution RM
30.6.2021 12 March 2021	43,513,715	860,200	42,653,515
30.6.2020 10 March 2020	33,488,068	911,680	32,576,388

Included in the above is an amount of RM860,200 (2020: RM911,680) distributed from previous financial year's undistributed net realised exempt income.

The first and final income distribution for the financial year ended 31 December 2020 of 2.53 sen per unit was declared on 25 February 2021 based on the financial position of the Fund as at 31 December 2020 with the ex-date of 12 March 2021 and entitlement date of 15 March 2021. The total amount of income distributed was RM860,200 based on 34,000,000 of the Fund's units in circulation, which was paid out to unit holders on 12 April 2021.

16. MANAGEMENT EXPENSE RATIO ("MER")

	1.1.2021 to 30.6.2021 %	1.1.2020 to 30.6.2020 %
MER	<u>0.32</u>	<u>0.35</u>

MER is derived from the following calculation:

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

- A = Management fee
- B = Trustee's fee
- C = License fee
- D = Auditors' remuneration
- E = Tax agent's fee
- F = Shariah Adviser's fee
- G = Other expenses, excluding Withholding Taxes
- H = Average NAV of Fund calculated on daily basis

The average NAV of the Fund for the financial period from 1 January 2021 to 30 June 2021, calculated on a daily basis is RM43,277,825 (2020: RM36,044,782).

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17. PORTFOLIO TURNOVER RATIO (“PTR”)

	1.1.2021 to 30.6.2021	1.1.2020 to 30.6.2020
PTR (times)	0.55	0.55

PTR is derived from the following calculation:

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

Average net asset value of the Fund for the financial year/period calculated on daily basis

where:

total acquisition for the financial period = RM26,864,326 (2020: RM14,550,015)

total disposal for the financial period = RM20,673,671 (2020: RM24,777,872)

18. SEGMENT REPORTING

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

As at 30 June 2021, there were 2 unit holders (2020: 2 unit holders) who held more than 10% of the Fund’s NAV. The unit holder’s holding was 45.93% and 41.27% (2020: 49.79% and 30.17%) respectively.

19. NON-CASH TRANSACTIONS

Creations and cancellations are done by transferring the perfect basket from and to the unit holders respectively. A reconciliation of the cash flows used in creation and cancellation and the total creation and cancellation as presented in the statement of changes in equity is presented below:

	1.1.2021 to 30.6.2021 RM	1.1.2020 to 30.6.2020 RM
Creation		
- Cash component	6,198,960	753
- Fair value of Benchmark Index shares	-	948,527
	-	949,280
Cancellation		
- Cash component	-	59,165
- Fair value of Benchmark Index shares	-	10,766,555
	-	10,825,720

There were no non-cash transactions for the financial period from 1 January 2021 to 30 June 2021.

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20. FAIR VALUES OF FINANCIAL INSTRUMENTS

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

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

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

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

(i) Fair value hierarchy

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

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

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

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

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

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
30.6.2021				
Financial assets at FVTPL				
- Shariah- compliant quoted securities	42,651,926	-	-	42,651,926

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20. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTD.)

(i) Fair value hierarchy (contd.)

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
30.6.2020				
Financial assets at FVTPL				
- Shariah- compliant quoted securities	38,664,252	-	-	38,664,252

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

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

21. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

Sales of the Manager

On 19 December 2019, Valuecap Sdn. Bhd. ("Valuecap") announced that it seeks to exit the third-party asset management business. Valuecap was in the process of exploring various strategic options with regard to VCAP Asset Managers Sdn. Bhd. ("VCAM") and i-VCAP Management Sdn. Bhd. ("i-VCAP"), including divesting or winding up the companies.

On 26 August 2020, Valuecap announced that it has agreed to sell its entire stake in its wholly-owned asset management subsidiary, i-VCAP, to Kenanga Investors Berhad ("KIB") subject to regulatory approvals.

On 2 February 2021, Valuecap announced that, i-VCAP has received the approval from the Securities Commission Malaysia on 29 January 2021 to divest its shareholding to KIB. The announcement follows the execution of the Share Purchase Agreement ("SPA") between Valuecap and KIB as per the announcement made on 26 August 2020.

On 19 February 2021, i-VCAP, the Manager of four (4) ETFs which are listed on Bursa Malaysia i.e. MyETF Dow Jones Islamic Market Malaysia Titans 25, MyETF MSCI Malaysia Islamic Dividend, MyETF MSCI SEA Islamic Dividend and MyETF Dow Jones U.S. Titans 50 (collectively referred to as "MyETF Series"), announced that its holding company, Valuecap has completed the sale transaction with KIB, having satisfied all the terms and conditions, and obligations outlined in the Share Purchase Agreement.

Following the completion of the sale, Valuecap has ceased to be the shareholder of the Manager of the ETF Series.

All decisions made on the Fund were subject to the necessary regulatory approval.

COVID-19

The worsening of the macro-economic outlook as a result of COVID-19, both domestically and globally, has impacted the Fund's performance during the financial year.

The Manager is monitoring the situation closely and will be managing the portfolio to achieve the Fund's objective.