Afkar ICAV

Annual Report &
Audited Financial Statements

For the period from 29 April 2016 (date of incorporation) to 31 December 2016

Afkar ICAV
Annual Report and Audited Financial Statements
For the period from 29 April 2016 (date of incorporation) to 31 December 2016

Contents

	Page
Directors and Other Information	2
Directors' Report	3
Report from the Depositary to the Shareholders	7
Investment Manager's Report	8
Independent Auditor's Report	11-12
Statement of Financial Position	13
Statement of Comprehensive Income	14
Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares	15
Statement of Cash Flows	16
Notes to the Financial Statements	17
Portfolio Listing	31
Statement of Portfolio Changes (Unaudited)	32
Appendix 1: UCITS V Remuneration Policy (Unaudited)	34

Directors and Other Information

Directors of the ICAV
Seif Fikry (Egyptian)[1]
Barry Harrington (Irish)[1]
Feargal Dempsey (Irish)[2]

Registered Office of the ICAV
Arthur Cox Building
Earlsfort Terrace
Dublin 2
Ireland

Investment Adviser, Promoter and Distributor
Afkar Capital Limited[1]
Office 2445 Al Sila Tower
Al Maryah Island
ADGM Square Abu Dhabi
United Arab Emirates

ICAV Secretary
Bradwell Limited
Earlsfort Centre
Earlsfort Terrace
Dublin 2
Ireland

Investment Manager of the Sub-Fund
Sturgeon Ventures LLP
Linstead House
2nd Floor
9 Disraeli Road
London SW15 2DR
England

Independent Auditors
PricewaterhouseCoopers
One Spencer Dock
North Wall Quay
Dublin 1
Ireland

Depositary
BNY Mellon Trust Company (Ireland) Limited
Guild House
Guild Street
International Financial Services Centre
Dublin 1
Ireland

Legal Advisors to the ICAV
Arthur Cox
Earlsfort Centre
Earlsfort Terrace
Dublin 2
Ireland

Administrator, Registrar and Transfer Agent
BNY Mellon Fund Services (Ireland) Designated Activity Company
Guild House
Guild Street
International Financial Services Centre
Dublin 1
Ireland

[1] A related party to Afkar ICAV.
[2] Independent Director.

Directors' Report

The Board of Directors (the "Directors") present their Annual Report together with the Audited Financial Statements of Afkar ICAV (the "ICAV") for the period ended 31 December 2016.

Statement of Directors' Responsibilities
The Directors are responsible for preparing the Directors' Report and financial statements, in accordance with applicable law and regulations.

The Irish Collective Asset-Management Vehicles Act 2015 (the "ICAV Act") Section 110 requires the Directors to prepare financial statements for each financial year/period. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU and applicable law.

Under the ICAV Act the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the ICAV and of its changes in net assets attributable to holders of redeemable participating shares for that financial year/period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with IFRS and ensure that they contain the additional information required by the ICAV Act; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the ICAV will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are also responsible for safeguarding the assets of the ICAV and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011, as amended (the "UCITS Regulations"), the Central Bank (Supervision and Enforcement Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2015 and the Central Bank (Supervision and Enforcement) Act 2013 (Section 48 (1)) (Undertakings for Collective Investment in Transferable Securities) (Amendment) Regulations 2016 (the "Central Bank UCITS Regulations"), the Directors are required to entrust the assets of the ICAV to the Depositary for safekeeping. In carrying out this duty, the Directors have delegated custody of the ICAV's assets to BNY Mellon Trust Company Ireland (Limited). They have general responsibility for taking such steps as are reasonably open to them to prevent and detect fraud and other irregularities. The Directors are also responsible for preparing a Directors' Report that complies with the requirements of the ICAV Act.

Adequate Accounting Records
The Directors believe that they have complied with the ICAV Act with regard to accounting records by engaging the services of an Administrator, who employs personnel with appropriate expertise and adequate resources to provide the ICAV's finance function.

The ICAV has appointed Sturgeon Ventures LLP (the "Investment Manager") as investment manager of the ICAV who has, in turn appointed Afkar Capital Limited as the investment adviser (the "Investment Adviser") and BNY Mellon Fund Services (Ireland) Designated Activity Company (the "Administrator") as the administrator. The ICAV has appointed BNY Mellon Trust Company (Ireland) Limited (the "Depositary") to act as depositary of the ICAV's assets.

The measures taken by the Directors to secure compliance with the ICAV's obligations to keep adequate accounting records include the use of appropriate systems and procedures and the employment of competent persons. The accounting records are retained at the office of the Administrator at Guild House, Guild Street, International Financial Services Centre, Dublin 1, Ireland.

Directors' Report (continued)

Corporate Governance Statement
The ICAV is subject to corporate governance practices imposed by:

(i) The ICAV Act, which is available for inspection at the registered office of the ICAV, and may also be obtained at http://www.irishstatutebook.ie;

(ii) The Instrument of Incorporation of the ICAV which is available for inspection at the registered office of the ICAV at Arthur Cox Building, Earlsfort Terrace, Dublin 2, Ireland;

(iii) The Central Bank of Ireland ("CBI") in their UCITS Regulations which can be obtained from the CBI website at www.centralbank.ie and are available for inspection at the registered office of the ICAV; and

(iv) The Dubai Financial Market ("DFM") through the Securities and Commodities Authority's ("SCA") Rules and Regulations which can be obtained from the DFM's website at http://www.dfm.ae/regulations

From inception of the ICAV the Directors voluntarily adopted and applied the Irish Funds Corporate Governance Code (the "IF Code") for Irish Domiciled Collective Investment Schemes issued in December 2011. The IF Code reflects existing corporate governance practices imposed on Irish authorised collective investment schemes and is available on request from the ICAV Secretary.

The ICAV is not subject to the amendments to general corporate law required by any European directives.

Composition and Operation of the Board of Directors
Unless otherwise determined by an ordinary resolution of the ICAV in general meeting and in accordance with Section 56 of the ICAV Act, the number of Directors may not be less than two. Currently the Board of Directors of the ICAV is composed of three Directors.

The business of the ICAV is managed by the Directors, who exercise all such powers of the ICAV which are not required by the ICAV Act or by the Instrument of Incorporation of the ICAV to be exercised by the ICAV in a general meeting. The Directors meet on a quarterly basis or more frequently, if required.

A Director may, and the Secretary of the ICAV on the requisition of a Director will, at any time summon a meeting of the Directors. Questions arising at any meeting of the Directors are determined by a majority of votes. In the case of an equality of votes, the Chairman has a second or casting vote. The quorum necessary for the transaction of business at a meeting of the Directors is two.

Directors and Secretary
The Directors as at 31 December 2016 are listed in Directors and Other Information on page 2. Bradwell Limited held the office of ICAV Secretary (the "Secretary") throughout the period.

Directors' Remuneration
The Board of Directors as a whole reviews Directors' remuneration, having agreed that a separate remuneration committee is not appropriate for an ICAV of this size and nature. The ICAV does not have any executive directors, therefore, the provisions of the IF Code relating to executive directors' remuneration are not applicable. The Director's policy is that the remuneration of Non-Executive Directors should be fair and reasonable in relation to the time commitment and responsibilities of the Directors. Directors' fees on the ICAV are paid by Afkar Capital Limited.

Directors' and Secretary's Interests in Shares and Contracts
The Directors, Secretary and their families had no interest in the shares of the ICAV at 31 December 2016. Other than as disclosed in Note 10 to the Financial Statements, none of the Directors had a material interest in any contract or agreement of significance, as defined in the ICAV Act, during or at the end of the period in relation to the business of the ICAV.

Employees
The governance framework of the ICAV reflects the fact that it has no employees or subsidiary companies and outsources investment management and administration.

Directors' Report (continued)

Transactions with Connected Persons
Regulation 41 of the Central Bank UCITS Regulations "Restrictions of transactions with connected persons" states that "A responsible person shall ensure that any transaction between a UCITS and a connected person is conducted a) at arm's length; and b) in the best interest of the shareholders of the UCITS".

As required under Central Bank UCITS Regulation 78.4, the Directors, as responsible persons are satisfied that there are in place arrangements, evidenced by written procedures, to ensure that the obligations that are prescribed by Regulation 41(1) are applied to all transactions with a connected party; and all transactions with connected parties that were entered into during the period to which the report relates complied with the obligations that are prescribed by Regulation 41(1).

Principal Activities: Review of the Business and Future Developments
The ICAV is an open-ended Irish collective asset-management vehicle with segregated liability between Sub-Funds established under the laws of Ireland pursuant to the Irish Collective Asset-Management Vehicles Act 2015, the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011, as amended (the "UCITS Regulations"), the Central Bank (Supervision and Enforcement Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2015 and the Central Bank (Supervision and Enforcement) Act 2013 (Section 48 (1)) (Undertakings for Collective Investment in Transferable Securities) (Amendment) Regulations 2016 (the "Central Bank UCITS Regulations"). It was established on 29 April 2016.

As at 31 December 2016, the ICAV consisted of one Sub-Fund Afkar S&P UAE UCITS ETF (the "Sub-Fund"). As at 31 December 2016, the Sub-Fund had one share class in issue – AED A Share class.

The Sub-Fund seeks to provide investors with a total return, taking into account capital and income returns, which reflects the return of an equity index called the S&P UAE BMI Liquid 20/35 Capped Index (the "Index").

The Investment Manager's Report contains a review of the factors which contributed to the performance for the period ended 31 December 2016.

Principal Risks and Uncertainties
The main risks arising from the ICAV's financial instruments are market price, interest rate, currency and liquidity risk which are outlined in Note 3 to these financial statements.

The ICAV's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Sub-Fund's financial performance. Investment in the ICAV carries with it a degree of risk including, but not limited to, the risks referred to in Note 3 of these financial statements.

The ICAV's business activities, together with the factors likely to affect its future development, performance and position are set out in the Investment Manager's Report. The financial position of the ICAV is described on pages 13 to 16. In addition, the Investment Manager's Report sets out the objective and the outlook for the Sub-Fund. The ICAV has minimal levels of tracking error. As a consequence, the Directors believe that the ICAV is well placed to manage its business successfully.

Significant Events during the period
The prospectus of the ICAV was issued on 23 June 2016.

Afkar S&P UAE UCITS ETF (share class A-AED) launched on 28 June 2016.

Subsequent Events after the period
There have been no significant subsequent events after the period end that require disclosure in the financial statements.

Directors' Report (continued)

Results and Dividends
The results for the period are set out in the Statement of Comprehensive Income. The Directors are empowered by the Instrument of Incorporation to declare and pay dividends in respect of the shares in any Sub-Fund in the ICAV out of the net income of the relevant Sub-Fund less accrued expenses of the ICAV. It is not the current intention of the Directors to declare dividends in respect of the Sub-Fund. No dividends were declared for the period ended 31 December 2016.

Independent Auditors
PwC have expressed their willingness to continue in office in accordance with Section 125(4) of the ICAV Act.

On behalf of the Board of Directors:

Director: Feargal Dempsey

Director: Barry Harrington

Date: 20 April 2017

BNY MELLON

BNY Mellon Trust Company (Ireland) Limited
Unit 6100, Avenue 6000
Airport Business Park
Cork, Ireland

T +353 21 438 0000
F +353 21 438 0295

Report from the Depositary to the Shareholders

For the period from 29 April 2016 to 31 December 2016 (the "**Period**").

BNY Mellon Trust Company (Ireland) Limited (the "**Depositary**" "**us**", "**we**", or "**our**"), has enquired into the conduct of Afkar ICAV (the "ICAV") for the period ended 31 December 2016, in its capacity as depositary to the ICAV.

This report including the opinion has been prepared for and solely for the Shareholders in the ICAV, in accordance with our role as depositary to the ICAV and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown.

Responsibilities of the Depositary

Our duties and responsibilities are outlined in Regulation 34 of the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (S.I. No 352 of 2011), as amended (the "Regulations").

Our report shall state whether, in our opinion, the ICAV has been managed in that period in accordance with the provisions of the ICAV's Instrument of Incorporation and the Regulations. It is the overall responsibility of the ICAV to comply with these provisions. If the ICAV has not been so managed, we as depositary must state in what respects it has not been so managed and the steps which we have taken in respect thereof.

Basis of Depositary Opinion

The Depositary conducts such reviews as it, in its reasonable opinion, considers necessary in order to comply with its duties and to ensure that, in all material respects, the ICAV has been managed (i) in accordance with the limitations imposed on its investment and borrowing powers by the provisions of its constitutional documentation and the appropriate regulations and (ii) otherwise in accordance with the ICAV's constitutional documentation and the appropriate regulations.

Opinion

In our opinion, the ICAV has been managed during the period, in all material respects:

(i) in accordance with the limitations imposed on the investment and borrowing powers of the ICAV by the Instrument of Incorporation and by the Regulations; and

(ii) otherwise in accordance with the provisions of the Instrument of Incorporation and the Regulations.

David Kelly

For and on behalf of BNY Mellon Trust Company (Ireland) Limited,
Guild House,
Guild Street,
IFSC,
Dublin 1.

Date: 20 April 2017

Registered in Ireland No 223184, VAT No. IE8223184C
Registered Office: Guild House, Guild Street, IFSC, Dublin 1

Directors: Patrick Joseph Duffy (Chairman), Mark Fitzgerald, Alan Flanagan, Jason Harewood, Paula Kelleher C Dir (Managing Director), Damien McShane, Thomas Young

BNY Mellon Trust Company (Ireland) Limited is regulated by the Central Bank of Ireland

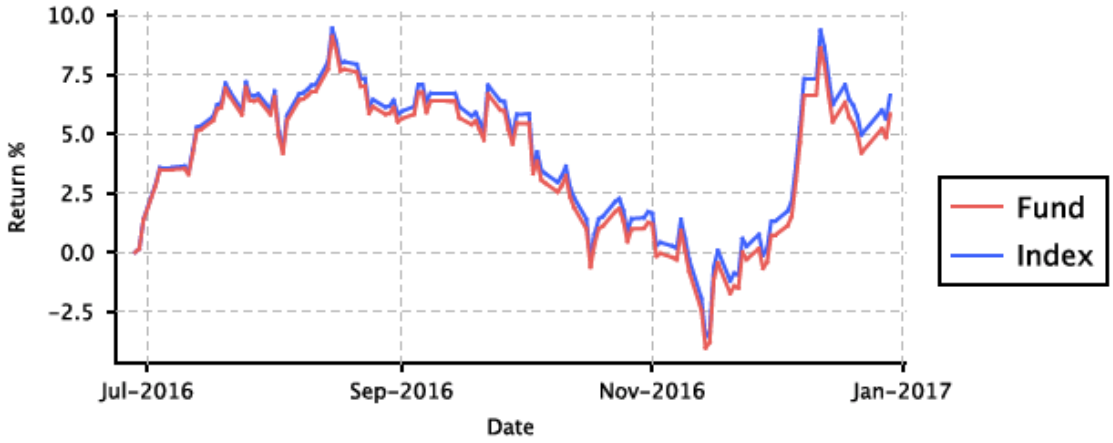
Investment Manager's Report
Afkar S&P UAE UCITS ETF

Investment Objective

Afkar S&P UAE UCITS ETF (the "Sub-Fund") seeks to provide investment returns, before fees and other costs, that closely correspond to the performance of the S&P UAE BMI Liquid 20/35 Capped Index NTR (the "Index"). The Index comprises of equity securities listed on the 3 UAE stock exchanges – Dubai Financial Market, Abu Dhabi Securities Exchange and NASDAQ Dubai.

Sub-Fund Performance

As of 31st December 2016, the NAV per share was AED 3.916 compared to AED 3.700 on 28th June, 2016 (the launch date) giving a return of 5.83% net of fees. This compares to a return of 6.62% for the Index for the same period.



*The Sub-Fund and Index data specified in the graph are calculated since inception of the Sub-Fund.

** Data Source: Based on figures provided by the Fund Administrator – BNY Mellon Fund Services (Ireland) DAC.

Tracking Difference

The tracking difference is calculated as the difference between the return for the Sub-Fund and the return for the Index. It is expected that the level of tracking error will be 0-2% per annum in normal market conditions.

The tracking difference for the Sub-Fund for the period from 28th June 2016 to 31st December 2016 was -0.79%. This comprised of -0.51% in management fees and -0.28% due to cash drag.

Sub-Fund AUM

The Assets Under Management of the Sub-Fund as of 31st December 2016 were AED 1,957,832.

Investment Manager's Report (continued)

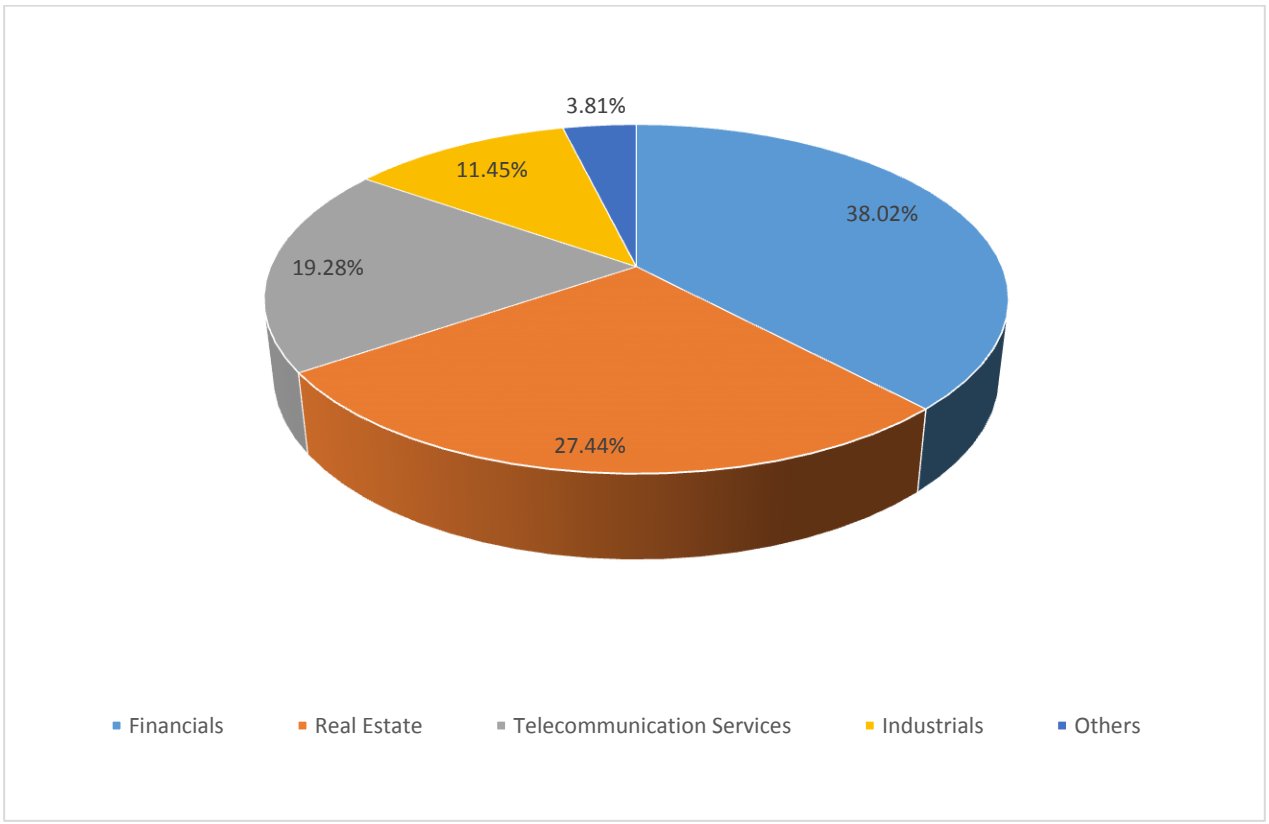
Sub-Fund's Portfolio and Sector Composition

Top 10 Holdings of the Sub-Fund

Holding Name	Weight
Emirates Telecommunications Group	19.28%
Emaar Properties	14.75%
First Gulf Bank	8.52%
Abu Dhabi Commercial Bank	7.97%
National Bank of Abu Dhabi	7.67%
DP World Ltd.	6.29%
ALDAR Properties	4.88%
Dubai Islamic Bank	4.06%
EMAAR MALLS PJSC	3.02%
Union National Bank	2.95%

*Data Source: Afkar Capital Limited

Sector Allocation of the Sub-Fund



*Data Source: Afkar Capital Limited

Investment Manager's Report (continued)

Sub-Fund's Holdings by Stock Exchange

Stock Exchange Name	Weight
Abu Dhabi Securities Exchange (ADX)	56.17%
Dubai Financial Market (DFM)	37.31%
NASDAQ Dubai	6.87%
Total	**100%**

*Data Source: Afkar Capital Limited

Market Review

Equity markets in the United Arab Emirates were positive in 2016 with the Dubai Financial Market up 7.5% and the Abu Dhabi Securities Exchange up 3.2% from the launch of the Sub-Fund on 28th June 2016 to 31st December 2016.

The largest contributors by far during this period were the financials and real estate sectors which comprise 38% and 27% of the Index respectively. The consumer discretionary sector was the largest detractor.

In general it was a challenging year for the global economy with the uncertainty caused in particular by Brexit and the US Presidential elections as well as continued concerns of slowing growth in China. Oil prices remained below US$50 per barrel for much of the year but were buoyed by the OPEC agreement made at the end of November to reduce the number of barrels produced by 1.2m per day.

2017 is likely to see continued uncertainty in global markets as the United Kingdom looks to trigger their exit from the European Union and in the US the world waits to see the impact of new policies implemented by President Trump.

Sturgeon Ventures LLP
Linstead House
2nd Floor
9 Disraeli Road
London SW15 2DR
England
Date: 13 March 2017

Independent auditors' report to the shareholders of Afkar ICAV

Report on the financial statements

Our opinion

In our opinion, the financial statements of the Afkar ICAV (the "financial statements"):

- give a true and fair view of the ICAV's assets, liabilities and financial position as at 31 December 2016 and of their results and cash flows for the period from 29 April 2016 to 31 December 2016;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been properly prepared in accordance with the requirements of the Irish Collective Asset-management Vehicles Act 2015 and the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (as amended).

What we have audited

The financial statements for the ICAV comprise:

- the statement of financial position as at 31 December 2016;
- the statement of comprehensive income for the period from 29 April 2016 to 31 December 2016;
- the statement of cash flows for the period from 29 April 2016 to 31 December 2016;
- the statement of changes in net assets attributable to participating shareholders for the period from 29 April 2016 to 31 December 2016;
- the portfolio listing as at 31 December 2016; and
- the notes to the financial statements which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is Irish law and IFRSs as adopted by the European Union.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Matters on which we are required to report by the Irish Collective Asset-management Vehicles Act 2015

In our opinion the information given in the Directors' Report is consistent with the financial statements.

Matter on which we are required to report by exception

Directors' remuneration

Under the Irish Collective Asset-management Vehicles Act 2015 we are required to report to you if, in our opinion, the disclosures of directors' remuneration specified by section 117 of that Act have not been made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements that give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Responsibilities for the financial statements and the audit (continued)

Our responsibilities and those of the directors (continued)

This report, including the opinions, has been prepared for and only for the shareholders of the sub-fund as a body in accordance with section 120 of the Irish Collective Asset-management Vehicles Act 2015 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the sub-fund's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report & Audited Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Dublin
20 April 2017

Statement of Financial Position

	Notes	Afkar S&P UAE UCITS ETF As at 31 December 2016 AED
Assets		
Cash and cash equivalents	2(m), 6, 13	33,474
Financial assets at fair value through profit or loss:		
Transferable securities	2(b)	1,964,735
Total Current Assets		**1,998,209**
Liabilities		
Management fee payable	9	(13,380)
Other liabilities	10	(26,997)
Total Current Liabilities		**(40,377)**
Net assets attributable to holders of redeemable participating shares		**1,957,832**

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

On behalf of the Board of Directors:

Director: Feargal Dempsey

Director: Barry Harrington

Date: 20 April 2017

Statement of Comprehensive Income

	Notes	Afkar S&P UAE UCITS ETF* Period ended 31 December 2016 AED
Income		
Dividend income	2(e)	7,979
Net gains on financial assets and liabilities at fair value through profit or loss	2(b),5	21,798
Total investment income		29,777
Operating expenses		
Management fee	9	(13,380)
Net income		16,397
Profit for the period before tax		16,397
Withholding tax	2(l)	–
Increase in net assets resulting from operations attributable to holders of redeemable participating shares		16,397

**Afkar S&P UAE UCITS ETF launched on 28 June 2016.*

Gains and losses are solely from continuing operations. There were no gains or losses other than those dealt with in the Statement of Comprehensive Income.

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

On behalf of the Board of Directors:

Director: Feargal Dempsey

Director: Barry Harrington

Date: 20 April 2017

Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares

	Afkar S&P UAE UCITS ETF* Period ended 31 December 2016 AED
Net assets attributable to holders of redeemable participating shares at beginning of the period	–
Increase in net assets resulting from operations attributable to holders of redeemable participating shares	16,397
Amounts received on issue of redeemable participating shares	3,808,435
Amounts paid on redemption of redeemable participating shares	(1,867,000)
Increase in net assets resulting from share transactions	1,941,435
Net assets attributable to holders of redeemable participating shares at end of the period	**1,957,832**

**Afkar S&P UAE UCITS ETF launched on 28 June 2016.*

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

Statement of Cash Flows

	Afkar S&P UAE UCITS ETF* Period ended 31 December 2016 AED
Cash flows from operating activities	
Purchase of investments	(39,558)
Dividend income received	7,979
Other liabilities	26,997
Net cash outflow from operating activities	**(4,582)**
Cash flows from financing activities	
Amounts received on issue of redeemable participating shares	38,105
Amounts paid on redemption of redeemable participating shares	(49)
Net cash inflow from financing activities	**38,056**
Net increase in cash and cash equivalents	33,474
Cash and cash equivalents at beginning of period	–
Cash and cash equivalents at end of the period	**33,474**

**Afkar S&P UAE UCITS ETF launched on 28 June 2016.*

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

Notes to the Financial Statements

1. Organisation

Afkar ICAV (the ''ICAV'') is an open-ended Irish collective asset-management vehicle established under the laws of Ireland pursuant to the Irish Collective Asset-Management Vehicles Act 2015, the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011, as amended (the "UCITS Regulations"), the Central Bank (Supervision and Enforcement Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2015 and the Central Bank (Supervision and Enforcement) Act 2013 (Section 48 (1)) (Undertakings for Collective Investment in Transferable Securities) (Amendment) Regulations 2016 (the "Central Bank UCITS Regulations"). It was established on 29 April 2016.

The ICAV is structured as an umbrella fund with segregated liability between Sub-Funds. The instrument of incorporation provides that the ICAV may offer separate classes of shares, each representing interests in a Sub-Fund comprising a distinct portfolio of investments. In addition, each Sub-Fund may be further divided into a number of different classes within the Sub-Fund.

With the prior approval of the Central Bank of Ireland (the "CBI''), the ICAV from time to time may create an additional Sub-Fund or Sub-Funds. The creation of further share classes shall be notified to and cleared by the CBI.

As at 31 December 2016, the ICAV consisted of one Sub-Fund Afkar S&P UAE UCITS ETF (the "Sub-Fund"). As at 31 December 2016, the Sub-Fund had one share class in issue – AED A Share class.

The Sub-Fund seeks to provide investors with a total return, taking into account capital and income returns, which reflects the return of an equity index called the S&P UAE BMI Liquid 20/35 Capped Index (the "Index").

The Sub-Fund was incorporated on the 23 June 2016 and launched on 28 June 2016.

The shares of the Sub-Fund are listed and admitted for trading on the Dubai Financial Market.

2. Significant Accounting Policies

(a) Basis of Preparation

The ICAV's annual financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU'), the UCITS Regulations and the Central Bank UCITS Regulations.

The financial statements have been prepared on a going concern basis which assumes that the ICAV will continue in operational existence for the foreseeable future. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

The Board of Directors make estimates and assumptions concerning the future of the ICAV. The resulting accounting estimates will, by definition, seldom equal the related actual results. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities.

Notes to the Financial Statements (continued)

2. Significant Accounting Policies (continued)

(a) Basis of Preparation (continued)

International Financial Reporting Standards

New standards, amendments and interpretations effective after 1 January 2016 which have not been early adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the ICAV except the following set out below:

IFRS 9, "Financial instruments", addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 is effective for annual periods beginning on or after 1 January 2018. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the Statement of Comprehensive Income, unless this creates an accounting mismatch. The ICAV is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting period beginning on or after 1 January 2018. The ICAV will also consider the impact of the remaining phases of IFRS 9 when completed.

There are no other standards, interpretations or amendments to existing standards that are not yet effective that would be expected to have a significant impact on the ICAV.

(b) Financial assets and liabilities at fair value through profit or loss

The fair value of financial instruments is based on their quoted market prices, in an active market, at the period end date without any deduction for estimated future selling costs.

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 and liabilities traded in active markets (such as trading securities) are based on quoted market prices at the close of trading on the reporting date.

If a quoted market price in an active market is not available on a recognised stock exchange or from a broker/dealer for non-exchange traded financial instruments, the fair value of the instrument is estimated using valuation techniques, including use of recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the period end date applicable for an instrument with similar terms and conditions. Where other pricing models are used, inputs are based on market data at the period end date.

Notes to the Financial Statements (continued)

2. Significant Accounting Policies (continued)

(b) Financial assets and liabilities at fair value through profit or loss (continued)

(i) Classification and recognition

IAS 39 sets out the requirements for recognition and measurement of all financial assets and financial liabilities including derivative instruments. The ICAV has classified all financial instruments as financial assets or financial liabilities at fair value through profit or loss in accordance with IAS 39.

The category of financial assets and financial liabilities at fair value through profit or loss comprises:

- Financial instruments held for trading: A financial asset or a financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term or if on initial recognition is part of a portfolio of identifiable financial investments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking. As at the period end the ICAV invests entirely in equities.

Financial assets that are not at fair value through profit or loss include cash and cash equivalents which are generally short term in nature. These assets together with accounts receivable are classified as loans and receivables.

Financial liabilities that are not at fair value through profit or loss include balances due to brokers, accounts payable and financial liabilities arising on redeemable participating shares. These liabilities are classified as other financial liabilities.

The ICAV recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument, and all significant rights and access to the benefits from the assets, and the exposure to the risks inherent in those benefits, are transferred to the ICAV.

A purchase of financial assets is recognised using trade date accounting. From this date any gains and losses arising from changes in the fair value of the financial assets or financial liabilities are recorded in the Statement of Comprehensive Income.

(ii) Measurement

Financial instruments are measured initially at fair value (transaction price) plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately.

Subsequent to initial recognition, all instruments classified at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the Statement of Comprehensive Income. The fair value of instruments traded in active markets is based on quoted market prices at the period end date.

Financial liabilities, arising from the redeemable shares issued by the ICAV, are carried at the redemption amount representing the Shareholders' right to a residual interest in the ICAV's assets.

(iii) Derecognition

A financial asset is derecognised when the contractual right to receive cash flows from the financial asset has expired or the ICAV has transferred substantially all risks and rewards of ownership. A financial liability is derecognised when the obligation specified in the contract has been discharged, cancelled or expired.

Notes to the Financial Statements (continued)

2. Significant Accounting Policies (continued)

(c) Foreign currency translation

(i) Functional and presentation currency

The financial statements are presented in United Arab Emirates Dirham (”AED”) (the “presentation currency”). Items included in the ICAV’s financial statements are measured and presented using the currency of the primary economic environment in which it operates. The functional currency and presentation currency of the existing Sub-Fund is AED as it invests primarily in AED denominated securities.

(ii) Transactions and balances

Monetary assets and liabilities denominated in currencies other then the functional currency are translated into the functional currency at the closing rate of exchange at the period end date. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

Translation differences on non-monetary items, held at fair value through profit and loss are reported as part of the fair value gain and loss.

Reported net realised and unrealised gains and losses arising from foreign currency transactions are reflected in the Statement of Comprehensive Income.

(d) Transaction Costs

Transaction costs are incurred on the acquisition or disposal of financial assets or liabilities at fair value through profit or loss. They include fees and commissions paid to agents, advisors, brokers and dealers, interest or taxes payable in respect of purchase and sale transactions. Transaction costs when incurred are expensed immediately and are included within net gain/loss on financial assets and liabilities at fair value through profit and loss in the Statement of Comprehensive Income.

(e) Dividend income

Dividends are credited to the Statement of Comprehensive Income on the dates on which the relevant securities are listed as "ex dividend". Income is shown gross of any non-recoverable withholding tax, which is disclosed separately in the Statement of Comprehensive Income, and net of any tax credits.

(f) Interest income and interest expense

Interest income is recognised in the Statement of Comprehensive Income as it accrues, using the original effective interest rate of the instrument calculated at the acquisition or origination date. Interest expense is recognised on an accruals basis in line with the contractual terms. Interest is accrued on a daily basis.

(g) Redeemable participating shares

Redeemable participating shares are redeemable at the shareholder’s option and are classified as financial liabilities. Any distributions on these shares are recognised in the Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares.

(h) Fees and charges

A management fee is expensed as incurred and is charged to the Statement of Comprehensive Income on an accruals basis. Refer to note 9 for more detail.

Notes to the Financial Statements (continued)

2. Significant Accounting Policies (continued)

(i) Gains and losses on investments

Realised gains or losses on disposal of investments during the period and unrealised gains and losses on valuation of investments held at the period end are recognised within the net gains/(losses) on financial assets and liabilities at fair value through profit or loss in the Statement of Comprehensive Income.

(j) Cash flows

The ICAV has prepared a Statement of Cash Flows using the direct method, whereby major classes of cash receipts and payments related to operating activities are disclosed.

(k) Dividend policy

It is not proposed that the Directors will declare a dividend in respect of the Sub-Fund. Full details of any change to a Sub-Funds' dividend policy will be provided in an updated Supplement and all Shareholders will be notified in advance.

(l) Withholding tax

Dividend and interest income received by the ICAV may be subject to withholding tax imposed in the country of origin, which is shown separately in the Statement of Comprehensive Income.

(m) Cash and Cash equivalents

Cash comprises of cash on hand and demand deposits. Cash equivalents, if any, are short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant changes in value. Bank overdrafts are included in the liabilities section of the Statement of Financial Position.

(n) Offsetting

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(o) Establishment expenses

Any establishment expenses in respect of the Sub-Fund were borne by Afkar Capital Limited.

Notes to the Financial Statements (continued)

3. Financial Risk Management

(a) Investment strategy

Sturgeon Ventures LLP acts as the Investment Manager to the ICAV pursuant to the Investment Management Agreement.

The detailed investment objectives and policies of the Sub-Fund are set out in the Prospectus.

In order to achieve the investment objective, the ICAV, on behalf of the Sub-Fund seeks to track the performance of the reference index or replicate the reference index or invest in securities similar in nature to the components of the reference index. The Investment Manager having due regard to the best interests of the Sub-Fund and to prevailing market conditions will determine which investment policy to follow at any given time and shall invest all or substantially all of the net proceeds of any issue of shares.

In pursuing its investment objective, the ICAV is exposed to a variety of financial risks: market risk (including market price risk, interest rate risk and currency risk), credit risk and liquidity risk that could result in a reduction in the ICAV's net assets. The ICAV's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Sub-Fund's financial performance.

The nature and extent of the financial instruments held at the reporting date and the risk management policies employed by the ICAV are discussed below.

(b) Market risk

At 31 December 2016, the ICAV's market risk was affected by changes in actual market prices and foreign currency movements.

(i) Market price risk

Market price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Sub-Fund is susceptible to market price risk arising from uncertainties about future prices of the instruments. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments.

The Investment Manager seeks to moderate market price risk within the Sub-Fund by adhering to the investment restrictions outlined in the UCITS Regulations and the Central Bank UCITS Regulations. These investment restrictions ensure that the Sub-Fund is appropriately diversified and not overly concentrated within particular investments. At 31 December 2016 the overall market exposure is as follows:

	Fair Value 2016 AED	% of NAV at Fair Value 2016
Afkar S&P UAE UCITS ETF		
Investments at fair value through profit or loss	1,964,735	100.35

Notes to the Financial Statements (continued)

3. Financial Risk Management (continued)

(b) Market risk (continued)

(i) Market price risk (continued)

If the ICAV's underlying investments at 31 December 2016 had increased or decreased by 5% with all other variables held constant, this would have increased or reduced net assets attributable to holders of redeemable shares by the following amounts:

		2016 AED
Afkar S&P UAE UCITS ETF	+/-5%	98,237

The estimated sensitivities are for illustrative purposes only and are not intended to be predictive. Actual fluctuations in response to market price changes may differ.

(ii) Interest rate risk

Interest rate risk is the risk due to fluctuation in the prevailing levels of market interest rates, which would cause the fair value of the assets and liabilities to fluctuate accordingly. The ICAV did not employ leverage and did not borrow for liquidity purposes and therefore the Sub-Fund was not exposed to significant interest rate risk during the period ended 31 December 2016 with the exception of the Sub-Fund's small cash holdings.

(iii) Currency risk

Currency risk is the risk that the value of the Sub-Fund's net assets will fluctuate due to changes in foreign currency rates.

The ICAV can hold assets denominated in currencies other than AED, the functional currency. It can therefore be exposed to currency risk, as the value of the securities denominated in other currencies will fluctuate due to changes in the exchange rates.

The following table shows the Sub-Fund's currency risk exposure as at 31 December 2016.

31 December 2016

Afkar S&P UAE UCITS ETF

Foreign Currency Exposure	Monetary Assets AED	Non-Monetary Assets AED	Net Financial Assets AED
US Dollar	–	134,500	134,500

The Sub-Fund's reporting currency – AED is currently pegged to the US Dollar in order to reduce volatility and fluctuations in relative prices. Given that the only foreign currency held by the Sub-Fund at 31 December 2016 is the US Dollar there is no sensitivity analaysis required in respect of this currency.

(c) Credit risk

Credit risk is the risk that a counterparty or issuer will be unable to meet a commitment it has entered into with the ICAV.

BNY Mellon Trust Company (Ireland) Limited (the "Depositary") has been appointed as Depositary to the ICAV. Depending on the requirements of the jurisdictions in which the investments of the Sub-Fund are issued, the Depositary may use the services of one or more sub-custodians. Bankruptcy or insolvency of the Depositary may cause the ICAV's rights with respect to securities held to be delayed or limited. The Depositary held an AA- credit rating from the rating agency Standard and Poor's as at 31 December 2016.

Notes to the Financial Statements (continued)

3. Financial Risk Management (continued)

(c) Credit risk (continued)

The Depositary is responsible for the safe-keeping of the assets of the ICAV. The Depositary may, however, appoint any person or persons to be the sub-custodian of such assets but any liability of the Depositary shall not be affected by the fact that it has entrusted some or all of the assets in its safekeeping to any third party. Refer to Note 6 for further details on Cash and cash equivalents.

The ICAV did not trade in any OTC derivatives during the period ended 31 December 2016 and the Investment Manager does not currently intend to use financial derivative instruments.

The Investment Manager considers that the risk that counterparties would fail to discharge their obligations to the Sub-Fund is low. Any credit risk issues will be discussed quarterly with the Directors and monitored thereafter.

Apart from the Depositary, there are no significant concentrations of credit risk to counterparties at 31 December 2016.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

If redemption requests on any Dealing Day represent 10% of the Net Asset Value or more of the shares in issue in respect of any Sub-Fund, the Directors may, in their discretion, refuse to redeem any shares in excess of 10% of Net Asset Value. Any request for redemption on such Dealing Day shall be reduced rateably and the redemption requests shall be treated as if they were received on each subsequent Dealing Day until all shares to which the original request related have been redeemed. In any event settlement for redemptions will be made within ten Business Days of the day on which the redemption request is made. Redemption proceeds shall be paid in the Base Currency of the Sub-Fund.

The ICAV has the ability to borrow in the short term to ensure settlement. The ICAV's Prospectus allows for borrowing up to 10% of the Net Asset Value of the Sub-Fund provided it is on a temporary basis or a Sub-Fund may acquire foreign currency by means of a "back to back" loan.

The table below analyses the ICAV's financial liabilities into relevant maturity groupings based on the remaining period at period end to the contractual maturity date.

Afkar S&P UAE UCITS ETF

As at 31 December 2016	**Less than 1 month AED**	**Total AED**
Management fee payable	13,380	13,380
Other liabilities	26,997	26,997
Net assets attributable to holders of redeemable participating shares	1,957,832	1,957,832
	1,998,209	1,998,209

(d) Fair Value

IFRS 13 'Fair Value Measurement' requires disclosure relating to the fair value hierarchy in which fair value measurements are categorised as assets and liabilities in the Statement of Financial Position.

The disclosures are based on a three-level fair value hierarchy for the inputs used in valuation techniques to measure fair value. The fair value of financial assets and financial liabilities traded in an active market (such as trading securities) are based on quoted market prices at the close of trading on the reporting date.

A financial instrument is regarded as quoted in an active market if the quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Notes to the Financial Statements (continued)

3. Financial Risk Management (continued)

(d) Fair Value (continued)

The fair value of financial assets and financial liabilities that are not traded in an active market is determined by using valuation techniques. The ICAV uses a variety of methods and makes assumptions that are based on market conditions existing at the reporting date. The fair value hierarchy has the following levels:

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

As the fair values of the ICAV's investments are based on quoted prices in active markets, the ICAV's financial assets measured at fair value are considered Level 1 for the period ended 31 December 2016.

There were no transfers between levels during the period ended 31 December 2016 for the Sub-Fund.

Assets and liabilities not carried at fair value but for which fair value is disclosed

The ICAV's assets and liabilities (by class) not measured at fair value at 31 December 2016 but for which fair value is disclosed within the fair value hierarchy are considered Level 2, except for cash and cash equivalents, which are considered Level 1.

Cash and cash equivalents include cash in hand, deposits held with banks and brokers

The table below provides an analysis of financial instruments at 31 December 2016 that are measured at fair value in accordance with IFRS 13:

Afkar S&P UAE UCITS ETF

Financial Assets at Fair Value through Profit or Loss **As at 31 December 2016**	**Level 1** **AED**	**Level 2** **AED**	**Level 3** **AED**	**Total** **AED**
Held for Trading				
Common Stock	1,964,735	–	–	1,964,735
Total	**1,964,735**	–	–	**1,964,735**

4. Share Capital

The share capital of the ICAV shall at all times equal the Net Asset Value of the ICAV. The Directors are empowered to issue up to 500 billion shares of no par value in the ICAV at the Net Asset Value per Share. There are no rights of pre-emption upon the issue of shares in the ICAV. The Subscriber shares do not participate in the assets of any Sub-Fund.

The ICAV reserves the right to redeem some or all of the Subscriber shares provided that the ICAV at all times has a minimum issued share capital to the value of €300,000. There are two Subscriber shares in issue.

Each of the shares entitles the Shareholder to participate equally on a pro rata basis in the dividends and net assets of a Sub-Fund attributable to the relevant class in respect of which they are issued, save in the case of dividends declared prior to becoming a Shareholder. The Subscriber shares' entitlement is limited to the amount subscribed and accrued interest thereon.

Notes to the Financial Statements (continued)

4. Share Capital (continued)

Each of the shares entitles the holder to attend and vote at meetings of the ICAV and of the Sub-Fund represented by those shares. No class of shares confers on the holder thereof any preferential or pre-emptive rights or any rights to participate in the profits and dividends of any other class of shares or any voting rights in relation to matters relating solely to any other class of shares.

The Directors reserve the right to redesignate any class of shares from time to time, provided that Shareholders in that class shall first have been notified by the ICAV thirty calendar days in advance that the shares will be redesignated and shall have been given the opportunity to have their shares redeemed by the ICAV, except that this requirement shall not apply where the Directors redesignate shares in issue in order to facilitate the creation of an additional class of shares.

During the period ended 31 December 2016 the number of redeemable shares issued and redeemed was as follows:

	Afkar S&P UAE UCITS ETF Period ended 31 December 2016
Balance at beginning of period	–
Shares issued	1,000,000
Shares redeemed	(500,000)
Balance at end of period	**500,000**

Refer to page 15 for details of amounts received on issue of redeemable participating shares and amounts transferred on redemption of redeemable participating shares.

During the period there were in specie transactions of AED 3,770,330 in respect of subscriptions and AED 1,866,951 in respect of redemptions.

5. Net Gains/(Losses) on Financial Assets and Liabilities at Fair Value Through Profit or Loss

	Afkar S&P UAE UCITS ETF Period ended 31 December 2016 AED
Net realised losses on sale of investments	(36,227)
Net change in unrealised appreciation on investments	58,016
Other currency gains	9
Net gains on financial assets and liabilities at fair value through profit or loss	21,798

6. Cash and Cash Equivalents

Any cash and cash equivalents at the period ended 31 December 2016 are held at the Depositary BNY Mellon Trust Company (Ireland) Limited.

Notes to the Financial Statements (continued)

7. Efficient Portfolio Management

The Investment Manager does not currently intend to use financial derivative instruments. Prior to a Sub-Fund engaging in financial derivative instrument transactions a risk management process will be submitted to and cleared by the CBI in accordance with the Central Bank UCITS Regulations. Supplementary information relating to the risk management methods employed including the quantitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investments shall be supplied to Shareholders upon request.

8. Taxation

Under current law and practice the ICAV qualifies as an investment undertaking as defined in Section 739B of the Taxes Consolidation Act, 1997, as amended ("TCA"). On this basis, it is generally not chargeable to Irish tax on its income or gains.

However, Irish tax can arise on the happening of a "chargeable event" in the ICAV. A chargeable event includes any payments of distributions to Shareholders, any encashment, repurchase, redemption, cancellation or transfer of shares and any deemed disposal of shares as described below for Irish tax purposes arising as a result of holding shares in the ICAV for a period of eight years or more. Where a chargeable event occurs, the ICAV is required to account for the Irish tax thereon.

No Irish tax will arise on the ICAV in respect of chargeable events where:

a) the Shareholder is neither resident nor ordinarily resident in Ireland ("Non-Irish Resident") and it (or an intermediary acting on its behalf) has made the necessary declaration to that effect and the ICAV is not in possession of any information which would reasonably suggest that the information contained in the declaration is not, or is no longer, materially correct; or

b) the Shareholder is Non-Irish Resident and has confirmed that to the ICAV and the ICAV is in possession of written notice of approval from the Revenue Commissioners to the effect that the requirement to provide the necessary declaration of non-residence is deemed to have been complied with in respect of the Shareholder and the approval has not been withdrawn; or

c) the Shareholder is an Exempt Irish Resident as defined below.

A reference to "intermediary" means an intermediary within the meaning of Section 739B(1) of the TCA, being a person who (a) carries on a business which consists of, or includes, the receipt of payments from an investment undertaking on behalf of other persons; or (b) holds shares in an investment undertaking on behalf of other persons.

A chargeable event does not include:

- any transactions (which might otherwise be a chargeable event) in relation to shares held in a recognised clearing system as designated by order of the Revenue Commissioners of Ireland; or
- a transfer of shares between spouses/civil partners and any transfer of shares between spouses/civil partners or former spouses/civil partners on the occasion of judicial separation, decree of dissolution and/or divorce, as appropriate; or
- an exchange by a Shareholder, effected by way of arm's length bargain where no payment is made to the Shareholder, of shares in the ICAV for other shares in the ICAV; or
- an exchange of shares arising on a qualifying amalgamation or reconstruction (within the meaning of Section 739H of the TCA) of the ICAV with another investment undertaking.

9. Expenses

The ICAV has delegated responsibility for the investment and re-investment of the Sub-Fund's assets to Sturgeon Ventures LLP (the "Investment Manager") pursuant to the Investment Management Agreement. The Investment Manager will be responsible to the ICAV for managing the assets of the Sub-Fund in accordance with the investment objectives and policies described in the Prospectus, subject always to the supervision and direction of the Directors.

Notes to the Financial Statements (continued)

9. Expenses (continued)

The ICAV shall pay to the Investment Manager out of the Sub-Fund's assets an annual management fee of a percentage of the Sub-Fund's average daily net assets on a monthly basis.

The table below sets forth the annual maximum management fee that the Investment Manager may receive from the Sub-Fund.

Fund	Annual management fee (% of average daily Net Asset Value)
Afkar S&P UAE UCITS ETF	1.00%

The Annual Management fee covers all of the ordinary fees, operating costs and expenses payable by the Sub-Fund, including investment management and advisory fees, Director's fees, registration, transfer agency, administration and custody fees, registrar fees, regulators and auditors and certain legal expenses of the ICAV.

The Investment Manager has also agreed to discharge the ICAV's audit fee and tax charge, out of the annual management fee. Audit fees for the period ended 31 December 2016 amounted to $12,386, there were no fees charged for non-audit services.

In the event that a Sub-Fund's operational, establishment and/or registration expenses combined exceed the stated annual management fee, the Investment Manager shall discharge any excess out of its own assets.

Transaction costs
Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument. When a financial asset or financial liability is recognised initially, an entity shall measure it at its fair value through profit or loss plus, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Transaction costs on purchases and sales of equities are included in net gains/(losses) on investments in the Statement of Comprehensive Income. For the period ended 31 December 2016, the Sub-Fund incurred transaction costs on purchases and sales as follows:

	31 December 2016 AED
Afkar S&P UAE UCITS ETF	225

10. Related Parties

Mr Seif Fikry is employed by Afkar Capital Limited. As outlined on page 2 of this report, Afkar Capital Limited acts as the ICAV's Promoter and Distributor.

Mr Barry Harrington is a director of KB Associates which provide compliance and MLRO services to the ICAV.

Mr Feargal Dempsey is an independent Director.

The Directors are all non-executive directors.

Only the independent non-executive Director Mr Feargal Dempsey earned a fee during the period, however in the next financial year Mr Barry Harrington will also receive a fee for his services. The Directors' fees are paid by Afkar Capital Limited. The Directors fee paid to Fergal Dempsey for work effectuated from 1 June 2016 to 31 December 2016 was €11,726.

Other liabilities on the Statement of Financial Position relate to amounts payable to Afkar Capital Limited, a related party to the ICAV and the Administrator for transaction and custody fees in respect of the in specie transactions during the period. Afkar Capital Limited paid organizational costs of US$129,539 on behalf of the Sub-Fund.

Notes to the Financial Statements (continued)

11. Contingent Liabilities and Commitments

There were no significant liabilities or commitments at 31 December 2016.

12. Segregation of Liability

The ICAV is an umbrella fund with segregated liability between Sub-Funds and each Sub-Fund may comprise one or more classes of shares. The Directors may, from time to time, upon the prior approval of the CBI, establish further Sub-Funds by the issue of one or more separate classes of shares on such terms as the Directors may resolve. The Directors may, from time to time, in accordance with the requirements of the CBI, establish one or more separate classes of shares within each Sub-Fund on such terms as the Directors may resolve.

13. Umbrella Cash Collection Accounts

The CBI published the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) Investor Money Regulations 2015 for Fund Service Providers (the "Investor Money Regulations" or "IMR") in March 2015 (effective from 1 July 2016). The Investment Manager, together with BNY Mellon Fund Services Designated Activity Company implemented procedures in relation to the way subscription and redemption monies are channelled on the ICAV. These transactions are channelled through an umbrella cash collection account in the name of the ICAV. Pending issue of the shares and/or payment of subscription proceeds to an account in the name of the ICAV or the relevant Sub-Funds, and pending payment of redemption proceeds or distributions, the relevant investor will be an unsecured creditor of the relevant Sub-Fund in respect of amounts paid by or due to it. As at 31 December 2016, a balance of AED 26,997 in this account is included within cash and cash equivalents on the Statement of Financial Position.

14. Significant Events during the period

The prospectus of the ICAV was issued on 23 June 2016.

Afkar S&P UAE UCITS ETF (share class A-AED) launched on 28 June 2016.

15. Subsequent Events after the period

There have been no significant subsequent events after the period end that require disclosure in the financial statements.

16. Net Asset Value Attributable to Holders of Redeemable Participating Shares

Financial period ended 31 December 2016

	Afkar S&P UAE UCITS ETF
	AED
Total Net Asset Value	
A-AED Shares	1,957,832
Net Asset Value per Share	
A-AED Shares	3.916

17. Soft Commisions

No soft commission arrangements were entered into during the period ended 31 December 2016.

Notes to the Financial Statements (continued)

18. Exchange Rates

The following exchange rates were used to convert investments, assets and liabilities to the presentation currency of the ICAV:

	As at 31 December 2016
US Dollar	3.6729

19. Approval of Financial Statements

The financial statements were approved by the Directors on 20 April 2017.

Portfolio Listing

Afkar S&P UAE UCITS ETF*

As at 31 December 2016

Transferable securities admitted to an official stock exchange

Security Description	Nominal	Fair Value AED	% of Net Assets
United Arab Emirates 100.35%			
Abu Dhabi Commercial Bank PJSC	22,608	155,995	7.97
Agthia Group PJSC	1,731	12,290	0.63
Air Arabia PJSC	26,397	35,108	1.79
Ajman Bank PJSC	9,140	12,156	0.62
Al Waha Capital PJSC	10,999	21,228	1.08
Aldar Properties PJSC	36,305	95,482	4.88
Amanat Holdings PJSC	9,812	9,626	0.49
Amlak Finance PJSC	6,927	8,728	0.44
Arabtec Holding Co PJSC	26,105	34,197	1.75
DAMAC Properties Dubai Co PJSC	19,555	49,474	2.53
Dana Gas PJSC	39,374	21,262	1.09
Deyaar Development PJSC	16,675	10,305	0.53
DP World Ltd	1,916	123,222	6.29
Dubai Financial Market PJSC	18,470	23,087	1.18
Dubai Investments PJSC	16,361	38,939	1.99
Dubai Islamic Bank PJSC	14,262	79,439	4.06
DXB Entertainments PJSC	36,939	48,021	2.45
Emaar Malls PJSC	22,535	59,042	3.01
Emaar Properties PJSC	40,498	288,751	14.75
Emirates Telecommunications Group Co PJSC	20,078	377,466	19.28
Eshraq Properties Co PJSC	13,151	13,677	0.70
First Gulf Bank PJSC	12,987	166,883	8.52
Gulf General Investment Co	8,685	4,412	0.22
Invest bank PSC	3,650	8,249	0.42
National Bank of Abu Dhabi PJSC	15,035	150,200	7.67
National Central Cooling Co PJSC	4,177	8,396	0.43
Orascom Construction Ltd	586	11,278	0.58
RAK Properties PJSC	11,313	7,467	0.38
Ras Al Khaimah Ceramics	4,856	11,897	0.61
SHUAA Capital PSC	5,287	7,825	0.40
Union National Bank PJSC	12,705	57,681	2.95
Union Properties PJSC	11,462	12,952	0.66
Total United Arab Emirates		**1,964,735**	**100.35**
Total Transferable securities admitted to an official stock exchange		**1,964,735**	**100.35**
Total Financial assets at fair value through profit or loss		**1,964,735**	**100.35**
Cash and cash equivalents		**33,474**	**1.71**
Other liabilities		**(40,377)**	**(2.06)**
Total Net assets attributable to holders of redeemable participating shares		**1,957,832**	**100.00**

*Afkar S&P UAE UCITS ETF launched on 28 June 2016.

Statement of Portfolio Changes (Unaudited)

Afkar S&P UAE UCITS ETF*
Major Purchases**

Security Description	Nominal	Cost AED
Emirates Telecommunications Group Co PJSC	40,337	781,740
Emaar Properties PJSC	81,361	537,009
First Gulf Bank PJSC	26,090	311,102
Abu Dhabi Commercial Bank PJSC	45,419	281,019
National Bank of Abu Dhabi PJSC	30,205	280,940
DP World Ltd	3,850	247,006
Aldar Properties PJSC	72,937	198,068
Dubai Islamic Bank PJSC	28,653	150,775
Emaar Malls PJSC	45,273	125,869
DXB Entertainments PJSC	74,211	119,879
Union National Bank PJSC	25,524	106,864
DAMAC Properties Dubai Co PJSC	39,286	92,352
Arabtec Holding Co PJSC	52,444	72,926
Air Arabia PJSC	53,031	70,549
Dubai Investments PJSC	32,869	68,219
Dubai Financial Market PJSC	37,106	47,887
Dana Gas PJSC	79,102	43,506
Al Waha Capital PJSC	22,097	43,087
Ras Al Khaimah Ceramics	9,755	30,825
Agthia Group PJSC	3,478	23,792

*Afkar S&P UAE UCITS ETF launched on 28 June 2016.

** In accordance with the Central Bank UCITS Regulations, the annual report documents material changes that have occurred in the disposition of the assets of the ICAV during the period. A material change is defined as aggregate purchases of a security exceeding 1 per cent of the total value of the purchases for the period and/or aggregate disposals greater than 1 per cent of the total value of sales for the period. If there are fewer than 20 purchases/sales that meet the material changes definition, the ICAV shall disclose those purchases/sales so at least 20 purchases/sales are disclosed.

Statement of Portfolio Changes (Unaudited)

Afkar S&P UAE UCITS ETF*
Major Sales**

Security Description	Nominal	Proceeds AED
Emirates Telecommunications Group Co PJSC	20,259	382,895
Emaar Properties PJSC	40,863	277,460
First Gulf Bank PJSC	13,103	155,926
Abu Dhabi Commercial Bank PJSC	22,811	136,866
National Bank of Abu Dhabi PJSC	15,170	134,103
DP World Ltd	1,934	125,372
Aldar Properties PJSC	36,632	97,075
Dubai Islamic Bank PJSC	14,391	73,970
Emaar Malls PJSC	22,738	58,664
DXB Entertainments PJSC	37,272	57,399
Union National Bank PJSC	12,819	51,020
DAMAC Properties Dubai Co PJSC	19,731	42,816
Arabtec Holding Co PJSC	26,339	35,031
Air Arabia PJSC	26,634	34,092
Dubai Investments PJSC	16,508	33,511
Dana Gas PJSC	39,728	21,453
Dubai Financial Market PJSC	18,636	21,431
Al Waha Capital PJSC	11,098	20,531
Ras Al Khaimah Ceramics	4,899	12,982
Eshraq Properties Co PJSC	13,269	12,075

*Afkar S&P UAE UCITS ETF launched on 28 June 2016.

** In accordance with the Central Bank UCITS Regulations, the annual report documents material changes that have occurred in the disposition of the assets of the ICAV during the period. A material change is defined as aggregate purchases of a security exceeding 1 per cent of the total value of the purchases for the period and/or aggregate disposals greater than 1 per cent of the total value of sales for the period. If there are fewer than 20 purchases/sales that meet the material changes definition, the ICAV shall disclose those purchases/sales so at least 20 purchases/sales are disclosed.

Appendix 1: UCITS V Remuneration Policy (Unaudited)

UCITS V Remuneration Disclosure

The ICAV complies with the UCITS Regulations remuneration principles in a way and to the extent that is appropriate to its size, its internal organisation and the nature, scope and complexity of its activities. The UCITS V provisions, which became effective on 18 March 2016, require funds such as the ICAV to establish and apply remuneration policies and practices that promote sound and effective risk management, and do not encourage risk taking which is inconsistent with the risk profile of the UCITS. Quantitative remuneration information will be included once the ICAV has completed its first annual performance period to ensure the disclosure provides a reliable basis for comparison.