

Manager's Report

For the Financial Period 1 April to 30 June 2013

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

1. Investment Objective

MyETF-DJIM25 is designed to provide investment results that closely correspond to the performance of the Benchmark Index. The Manager attempts to achieve an absolute value of tracking error of less than 3% between the Net Asset Value (“NAV”) of the Fund and the Benchmark Index.

2. Benchmark Index

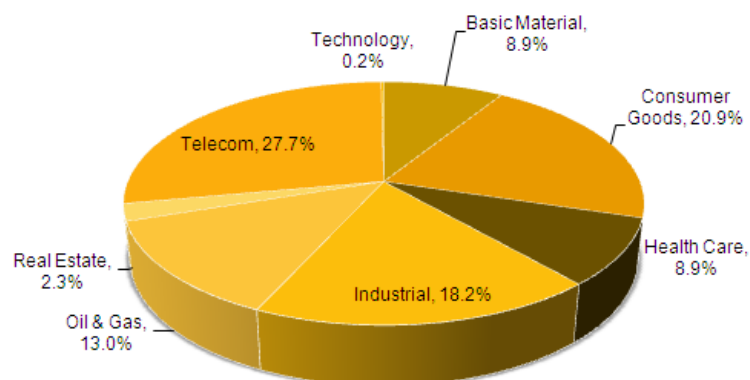
The Benchmark Index is a market capitalisation weighted and free-float adjusted index provided by S&P Dow Jones Indices (“S&P Dow Jones”).

The Benchmark Index was created on 18 January 2008 and constructed based on a reference value of 1,000 as of 17 January 2008. The Benchmark Index consists of 25 Shariah-Compliant securities of companies listed on Bursa Malaysia Securities Berhad (“Bursa Securities”).

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

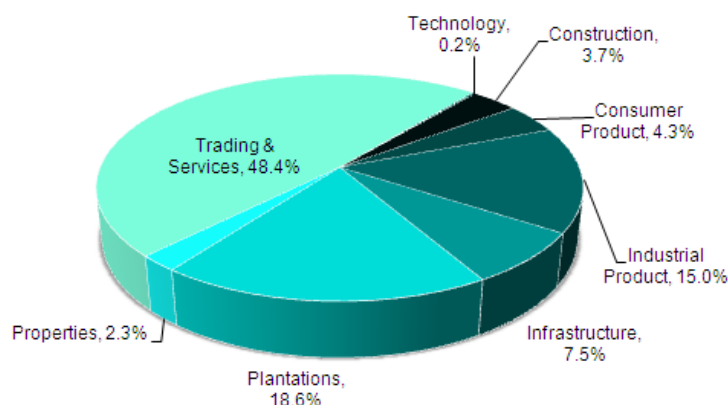
Based on the latest quarterly review (as at 14 June 2013), the sector allocation of DJIM25 Index based on S&P Dow Jones and Bursa Securities sector classifications are as follows:

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



Source: S&P Dow Jones

Chart 1(b): Sector Classification - Bursa Securities



Sources: Bursa Malaysia, S&P Dow Jones

3. Investment Strategy

During the period under review, the Manager tracked the performance of the Benchmark Index by investing all, or substantially all, of the Fund’s assets in the constituents of the Benchmark Index in substantially the same weightings as they appear in the Benchmark Index.

The Manager used techniques including indexing by way of full or partial replication and/or investing in certain authorised investments, in seeking to achieve the investment objective of the Fund, subject to conformity to the Shariah.

4. Fund Performance

For the quarter under review, the Fund continued to achieve its investment objective which is to track closely the underlying benchmark, i.e. DJIM25 Index. As at 30 June 2013, the tracking error (calculated since inception and on daily basis) between the NAV per unit of the Fund and the Benchmark Index on Price Return and Total Return basis was 1.73% and 1.51% respectively,

which were within the 3% limit stipulated under the Fund's investment objective. The Fund's NAV per unit rose to an all time high of RM1.1600 on 10 June 2013, before easing to end the quarter at RM1.1533, representing a 7.17% quarterly gain. The increase in NAV per unit was slightly higher compared to the underlying benchmark, i.e. DJIM25 Index, which gained 6.29% to close at 1,024.89 points at the end of the quarter. Meanwhile, the Fund's unit price traded on Bursa Securities closed at RM1.15/unit, up 6.48% for the same period. On a year-to-date basis, the Fund's NAV per unit had gained 2.28% while the unit price traded appreciated by 2.68% which was in line with the Benchmark Index's gain of 3.10%. The variance was largely due to the adjustment to the Fund's NAV after taking into consideration the income distribution declared in the first quarter. As at end of June, total NAV of the Fund increased to RM296.06 million from RM292.62 million as at end of 2012 despite the decrease in the Fund's units in circulation from 259.5 million to 256.7 million. The key statistics and comparative performance of the Fund for the first and second quarter of 2013 and the last financial year ending 31 December 2012 are summarized as follows:

Table 1: Key Statistics

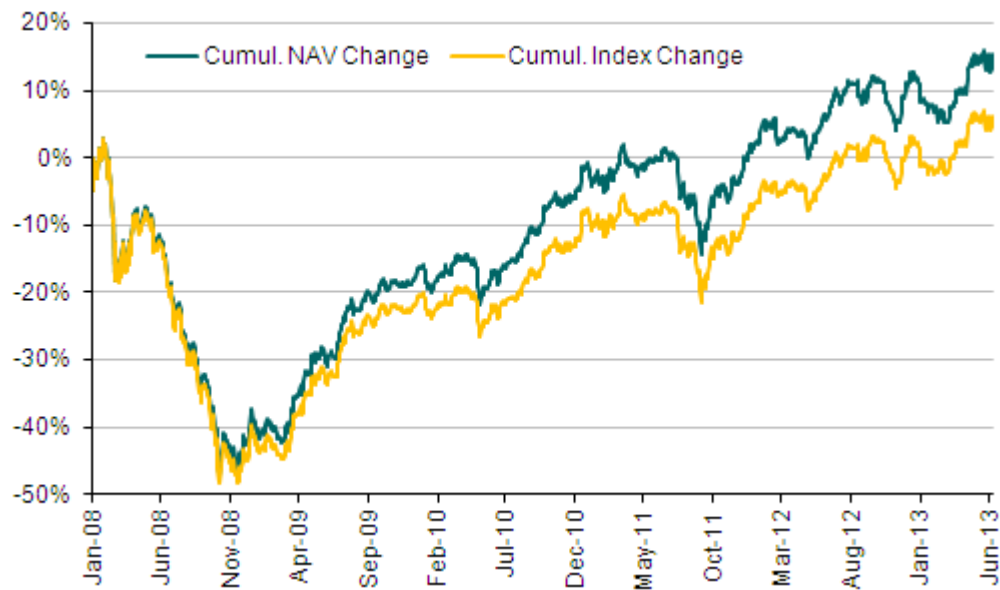
	As at 30-Jun-13	As at 31-Mar-13	QoQ Change (%)	As at 31-Dec-12	YTD Change (%)
NAV per unit (RM)	1.1533	1.0761	7.17	1.1276	2.28
- Highest	1.1600 (10 Jun)	1.1279 (3 Jan)		1.1276 (31 Dec)	
- Lowest	1.0742 (1 Apr)	1.0516 (18 Mar)		0.9966 (4 Jan)	
<i>(During the period)</i>					
Price per unit (RM)	1.150	1.080	6.48	1.120	2.68
- Highest	1.160 (11 Jun)	1.13 (7 Jan)		1.120 (31 Dec)	
- Lowest	1.06 (3 Apr)	1.06 (7 Feb)		0.980 (3 Jan)	
<i>(During the period)</i>					
Units in Circulation	256,700,000	259,100,000	-0.93	259,500,000	-1.08
Total NAV (RM)	296,058,111	278,826,132	6.18	292,616,889	1.18
Market Capitalisation (RM)	295,205,000	279,828,000	5.50	290,640,000	1.57
DJIM25 Index	1,024.89	964.20	6.29	994.11	3.10
Tracking Error vs. Price Return DJIM25 Index (%)*	1.73	1.76		1.51	
Tracking Error vs. Total Return DJIM25 Index (%)*	1.51	1.55		1.26	
Management Expense Ratio (%)	0.14	0.13		0.49	

Sources: Bloomberg, i-VCAP

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

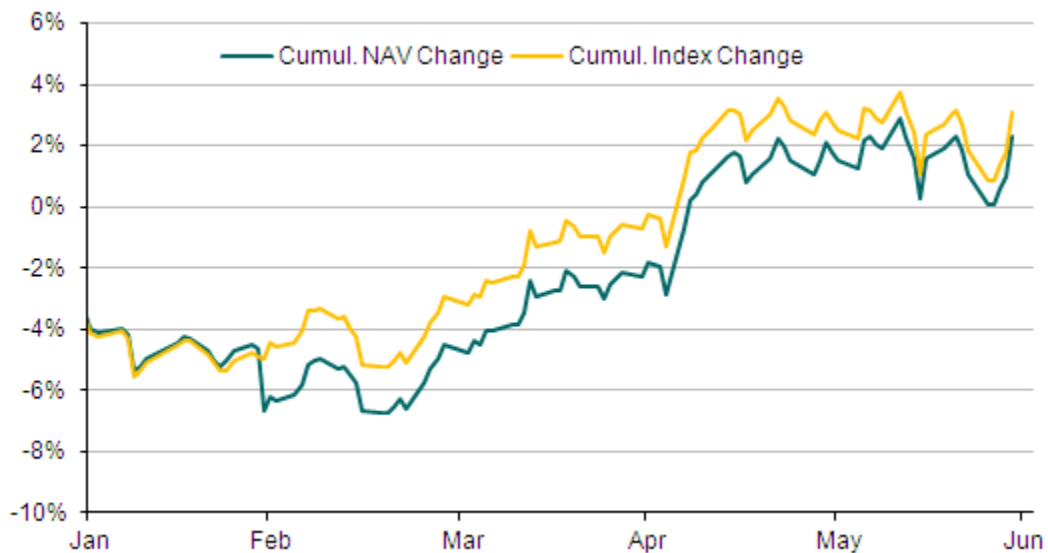
* The tracking error (calculated since inception and on daily basis) between the NAV per unit of the Fund and the Price Return and Total Return Benchmark Index

Chart 2 (a): Fund NAV Per Unit vs. Benchmark Index* – Performance Since Inception



*Price Return Index
Sources: Bloomberg, i-VCAP

Chart 2(b): Fund NAV Per Unit vs. Benchmark Index – Performance in 2013



*Price Return Index
Sources: Bloomberg, i-VCAP

Note: Past performance is not necessarily indicative of future performance. Unit price and investment return may go up as well as down.

Table 2(a): Annual Return

	YTD 30 Jun 13 (%)	2012 (%)	2011 (%)	2010 (%)	2009 (%)
MyETF-DJIM25 - NAV Price Return ^(a)	2.28	12.49	5.27	16.29	40.95
DJIM25 - Price Return Index	3.10	12.56	4.26	12.81	39.46
MyETF-DJIM25 - NAV Total Return ^(a)	4.52	15.78	7.48	16.29	42.05
DJIM25 – Total Return Index	4.90	16.70	8.04	17.33	45.03

Sources: Bloomberg, i-VCAP

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

Table 2(b): Cumulative Returns

	Cumulative Returns ^(b)			
	1-Year (%)	3-Year (%)	5-Year (%)	Since Inception (%)
MyETF-DJIM25 - NAV Price Return ^(a)	8.62	39.76	34.56	15.33
DJIM25 - Price Return Index	9.41	37.43	25.12	6.29
MyETF-DJIM25 - NAV Total Return ^(a)	12.28	50.07	45.61	24.81
DJIM25 – Total Return Index	13.13	53.24	53.37	32.44

Sources: Bloomberg, i-VCAP

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

(b) Cumulative returns are up to 30 June 2013.

Table 2(c): Average Returns (Annualised)

	Average Returns ^(b)			
	1-Year (%)	3-Year (%)	5-Year (%)	Since Inception (%)
MyETF-DJIM25 - NAV Price Return ^(a)	8.62	11.80	6.12	2.65
DJIM25 - Price Return Index	9.41	11.18	4.58	1.13
MyETF-DJIM25 - NAV Total Return ^(a)	12.28	14.49	7.81	4.15
DJIM25 – Total Return Index	13.13	15.29	8.93	5.30

Sources: Bloomberg, i-VCAP

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

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

During the period, S&P Dow Jones performed its Second Quarter 2013 review and rebalanced the composition of the Benchmark Index in accordance with its index methodology. The review resulted in changes to the weightings of the component stocks and stock constituents in the Benchmark Index. Telekom Malaysia Bhd was removed from the DJIM25 Index and replaced by UEM Sunrise Bhd. The Manager had accordingly undertaken rebalancing exercise for the Fund to align with the changes in the Benchmark Index. In terms of sectoral weightings, notable changes to the Fund's sector composition arising from the quarterly review were the decrease in Trading/Services from 52.72% to 47.47% following the removal of Telekom Malaysia from the Benchmark Index. The inclusion of UEM Sunrise Bhd also saw the representation of the property sector in the index with a weighting of 2.22%. Details of the changes for the second quarter are as follows:

Table 3: Top Ten Holdings of the Fund as at 30 June 2013

Stock	% of NAV	Q-o-Q Δ (% holdings)
1. Sime Darby Bhd	12.62	(0.08)
2. Axiata Group Bhd	11.35	(0.40)
3. IOI Corporation Bhd	8.62	0.91
4. Maxis Bhd	8.47	0.10
5. Digi. Com Bhd	6.90	(0.08)
6. Petronas Chemicals Group Bhd	6.68	(0.04)
7. IHH Healthcare Bhd	5.93	0.09
8. Kuala Lumpur Kepong Bhd	5.21	(0.01)
9. Petronas Gas Bhd	4.76	0.26
10. UMW Holdings Bhd	4.21	0.21
Total	74.75	0.96

Sources: Bloomberg, i-VCAP

Table 4: Change in Fund's Sector Allocation*

	As at 30 Jun 2013	As at 31 Mar 2013	Change (%)
Trading/Services	47.47%	52.72%	(5.25)
Plantation	18.23%	17.41%	0.82
Industrial Products	14.66%	14.34%	0.32
Infrastructure	7.44%	7.56%	(0.12)
Consumer Products	4.21%	4.00%	0.21
Construction	3.65%	3.02%	0.63
Property	2.22%	—	2.22
Technology	0.20%	0.16%	0.04
Cash & Others	1.92%	0.80%	1.12

Sources: Bursa Malaysia, i-VCAP

* Based on Bursa Securities classification

Details of the Fund's quoted Investments as at 30 June 2013 are as follows:

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

	Quantity (Units)	Market Value (RM)	Market Value as a percentage of Net Asset Value (%)
<u>Trading/Services</u>			
1. Sime Darby Bhd	3,900,000	37,362,000	12.62
2. Axiata Group Bhd	5,069,700	33,612,111	11.35
3. Maxis Bhd	3,650,500	25,078,935	8.47
4. IHH Healthcare Bhd	4,443,700	17,552,615	5.93
5. Petronas Dagangan Bhd	386,800	9,786,040	3.31
6. Dialog Group Bhd	2,279,497	6,428,182	2.17
7. Bumi Armada Bhd	1,425,400	5,530,552	1.87
8. KPJ Healthcare Bhd	433,900	2,972,215	1.00
9. Malaysia Marine & Heavy Engineering Bhd	649,000	2,232,560	0.75
		140,555,210	47.47
<u>Plantation</u>			
10. IOI Corporation Bhd	4,688,739	25,506,740	8.62
11. Kuala Lumpur Kepong Bhd	710,100	15,423,372	5.21
12. Batu Kawan Bhd	309,700	5,791,390	1.96
13. United Plantations Bhd	131,700	3,700,770	1.25
14. Genting Plantations Bhd	381,400	3,520,322	1.19
		53,942,594	18.23
<u>Industrial Products</u>			
15. Petronas Chemicals Group Bhd	2,985,300	19,762,686	6.68
16. Petronas Gas Bhd	674,200	14,090,780	4.76
17. Lafarge Malaysia Bhd	468,700	4,771,366	1.61
18. Top Glove Corp Bhd	570,500	3,559,920	1.20
19. Supermax Corp Bhd	616,900	1,215,293	0.41
		43,400,045	14.66
<u>Infrastructure</u>			
20. Digi.Com Bhd	4,288,900	20,415,164	6.90
21. Time Dotcom Bhd	417,640	1,603,738	0.54
		22,018,902	7.44
<u>Consumer Products</u>			
22. UMW Holdings Bhd	853,000	12,453,800	4.21
		12,453,800	4.21
<u>Construction</u>			
23. Gamuda Bhd	2,282,700	10,819,998	3.65
		10,819,998	3.65
<u>Property</u>			
24. UEM Sunrise Bhd	2,104,400	6,565,728	2.22
		6,565,728	2.22
<u>Technology</u>			
25. JCY International Bhd	862,600	577,942	0.20
		577,942	0.20
		290,334,218	98.08

Sources: Bursa Malaysia, i-VCAP

5. Distribution Policy

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

The Fund has announced an interim income distribution for Financial Year 2013 of 1.50 sen per unit which will be paid in September 2013.

6. Other Information

There was no material litigation involving the Fund and no significant changes in the state of affairs of the Fund during the period under review.

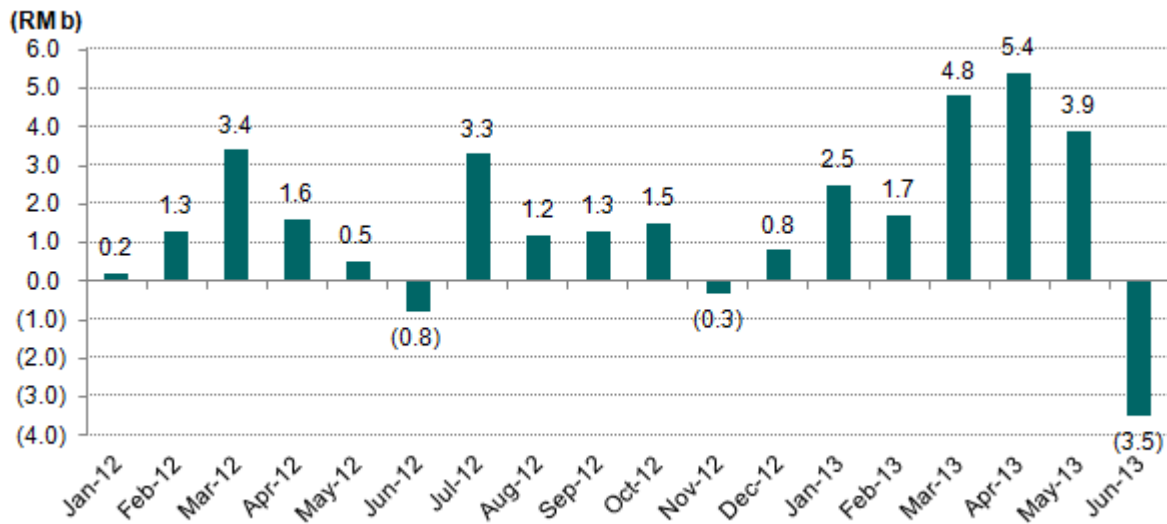
7. Soft Dollar Commissions

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

8. Market Review and Outlook

The global equity markets maintained its stellar performance in the early part of the second quarter backed by improving macro-economic statistics and continued monetary easing. Malaysian equities also gradually improved on the back of net inflows by foreign investors into Bursa Malaysia which surged in the first two months of the quarter. The uptrend was further boosted by the conclusion of the 2013 General Election as investors reacted favourably to the return of political normalcy and continuity of the economic transformation programmes. However, global equity markets saw a significant pull back in the later part of June following the Federal Reserve's statement on the possible easing of the bond buying program coupled with the sluggish economic data from China. Emerging market equities in particular, saw an outflow of liquidity and underperformed developed markets. Malaysian bourse was not spared as reflected by the net foreign outflow in June leading the Ringgit to weaken significantly to the RM3.20 level against the U.S. Dollar from the RM2.95 level in early May. Nonetheless, given its defensiveness, Malaysia emerged as one of the top performing markets for the quarter.

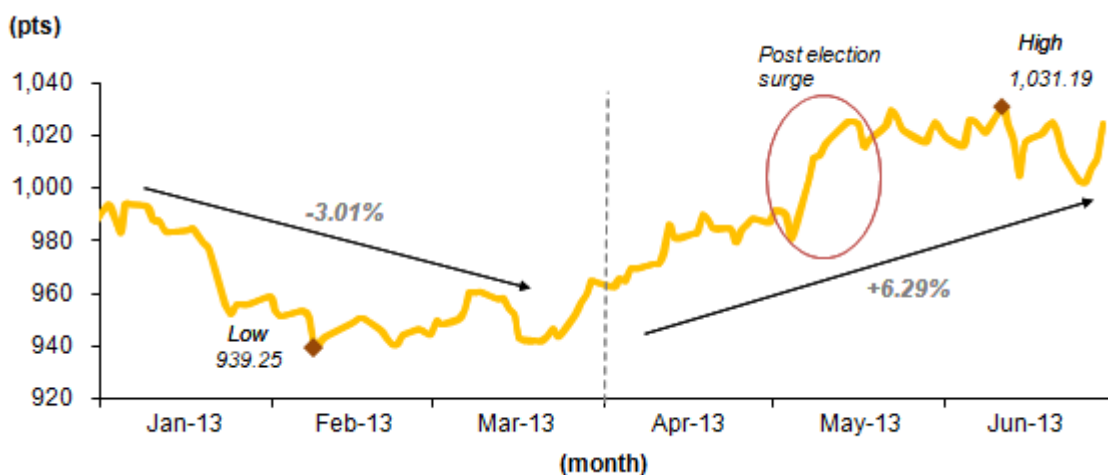
Chart 3: Foreign Net Flows into Bursa Malaysia Stock Exchange



Source: Bursa Malaysia

The DJIM25 Index started the quarter on a moderate pace before it had its breakthrough performance when it rose by up to 7.8% during the day after the election. The Benchmark Index continued its upward trend and hit its all-time high of 1,031.19 points on 10 June. However, the sharp correction in the global equity markets towards end June resulted in the DJIM25 Index to ease in tandem and ended the quarter at 1,024.89 points. For the second quarter DJIM25 Index gained 60.69 points or 6.29%.

Chart 4: DJIM25 Index Performance in 1H13

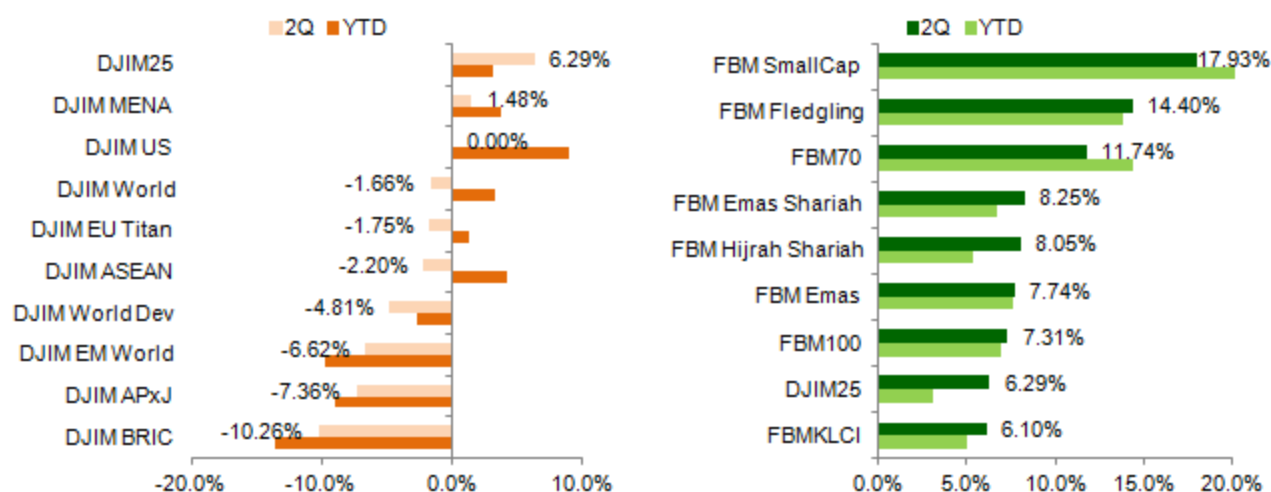


Sources: Bloomberg, i-VCAP

The performance of the DJIM25 Index during the quarter was largely supported by cyclical plays in the Trading / Services, Construction and Industrial Products sectors as investors shifted their focus to laggard stocks. The underperformers for the quarter were in the Telecommunications and Plantation sectors which saw contracting growth and weak commodity prices weighing down the stocks' share price performance.

The DJIM25 Index outperformed the other global DJIM equity benchmark indices during the quarter as the post-election rally minimised the local bourse from the global equity markets rout in June. On a domestic comparison, DJIM25 Index's 6.29% gain lagged all the other major local benchmark indices in the second quarter except for the blue-chip FTSE Bursa Malaysia KLCI Index which only gained 6.10%. The top performers during the quarter were the small to mid-cap indices which had lagged the more prominent large cap indices for the past one year.

Chart 5: DJIM and Domestic Indices Performance



Sources: Bloomberg, i-VCAP

On a macro perspective, the global economy appears to be on a firmer footing as the underlying economic fundamentals in the U.S. improve whilst the Abenomics policy is showing short term positive effects to the Japanese economy. The concern however, remains in the Eurozone area which is struggling to emerge from the economic slump though the pace of decline has not deteriorated sharply. The economic outlook for Malaysia remains sound with Bank Negara Malaysia retaining its GDP growth rate projection between 5.0-6.0% in 2013. Growth is expected to continue being supported by domestic demand with possible pick up in the second half of the year as implementation of the Economic Transformation Programme (“ETP”) projects gain momentum.

Table 6: Global Growth Forecast

	2013f	
	International Monetary Fund	World Bank
WORLD OUTPUT	3.10	2.20
Selected Countries		
US	1.70	2.00
UK	0.90	1.10
Euro	(0.60)	(0.60)
China	7.80	7.70
Japan	2.00	1.40
India	5.60	5.50
ASEAN-5	5.60	5.70
Malaysia	5.10	5.10
Singapore	2.00	4.50
Thailand	5.90	5.00
Indonesia	6.30	6.20
Vietnam	5.20	5.30
Philippines	6.00	6.20

Sources: Bloomberg, i-VCAP, IMF, World Bank

Heading into the second half of 2013, optimism on the improving global economic outlook is tempered by uncertainties on the withdrawal of the quantitative easing programme in the U.S. Other key issues include concern over the prolonged Eurozone economic slump and the economic impact of the occasional geopolitical flashpoints throughout the globe. Nonetheless, the supportive economic growth in emerging markets is expected to remain relatively resilient anchored by domestic demand. Given the external uncertainties that may cause further volatilities, the Malaysian equity market is expected to be in tandem with the global trend though it may perform relatively better due to its defensive characteristics.