

Manager's Report

For the Financial Period 1 July to 30 September 2014

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

1. Investment Objective

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

2. Benchmark Index

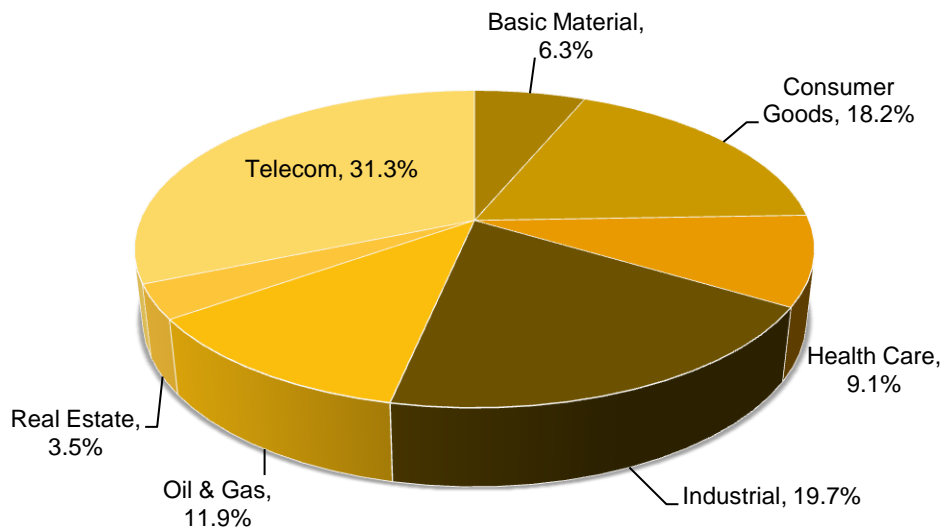
The Benchmark Index is a market capitalisation weighted and free-float adjusted index provided by S&P Dow Jones Indices ("S&P Dow Jones").

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

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

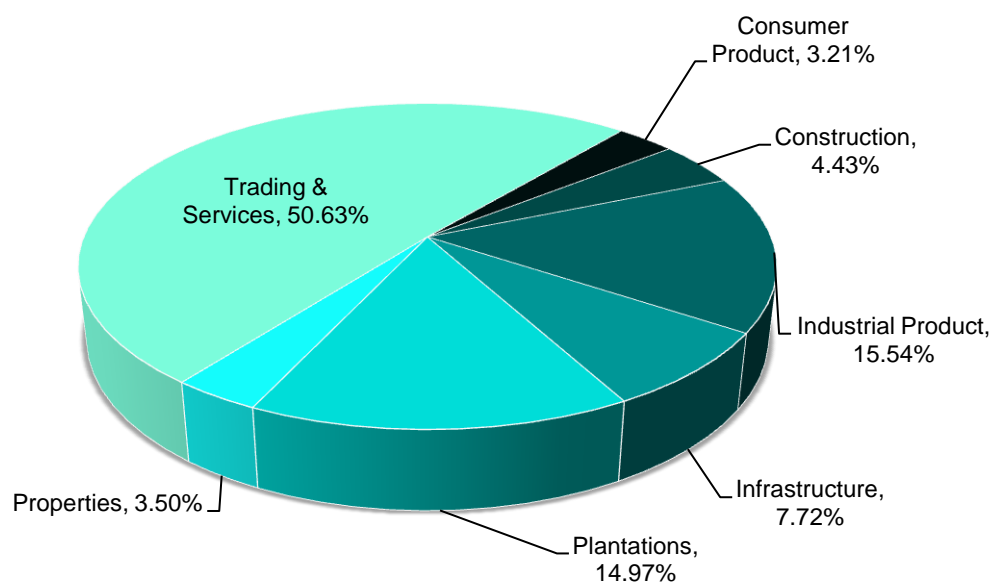
Based on the latest quarterly review (as at 12 September 2014), the sector allocation of DJIM25 Index based on S&P Dow Jones and Bursa Securities sector classifications are as follows:

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

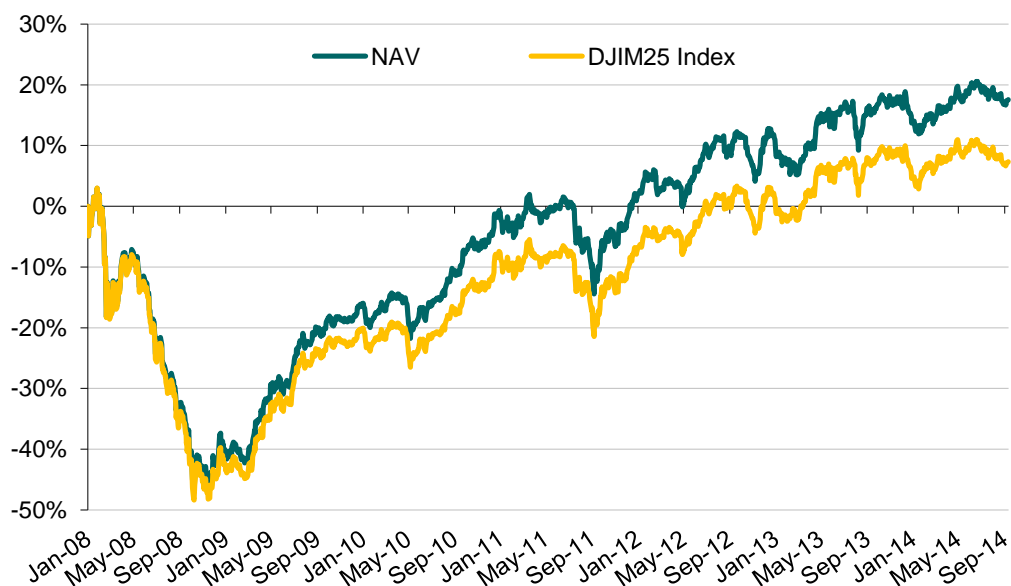
For the quarter under review, the Fund continued to achieve its investment objective which is to track closely the underlying benchmark, i.e. DJIM25 Index. As at 30 September 2014, the tracking error (calculated since inception and on daily basis) between the NAV per unit of the Fund and the Benchmark Index on Price Return and Total Return basis was 1.79% and 1.60% respectively, which were within the 3% limit stipulated under the Fund's investment objective. In terms of NAV movement, the Fund's NAV per unit reached its highest level of RM1.2054 on 7 July 2014, which was also its highest level since the inception of the Fund. The Fund's NAV however, weakened for the rest of the quarter and registered a decrease of 2.01% from the end of previous quarter when it closed at RM1.1756 as at end-September. The decrease was in line with its underlying benchmark that retraced by 2.81% for the same period. Meanwhile, the Fund's unit price traded on Bursa Securities moved in tandem with its NAV but largely at a discount before closing the quarter at RM1.1750. Total NAV of the Fund decreased to RM296.13 million as at end-September from RM302.69 million as at end-June largely due to the unfavourable market condition which led to negative performances of most big-cap stocks. The key statistics and comparative performance of the Fund for the third quarter of 2014 and the second quarter 2014 are summarized as follows:

Table 1: Key Statistics

	As at 30-Sept-14	As at 30-Jun-14	QoQ Change
NAV per unit (RM)	1.1756	1.1997	-2.01%
- Highest	1.2054 (7 Jul)	1.2028 (24 Jun)	
- Lowest (During the period)	1.1667 (23 Sep)	1.1529 (4 Apr)	
Price per unit (RM)	1.1750	1.1850	-0.84%
- Highest	1.2000 (31 Jul)	1.2000 (24 Jun)	
- Lowest (During the period)	1.1650 (23 Sep)	1.1400 (22 Apr)	
Units in Circulation	251,900,000	252,300,000	-0.16%
Total NAV (RM)	296,131,846	302,692,440	-2.17%
Market Capitalisation (RM)	295,982,500	298,975,500	-1.00%
DJIM25 Index	1,034.90	1,064.82	-2.81%
Tracking Error vs. Price Return DJIM25 Index (%)*	1.79	1.82	
Tracking Error vs. Total Return DJIM25 Index (%)*	1.60	1.63	
Management Expense Ratio (%)	0.40	0.27	

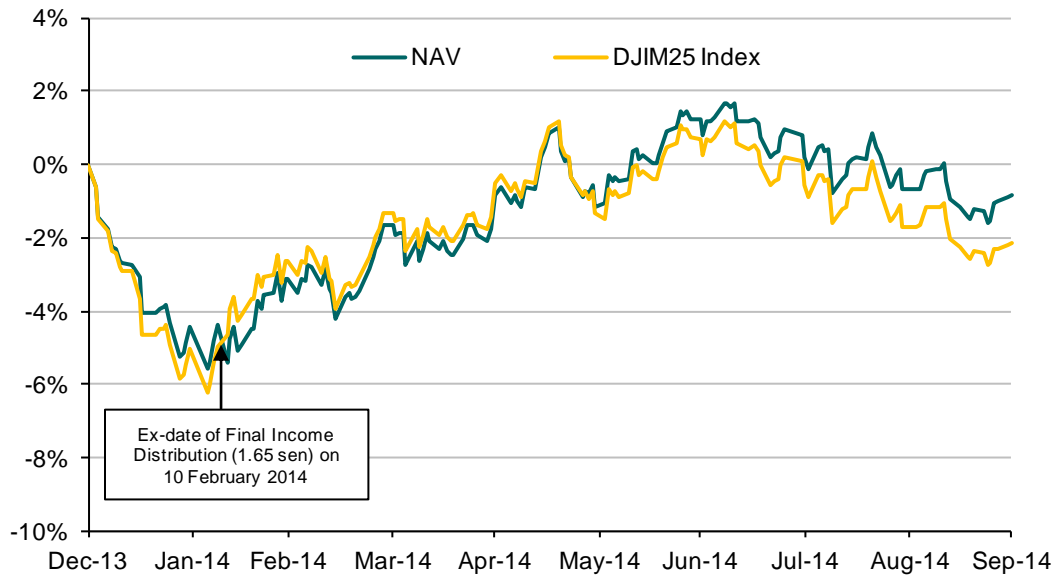
Sources: Bloomberg, i-VCAP

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

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


Sources: Bloomberg, i-VCAP

Chart 2(b): Fund NAV Per Unit vs. Benchmark Index – Performance in 2014



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 Sep 14 (%)	2013 (%)	2012 (%)	2011 (%)	2010 (%)
MyETF-DJIM25 - NAV Price Return ^(a)	-0.83	5.13	12.49	5.27	16.29
DJIM25 - Price Return Index	-2.15	6.39	12.56	4.26	12.81
MyETF-DJIM25 - NAV Total Return ^(a)	0.63	8.82	15.78	7.48	16.29
DJIM25T - Total Return Index	0.43	10.13	15.85	6.45	12.81

Sources: Bloomberg, i-VCAP

(a) Independently verified by Novagni Analytics and Advisory Sdn. Bhd.

Table 2(b): Cumulative Returns

	Cumulative Returns ^(b)			
	1-Year (%)	3-Year (%)	5-Year (%)	Since Inception (%)
MyETF-DJIM25 - NAV Price Return ^(a)	2.20	31.63	49.59	17.56
DJIM25 - Price Return Index	0.59	30.84	43.03	7.33
MyETF-DJIM25 - NAV Total Return ^(a)	3.70	42.30	65.11	30.77
DJIM25T - Total Return Index	3.85	44.91	70.83	39.25

Sources: Bloomberg, i-VCAP

(a) Independently verified by Novagni Analytics and Advisory Sdn. Bhd.

(b) Cumulative returns are up to 30 September 2014.

Table 2(c): Average Returns (Annualised)

	Average Returns ^(b)			
	1-Year (%)	3-Year (%)	5-Year (%)	Since Inception (%)
MyETF-DJIM25 - NAV Price Return ^(a)	2.20	9.59	8.39	2.45
DJIM25 - Price Return Index	0.59	9.38	7.42	1.06
MyETF-DJIM25 - NAV Total Return ^(a)	3.70	12.48	10.55	4.09
DJIM25T - Total Return Index	3.85	13.16	11.30	5.07

Sources: Bloomberg, i-VCAP

(a) Independently verified by Novagni Analytics and Advisory Sdn. Bhd.

(b) Average returns for both DJIM25 and DJIM25T Index are annualized figures computed based on the price and total returns for the respective period.

During the period under review, S&P Dow Jones performed its Third Quarter 2014 Review (quarterly 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. The Manager had undertaken the rebalancing exercise to align the Fund with the changes in the Benchmark Index. The latest rebalancing exercise saw the removal of two stocks from the DJIM25 Index, i.e. Time DotCom Berhad and United Plantations Berhad which were subsequently replaced by IOI Properties Group Berhad and Westports Holdings Berhad. In terms of sectoral weightings, notable changes to the Fund's sector composition arising from the quarterly reviews were the increase in Trading/Services from 48.13% to 50.92% and Property from 1.38% to 3.42%. On the other hand, the weighting of Plantation decreased from 18.62% to 14.61%. Details of the key changes for the quarter are as follows:

Table 3: Top Ten Holdings of the Fund as at 30 September 2014

Stock	% of NAV	Q-o-Q Δ (% holdings)
1. Axiata Group Berhad	12.39	(0.40)
2. Sime Darby Berhad	11.75	(0.53)
3. DiGi. Com Berhad	7.75	(0.02)
4. IOI Corporation Berhad	6.95	(0.53)
5. Petronas Chemicals Group Berhad	6.19	(0.29)
6. Telekom Malaysia Berhad	6.12	1.02
7. IHH Healthcare Berhad	5.79	1.16
8. Maxis Berhad	5.27	(0.54)
9. Petronas Gas Berhad	4.68	(0.15)
10. Kuala Lumpur Kepong Berhad	4.41	(0.60)
Total	71.30	(0.88)

Sources: Bloomberg, i-VCAP

Table 4: Change in Fund's Sector Allocation*

	As at 30-Sept-14	As at 30-Jun-14	Change (%)
Trading/Services	50.92%	48.13%	2.79
Industrial Products	15.38%	15.35%	0.03
Plantation	14.61%	18.62%	(4.01)
Infrastructure	7.75%	8.38%	0.08
Construction	4.40%	3.90%	(0.63)
Property	3.42%	1.38%	2.04
Consumer Products	3.18%	2.79%	0.39
Cash & Others	0.34%	1.45%	(1.11)

Sources: Bursa Malaysia, i-VCAP

* Based on Bursa Securities classification

Details of the Fund's quoted Investments as at 30 September 2014 are as follows:

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

	Quantity	Market Value	Market Value as a percentage of Net Asset Value
	(Units)	(RM)	(%)
<u>Trading/Services</u>			
1. Axiata Group Berhad	5,243,300	36,703,100	12.39
2. Sime Darby Berhad	3,802,000	34,788,300	11.75
3. Telekom Malaysia Berhad	2,747,400	18,132,840	6.12
4. IHH Healthcare Berhad	3,376,700	17,153,636	5.79
5. Maxis Berhad	2,410,100	15,617,448	5.27
6. Dialog Group Berhad	4,886,340	8,404,505	2.84
7. Petronas Dagangan Berhad	364,700	7,294,000	2.46
8. Westports Holdings Berhad	1,769,500	5,396,975	1.82
9. UMW Oil & Gas Corporation Berhad	1,312,800	5,128,584	1.73
10. KPJ Healthcare Berhad	574,446	2,228,850	0.75
		150,848,238	50.92
<u>Industrial Products</u>			
11. Petronas Chemicals Group Berhad	2,936,200	18,321,888	6.19
12. Petronas Gas Berhad	605,200	13,871,184	4.68
13. Lafarge Malaysia Berhad	519,700	5,352,910	1.81
14. Hartalega Holdings Berhad	579,800	4,104,984	1.39
15. Top Glove Corporation Berhad	493,500	2,442,825	0.82
16. Supermax Corporation Berhad	662,800	1,458,160	0.49
		45,551,951	15.38
<u>Plantation</u>			
17. IOI Corporation Berhad	4,279,539	20,584,583	6.95
18. Kuala Lumpur Kepong Berhad	618,900	13,046,412	4.41
19. Felda Global Ventures Holdings Berhad	1,894,800	6,688,644	2.26
20. Genting Plantations Berhad	294,200	2,921,406	0.99
		43,241,045	14.61
<u>Infrastructure</u>			
21. DiGi.Com Berhad	3,923,200	22,950,720	7.75
		22,950,720	7.75
<u>Construction</u>			
22. Gamuda Berhad	2,700,300	13,015,446	4.40
		13,015,446	4.40
<u>Property</u>			
23. IOI Properties Group Berhad	2,224,600	5,828,452	1.97
24. UEM Sunrise Berhad	2,358,700	4,292,834	1.45
		10,121,286	3.42
<u>Consumer Products</u>			
25. UMW Holdings Berhad	768,300	9,419,358	3.18
		9,419,358	3.18
		295,148,044	99.66

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. During the quarter, there was no income distribution declared or being paid.

6. Other Information

There was no material litigation involving the Fund and no significant changes in the state of affairs of the Fund during the period under review. There is also no other material information that will adversely affect the Fund's valuation and the interest of unit holders.

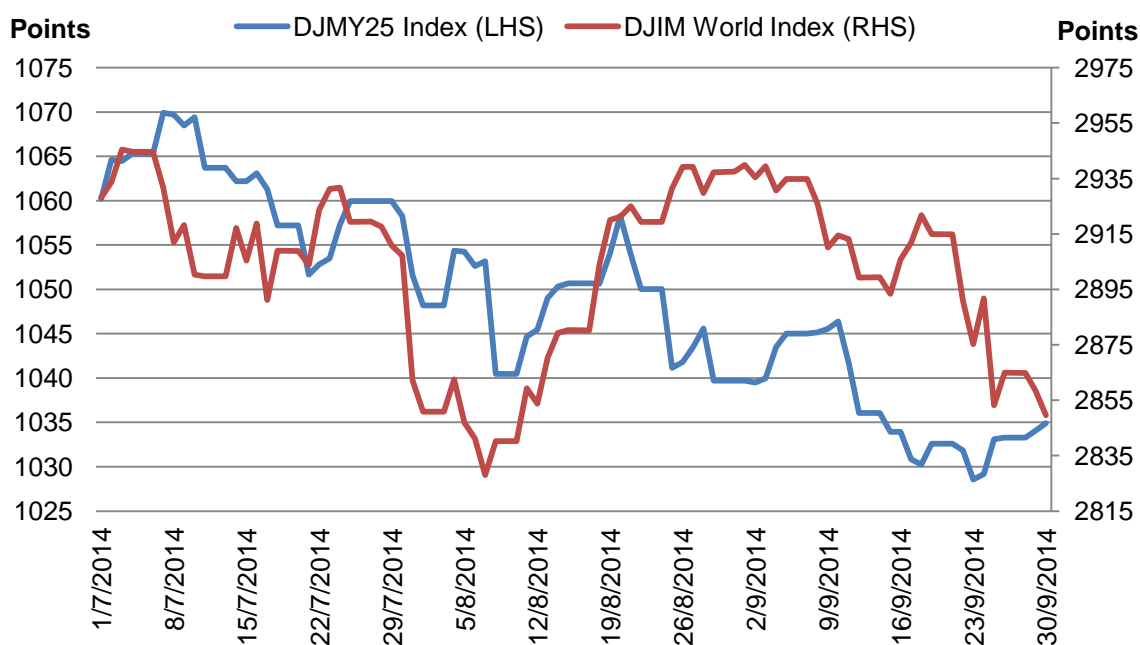
7. Soft Dollar Commissions

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

8. Market Review and Outlook

Global equity markets continued their upward trend at the start of the third quarter with several markets registering new all time highs. However, the rally was short lived as lack of fresh leads coupled with mixed news on corporate earnings and disappointing economic numbers particularly in the Eurozone area pulled the market lower. Equity markets managed to stage a rebound in mid August but lost momentum towards quarter end due to the heightened geopolitical risks and concerns over how the end of the Federal Reserve's easy monetary policy might affect the markets.

The defensive local equity market started the quarter positively but retraced sharply till mid August largely due to lack of fresh leads as well as profit taking activities. The market however, rebounded following BNM's announcement of Malaysia's second quarter Growth Domestic Product (GDP) that grew by 6.4%, faster than widely expected due to strong export growth and robust private domestic demand. The rally was short lived in September in line with the unfavourable global equity market condition coupled with the softening of Ringgit against the US Dollar and weakening commodity prices.

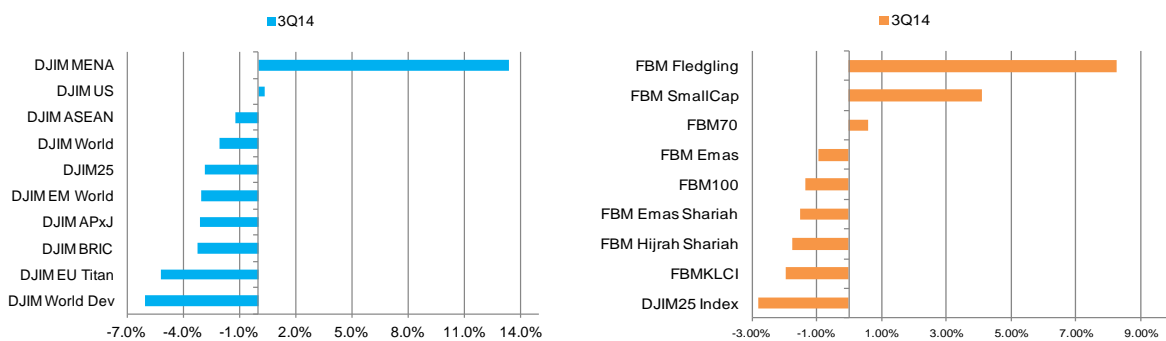
Chart 3: DJIM25 Index Performance against DJIM World Index in 3Q14

Sources: Bloomberg, i-VCAP

The DJIM25 Index generally moved in tandem with the overall market during the quarter. The Benchmark Index reached its intraday all-time high of 1,072.43 points on 8 July but succumbed to selling pressure thereafter. The DJIM25 Index ended the third quarter at 1,034.90 points, 2.81% lower than the previous quarter's end of 1,064.82 points.

The tepid performance of the DJIM25 Index during the quarter was largely attributed to the relatively weak performance on stocks in the Oil & Gas and Plantation sectors which constitute around 40% of the Benchmark Index weighting. Both sectors suffered during the quarter as crude oil price and crude palm oil dropped by 14% and 9% quarter-on-quarter respectively. Nonetheless, on comparative performance within the Dow Jones Islamic Market ("DJIM") index series, DJIM25 Index outperformed most of major global Islamic equity benchmark indices during the quarter but lagged the US, Middle East and Asean indices. On the domestic front, DJIM25 Index lagged all other major domestic indices given the relatively higher exposure of Oil & Gas and Plantation stocks compared to other indices.

Chart 4: DJIM and Domestic Indices Performance – 3rd Quarter 2014



Sources: Bloomberg, i-VCAP

Moving forward, despite a softer economic performance in most major countries, the outlook for the global economy suggested a cautiously positive undertone for fourth quarter 2014. Whilst global economic condition may improve following positive signs on U.S economic growth, the moderating growth in China and stalled economies in Eurozone may dampen the outlook.

On the local front, Malaysian equity market is expected to remain positive given the ample liquidity and stable economic condition. The strength in export goods and moderate growth in private sector consumption will be the key support to the economic activities which could lead to the achievement of GDP growth forecast of around 5.0% in 2015.

In the medium term, investors are expected to focus on companies that are resilient in its earnings and may ride on the various stimulus activities implemented by the government. Any market pullbacks may be an opportunity for investors to reposition its investment portfolio going into 2015 with initial focus to be on big-cap stocks which provide exposure into key sectors that drive domestic economic growth.