

Manager's Report

For the Financial Period 1 July to 30 September 2015

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

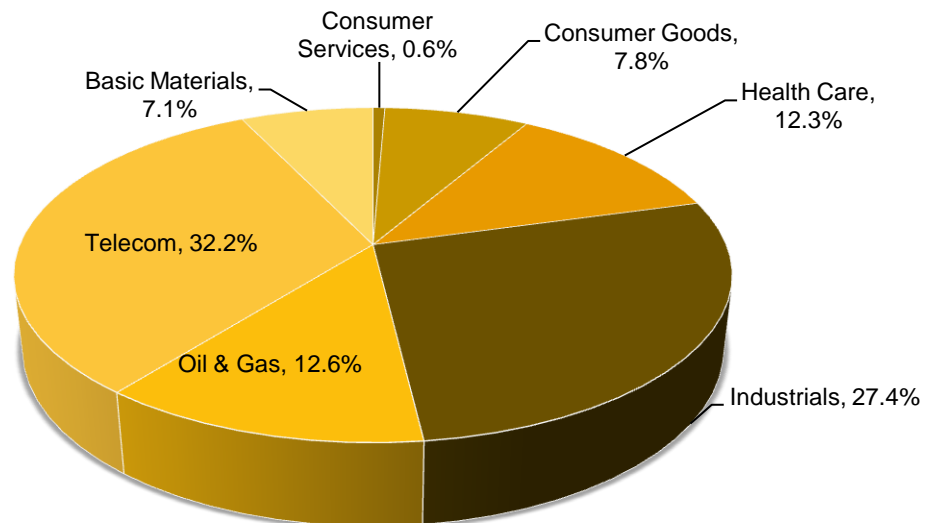
The Benchmark Index is a market capitalisation weighted and free-float adjusted index provided by S&P Dow Jones Indices (“S&P Dow Jones”).

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.

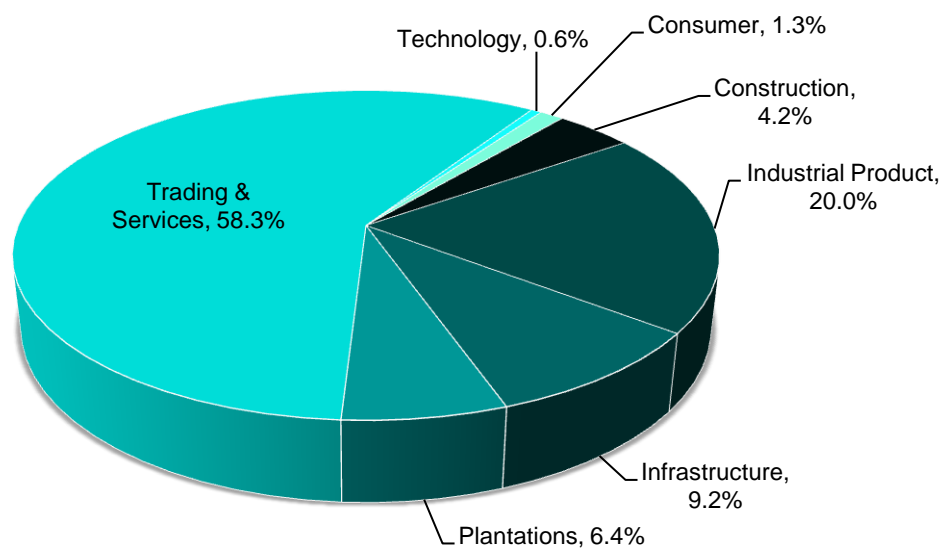
Based on the latest quarterly review (as at 18 September 2015), the sector allocation of DJIM25 Index based on S&P Dow Jones and Bursa Securities sector classifications are as follows:

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 Index, i.e. DJIM25 Index. As at 30 September 2015, 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 1.94% and 1.80% 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 increased by 0.38% to RM1.0885 from RM1.0844. The Fund started the quarter positively with its NAV and price per unit reaching its highest level for the quarter of RM1.1343 and RM1.1100 respectively on 3 August. However, sharp market pullback thereafter saw MyETF-DJIM25's NAV dropped to its lowest level for the year of RM1.0063 on 24 August. The Fund however rebounded towards end of the quarter and in line with the overall market to register a minimal quarterly gain. Meanwhile, The Fund's unit price traded on Bursa Securities closed the 3Q2015 at RM1.0700 which was slightly at a discount to its NAV. This represents a decrease of 1.38% from RM1.0850 at the end of the previous quarter.

In line with the performance of the Benchmark Index, total NAV of the Fund increased to RM274.18 million as at end of September from RM273.15 million recorded at the end of June. The key statistics and comparative performance of the Fund for the third quarter of 2015 as compared to the previous quarter are summarized as follows:

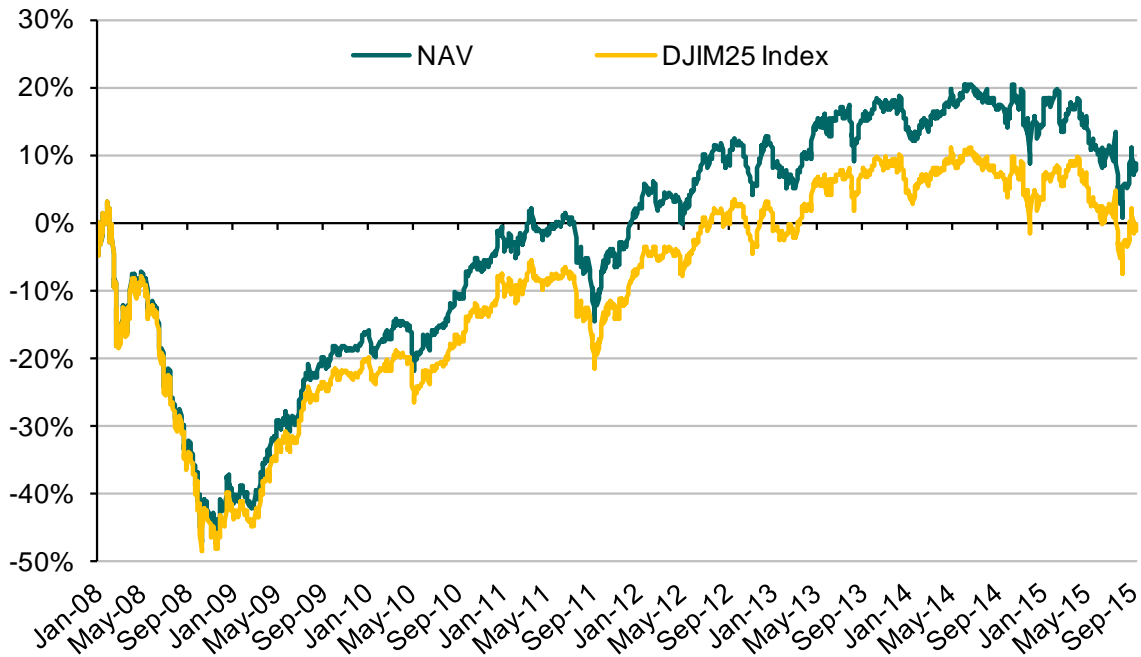
Table 1: Key Statistics

	As at 30-Sep-15	As at 30-Jun-15	QoQ Change
NAV per unit (RM)	1.0885	1.0844	0.38%
- Highest	1.1343 (3 Aug)	1.1828 (24 Apr)	
- Lowest (During the period)	1.0063 (24 Aug)	1.0796 (29 Jun)	
Price per unit (RM)	1.0700	1.0850	-1.38%
- Highest	1.1100 (3 Aug)	1.1750 (21 Apr)	
- Lowest (During the period)	1.0150 (25 Aug)	1.0850 (29 Jun)	
Units in Circulation	251,900,000	251,900,000	0.00%
Total NAV (RM)	274,184,370	273,150,713	0.38%
Market Capitalisation (RM)	269,533,000	273,311,500	-1.38%
DJIM25 Index	963.38	965.82	-0.25%
DJIM25 Total Return Index	1,288.18	1,281.33	0.53%
Tracking Error vs. Price Return DJIM25 Index (%)*	1.94	1.98	
Tracking Error vs. Total Return DJIM25 Index (%)*	1.80	1.83	
Management Expense Ratio (%)	0.15	0.15	

Sources: Bloomberg, i-VCAP

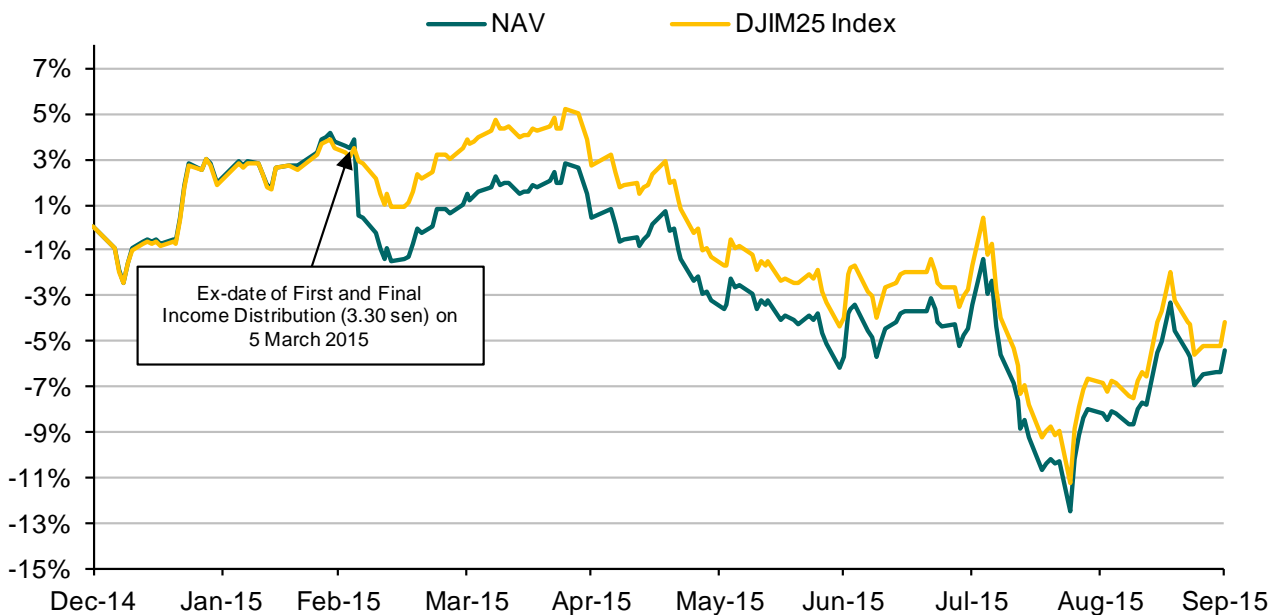
* The tracking error (calculated since inception and on daily basis) between the NAV per unit of the Fund and the Price Return and Total Return Benchmark Index

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 2015



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 15 (%)	2014 (%)	2013 (%)	2012 (%)	2011 (%)
MyETF-DJIM25 - NAV Price Return ^(a)	(5.38)	(2.95)	5.13	12.49	5.27
DJIM25 - Price Return Index	(4.21)	(4.90)	6.39	12.56	4.26
MyETF-DJIM25 - NAV Total Return ^(a)	(2.68)	(1.52)	8.82	15.78	7.48
DJIM25 - Total Return Index	(2.06)	(1.62)	9.82	16.70	8.04

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)	(7.41)	(1.60)	22.19	8.85
DJIM25 - Price Return Index	(6.91)	(1.84)	20.94	(0.09)
MyETF-DJIM25 - NAV Total Return ^(a)	(4.77)	6.31	38.72	24.54
DJIM25 - Total Return Index	(4.06)	8.02	42.70	33.59

Sources: Bloomberg, i-VCAP

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

(b) Cumulative returns are up to 30 September 2015.

Table 2(c): Average Returns (Annualised)

	Average Returns ^(b)			
	1-Year (%)	3-Year (%)	5-Year (%)	Since Inception (%)
MyETF-DJIM25 - NAV Price Return ^(a)	(7.41)	(0.54)	4.09	1.11
DJIM25 - Price Return Index	(6.91)	(0.62)	3.88	(0.01)
MyETF-DJIM25 - NAV Total Return ^(a)	(4.77)	2.06	6.76	2.89
DJIM25 - Total Return Index	(4.06)	2.60	7.37	3.84

Sources: Bloomberg, i-VCAP

(a) Independently verified by Novagni Analytics and Advisory 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 under review, S&P Dow Jones performed its Third Quarter 2015 Review (quarterly review) and rebalanced the composition of the Benchmark Index in accordance with its index methodology. The quarterly review had resulted in changes to the weightings of the component stocks and stock constituents in the Benchmark Index. The Manager had undertaken the rebalancing exercise during the quarterly reviews to ensure that the Fund's investment would be in line with the changes in the Benchmark Index. The latest rebalancing exercise saw the removal of three stocks from the DJIM25 Index, i.e. Felda Global Ventures Holdings Berhad, UEM Sunrise Berhad and Supermax Corporation Berhad which were subsequently replaced by QL Resources Berhad, Kossan Rubber Industries Berhad and MY E.G. Services Berhad. The changes took effect after the close of trading on 18 September 2015.

In terms of sectoral weightings, notable changes to the Fund's sector composition as compared to the previous quarter were the increase in Infrastructure from 7.74% to 9.52%. On the other hand, the weighting of Construction and Plantation sectors decreased by 0.94% and 0.86% to 3.82% and 6.36% respectively. Pursuant to the exclusion of UEM Sunrise Berhad as an index constituent, the Fund currently has no exposure in the Property sector while the inclusion of QL Resources Berhad resulted in the Fund's sole exposure in the Consumer Products sector. Details of the key changes for the quarter are as follows:

Table 3: Top Ten Holdings of the Fund as at 30 September 2015

Stock	% of NAV
1. Axiata Group Berhad	10.52%
2. Sime Darby Berhad	10.52%
3. DiGi.Com Berhad	9.52%
4. IHH Healthcare Berhad	7.85%
5. Petronas Chemicals Group Berhad	7.09%
6. Maxis Berhad	6.10%
7. Telekom Malaysia Berhad	5.89%
8. MISC Berhad	5.60%
9. Petronas Gas Berhad	5.43%
10. Kuala Lumpur Kepong Berhad	5.15%
Total	73.67%

Sources: Bloomberg, i-VCAP

Table 4: Change in Fund's Sector Allocation*

	As at 30-Sep-15	As at 30-Jun-15	Change (%)
Trading/Services	58.72%	59.43%	(0.71)
Industrial Products	19.45%	18.68%	0.77
Infrastructure	9.52%	7.74%	1.78
Plantation	6.36%	7.22%	(0.86)
Construction	3.82%	4.76%	(0.94)
Consumer Products	1.30%	-	1.30
Technology	0.56%	0.66%	(0.10)
Properties	-	0.81%	(0.81)
Cash & Others	0.29%	0.70%	(0.41)

Sources: Bursa Malaysia, i-VCAP

* Based on Bursa Securities classification

Details of the Fund's quoted Investments as at 30 September 2015 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. Axiata Group Berhad	4,973,200	28,844,560	10.52
2. Sime Darby Berhad	3,701,600	28,835,464	10.52
3. IHH Healthcare Berhad	3,605,700	21,526,029	7.85
4. Maxis Berhad	2,554,900	16,734,595	6.10
5. Telekom Malaysia Berhad	2,418,300	16,154,244	5.89
6. MISC Berhad	1,743,600	15,343,680	5.60
7. Petronas Dagangan Berhad	464,900	10,144,118	3.70
8. Dialog Group Berhad	5,569,140	8,910,624	3.25
9. Westports Holdings Berhad	1,759,900	7,461,976	2.72
10. My E.G Services Berhad	978,200	2,748,742	1.00
11. KPJ Healthcare Berhad	645,346	2,710,453	0.99
12. Berjaya Auto Berhad	805,300	1,578,388	0.58
		160,992,873	58.72
<u>Industrial Products</u>			
13. Petronas Chemicals Group Berhad	3,165,500	19,436,170	7.09
14. Petronas Gas Berhad	678,400	14,897,664	5.43
15. Lafarge Malaysia Berhad	538,000	4,842,000	1.77
16. Top Glove Corporation Berhad	519,200	4,189,944	1.53
17. Kossan Rubber Industries Berhad	450,000	3,478,500	1.27
18. Hartalega Holdings Berhad	688,100	3,337,285	1.22
19. Cahya Mata Sarawak Berhad	608,600	3,134,290	1.14
		53,315,853	19.45
<u>Infrastructure</u>			
20. Digi.Com Berhad	4,701,800	26,094,990	9.52
		26,094,990	9.52
<u>Plantation</u>			
21. Kuala Lumpur Kepong Berhad	650,700	14,120,190	5.15
22. Genting Plantations Berhad	333,800	3,307,958	1.21
		17,428,148	6.36
<u>Construction</u>			
23. Gamuda Berhad	2,384,900	10,469,711	3.82
		10,469,711	3.82
<u>Consumer Product</u>			
24. QL Resources Berhad	890,000	3,560,000	1.30
		3,560,000	1.30
<u>Technology</u>			
25. Inari Amertron Berhad	453,900	1,538,721	0.56
		1,538,721	0.56
		273,400,296	99.71

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. With the implementation of Goods and Service Tax (GST), effective from 1 April 2015, fees and expenses incurred by the Fund are subjected to GST.

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

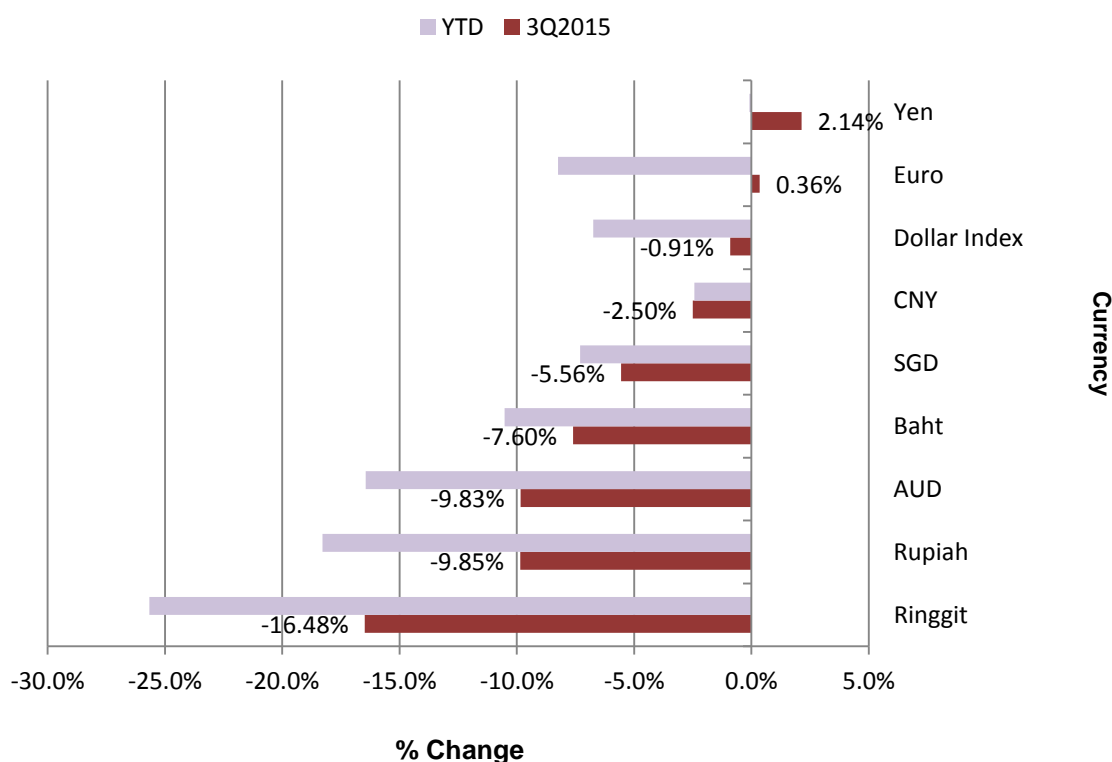
The global economic growth remained uneven and slow in 3Q2015 given the persistent headwinds. The IMF in August echoed the World Bank's downward revision in global growth forecast for 2015, revising its projections lower at +3.3% compared with +3.5% in April. The lower commodity prices and economic rebalancing in China continued to weaken the currencies and economies in the emerging markets, while the US saw an unexpected output contraction which dragged growth in the 1H2015.

Meanwhile, the Eurozone economy moderated marginally in 2Q2015 but will likely continue to expand modestly throughout the year, aided by the ECB's quantitative easing. In addition, business activities maintained a near four-year high in July, signaling the manufacturing and services activities expansion. This suggests further resilience in the Eurozone economic activities in the wake of the Greek crisis which has been headlining market sentiment.

China remained on track to grow at its slowest annual rate in six years, with two consecutive quarters of lower growth in 1H2015 which dampened demand for commodities and weighed on global trade. To revive its economy, the government has stepped in to introduce a series of monetary and fiscal policy easing. These include multiple interest rate cuts by the People’s Bank of China, as well as the Chinese Government’s debt swap plan to help state governments refinance its debts by converting short-term high interest bank loans into low interest long-term municipal bonds. Separately, China’s stock market plunged by 30% between July and August, recording its lowest point since December 2014. To stabilize the stock market slide, the government announced a ban on short selling of stocks to curb volatility and stem further losses during the period.

Malaysia’s stock market was also marred by negative sentiment which drove spikes in volatility during the 3Q2015. This was also in response to the weakening Ringgit, where it briefly touched RM4.502, the highest since 1998 and contributed significantly to the depreciation of 25.7% on a year-to-date basis. For year-to-date, foreigners have sold around RM17.9 billion of Malaysian equity market.

Chart 3: Currencies Performance vs US Dollar

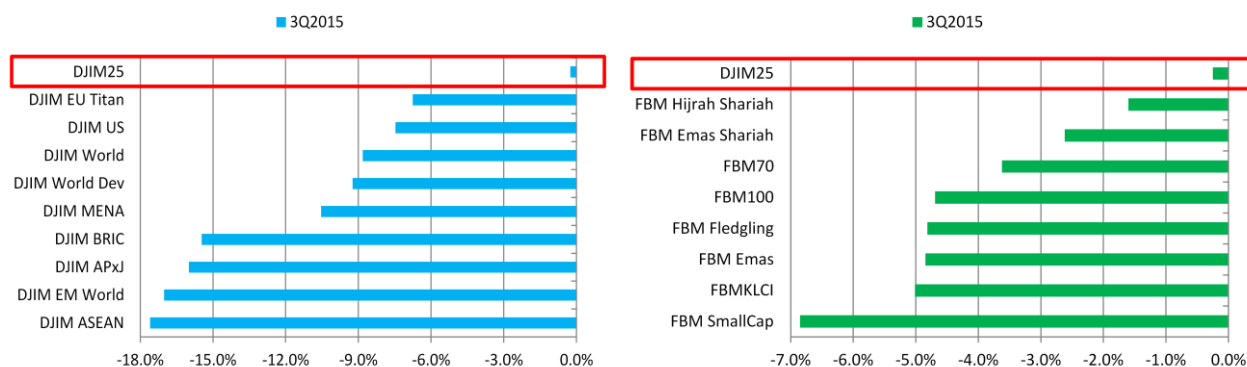


Sources: Bloomberg, i-VCAP

The DJIM25 Index moved in line with the overall local equity market. The index reached its highest level of 1,009.59 points on 3 August but retraced thereafter to its lowest level since June 2012 of 892.47 points on 24 August due to the strong selling pressure on the back of the weak sentiment. However, bargain hunting activities followed immediately, helping the DJIM25 Index to recover by 10.3% before ending the quarter at 963.39 points. On quarter-on-quarter basis, the Benchmark Index decreased by 0.25%. The tepid performance of the DJIM25 Index during the quarter was largely attributed to the Trading/Services sectors which saw the index’s heavy weighted stocks i.e Axiata Group Berhad and Sime Darby Berhad dropped by 9% quarter-on-quarter. In addition, the combination of a weak Ringgit as well as downward revisions of corporate earnings led to continuous selling pressure on the stocks.

On comparative performance within Dow Jones Islamic Market (“DJIM”) index series and local main indices during 3Q2015, the DJIM25 Index was the most resilient index. Despite the fragile and volatile market conditions, the Benchmark Index managed to outperform emerging and developed markets as well as all local main indices.

Chart 4: DJIM and Domestic Indices Performance – 3Q2015



Sources: Bloomberg, i-VCAP

* All data is in local currency term

In order to address the uncertain economic outlook, pre-emptive measures were taken by the government with the formation of a special economic committee. This is to explore immediate to medium-term measures that can strengthen the economy and restore investors’ confidence. Some of the measures include sizeable capital allocation to support undervalued stocks, as well as encouraging government-linked companies to bring back profits from their foreign investments and re-invest domestically in projects with high multiplier value. Furthermore, the government will allocate additional funds to support working capital requirements to assist small and medium-sized enterprises (SMEs) across all sectors. The SMEs that are involved in manufacturing will also be

exempted from import duties on 90 items which could translate into large savings in production costs annually.

On the fundamental perspective, Malaysia's GDP growth seems to be holding up well among its ASEAN counterparts, registering growth of +4.9% yoy in 2Q2015. Nonetheless, Malaysia's growth drivers which mainly comprise commodities, manufactured exports and public spending, continued to face pressure. Malaysia's growth rate is expected to moderate to between 4.5-5.5% in 2015 (2014: +6.0%), which can be attributed largely to external headwinds. With regards to monetary policy, BNM has kept its monetary policy on hold at 3.25% for its seventh successive meeting on 11 September. Given subdued domestic growth on the back of manageable price pressures in 2015 and beyond, alongside persistent weakness in the Ringgit, the OPR is expected to be held stable for the remaining of the year.

For the remaining period of 2015, the equity market is expected to remain volatile, surrounded by expectation over the impending Fed rate hike in December, continued pressure on Emerging market currencies, as well as worries over economic growth slowdown in China and its corresponding impact on global economies and commodity prices. Investors are expected to position defensively with focus on companies that are resilient in earnings and may ride on the various stimulus activities implemented by the government. Big-cap stocks are likely to be preferred on any market pullbacks as the stable domestic economic growth provides downside support.