

Manager's Report

For the Financial Period 1 January to 31 March 2016

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

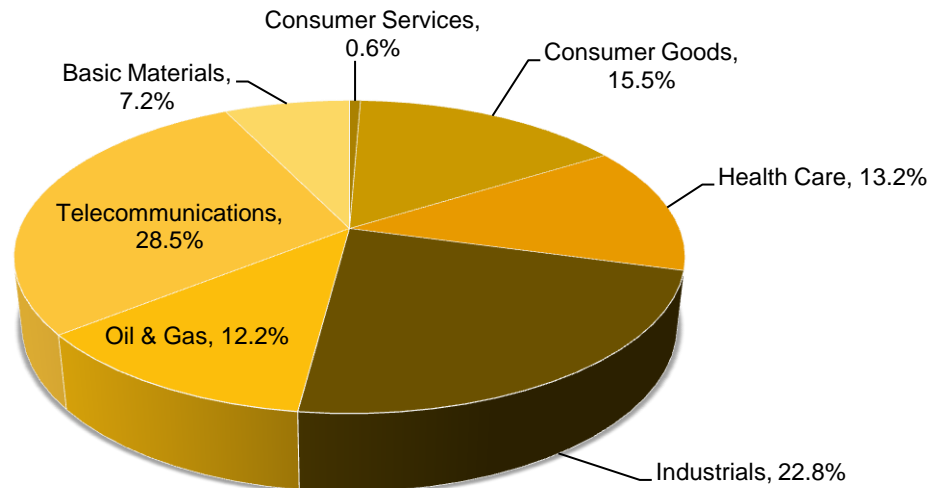
The Benchmark Index is a market capitalisation weighted and free-float adjusted index provided by S&P Dow Jones Indices (“S&P Dow Jones”).

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.

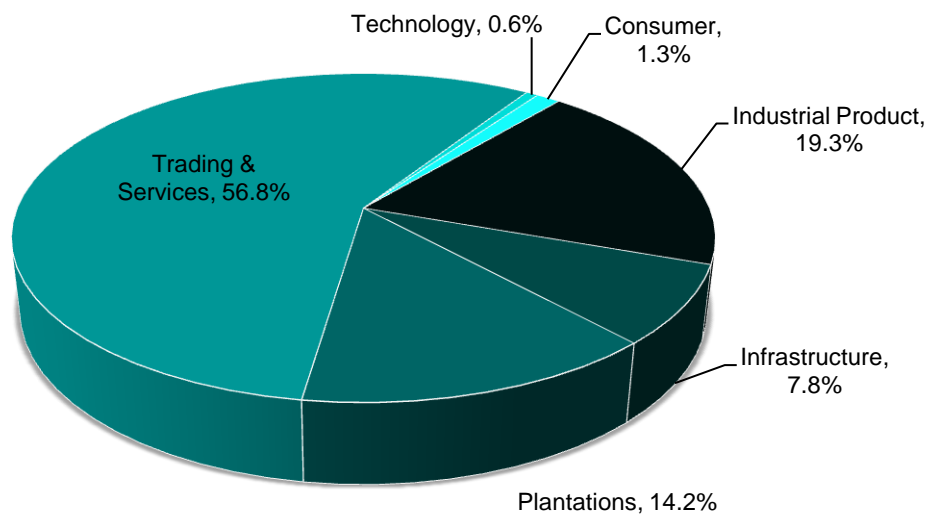
Based on the latest quarterly review (as at 18 March 2016), the sector allocation of DJIM25 Index based on S&P Dow Jones and Bursa Securities sector classifications are as follows:

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 31 March 2016, 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 2.03% and 1.90% 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 decreased by 5.33% to RM1.1085 from RM1.1709 at the end of the previous quarter while the Benchmark Index and Benchmark's Total Return Index (DJIM25T Index) decreased by 3.95% and 3.27% respectively for the quarter. The variance between the DJIM25 Index and Fund's NAV movement was largely due to the adjustment to the Fund's NAV following the Fund's income distribution of 2.37 sen per unit (for Financial Year ended 31 December 2015) which was declared and paid during the quarter.

The Fund had a good start with its NAV and price per unit reached its quarter high of RM1.1600 and RM1.1500 on 6 January. The Fund however, retraced to its lowest level of RM1.0983 on 29 February before regaining some lost ground to end the quarter at RM1.1085. Meanwhile, the Fund's unit price traded on Bursa Securities moved in tandem but largely at a premium to its NAV before closing the quarter at RM1.1100.

As at end of March, total NAV of the Fund decreased to RM278.78 million from RM294.49 million as at end of 2015 due to the negative market movement. The key statistics and comparative performance of the Fund for the first quarter of 2016 and the last financial year ended 31 December 2015 are summarized as follows:

Table 1: Key Statistics

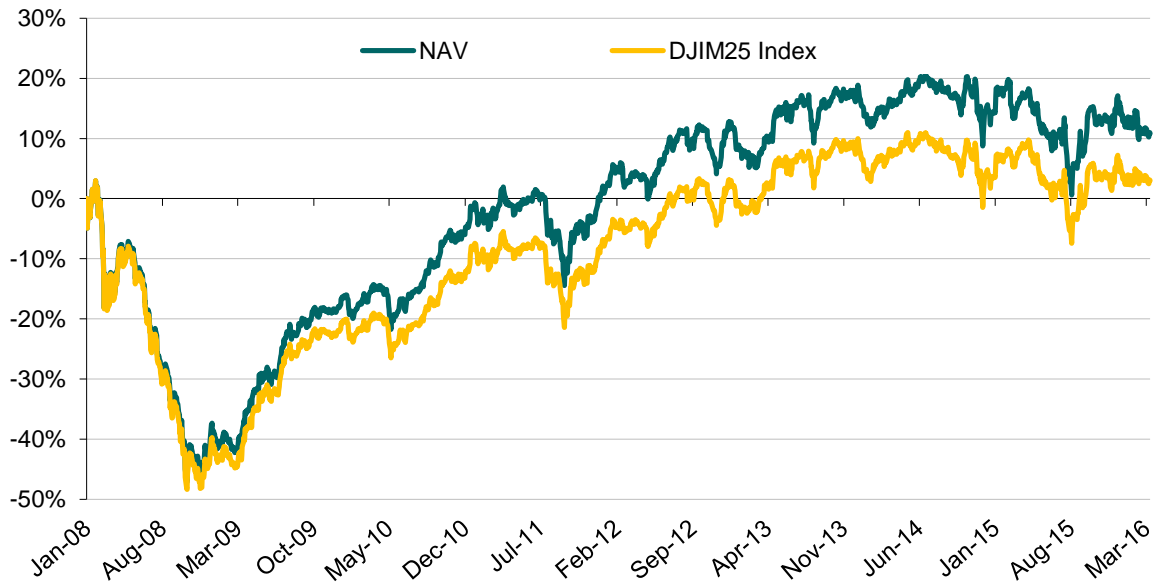
	As at 31-Mar-16	As at 31-Dec-15	QoQ Change
NAV per unit (RM) [#]	1.1085	1.1709	(5.33%)
- Highest	1.1600 (6 Jan)	1.1709 (31 Dec)	
- Lowest	1.0983 (29 Feb)	1.0935 (1 Oct)	
<i>(During the period)</i>			
Price per unit (RM) [#]	1.1100	1.1650	(4.72%)
- Highest	1.1500 (6 Jan)	1.1700 (30 Dec)	
- Lowest	1.1000 (28 Mar)	1.0900 (2 Oct)	
<i>(During the period)</i>			
Units in Circulation	251,500,000	251,500,000	0.00%
Total NAV (RM)	278,782,827	294,486,774	(5.33%)
Market Capitalisation (RM)	279,165,000	292,997,500	(4.72%)
DJIM25 Index	993.01	1,033.82	(3.95%)
DJIM25T Index	1,343.94	1,389.39	(3.27%)
Tracking Error vs. Price Return DJIM25 Index (%) [*]	2.03	1.92	
Tracking Error vs. Total Return DJIM25 Index (%) [*]	1.90	1.78	
Management Expense Ratio (%)	0.14	0.11	

Sources: Bloomberg, i-VCAP

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

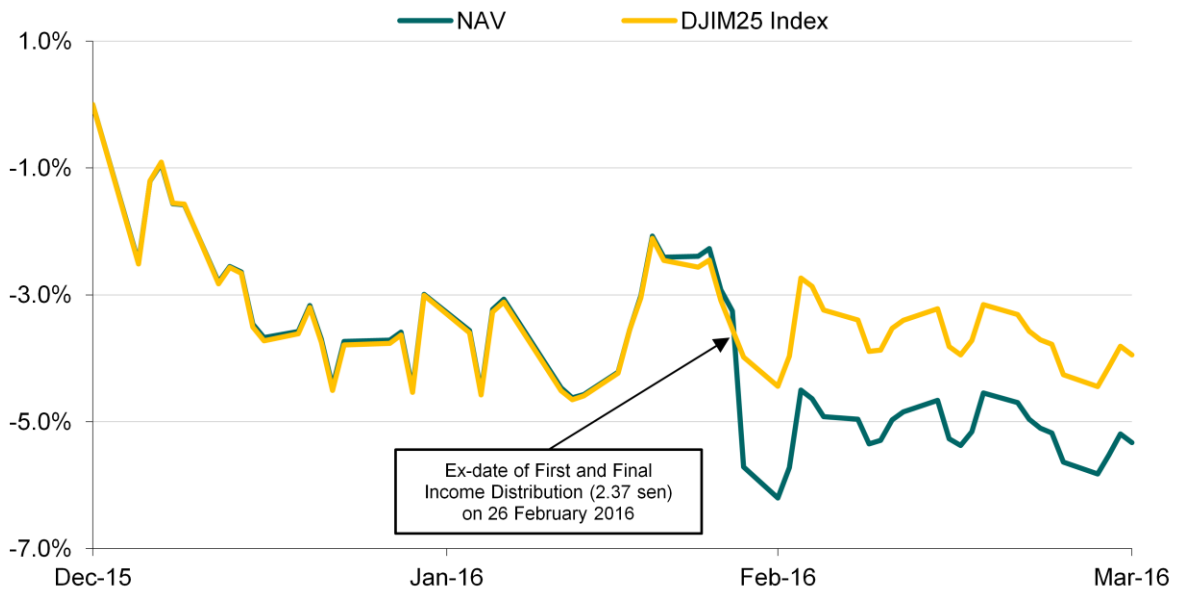
^{*} The tracking error (calculated since inception and on daily basis) between the NAV per unit of the Fund and the Price Return and Total Return Benchmark Index

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



Sources: Bloomberg, i-VCAP

Chart 2(b): Fund NAV Per Unit vs. Benchmark Index – Performance in 1Q16



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 31 Mar 16 (%)	2015 (%)	2014 (%)	2013 (%)	2012 (%)
MyETF-DJIM25 - NAV Price Return ^(a)	(5.33)	1.78	(2.95)	5.13	12.49
DJIM25 - Price Return Index	(3.95)	2.79	(4.90)	6.39	12.56
MyETF-DJIM25 - NAV Total Return ^(a)	(3.30)	4.69	(1.52)	8.82	15.78
DJIM25 - Total Return Index	(3.27)	5.63	(1.62)	9.82	16.70

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)	(5.03)	3.01	10.12	10.85
DJIM25 - Price Return Index	(4.99)	2.99	10.37	2.98
MyETF-DJIM25 - NAV Total Return ^(a)	(2.99)	11.25	26.42	29.55
DJIM25 - Total Return Index	(2.26)	13.11	29.99	39.38

Sources: Bloomberg, i-VCAP

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

(b) Cumulative returns are up to 31 March 2016.

Table 2(c): Average Returns (Annualised)

	Average Returns ^(b)			
	1-Year (%)	3-Year (%)	5-Year (%)	Since Inception (%)
MyETF-DJIM25 - NAV Price Return ^(a)	(5.03)	0.99	1.95	1.26
DJIM25 - Price Return Index	(4.99)	0.99	1.99	0.36
MyETF-DJIM25 - NAV Total Return ^(a)	(2.99)	3.62	4.80	3.21
DJIM25 - Total Return Index	(2.26)	4.19	5.39	4.13

Sources: Bloomberg, i-VCAP

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

(b) Average returns for both DJIM25 Price Return Index and DJIM25 Total Return 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 First Quarter 2016 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 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. In terms of sectoral weightings, notable changes to the Fund's sector composition as compared to the previous quarter was the increase in Plantation from 12.24% to 13.53%. On the other hand, the weighting of Industrial Products and Infrastructure sectors decreased from 19.98% to 19.02% and 8.10% to 7.79% respectively. Details of the key changes for the quarter are as follows:

Table 3: Top Ten Holdings of the Fund as at 31 March 2016

Stock	% of NAV
1. Sime Darby Berhad	10.32
2. Axiata Group Berhad	9.82
3. IHH Healthcare Berhad	8.05
4. DiGi. Com Berhad	7.79
5. Petronas Chemicals Group Berhad	7.09
6. IOI Corporation Berhad	6.92
7. Telekom Malaysia Berhad	5.69
8. Maxis Berhad	5.43
9. Kuala Lumpur Kepong Berhad	5.31
10. MISC Berhad	5.25
Total	71.67

Sources: Bloomberg, i-VCAP

Table 4: Change in Fund's Sector Allocation*

	As at 31-Mar-16	As at 31-Dec-15	Change (%)
Trading/Services	57.23%	57.41%	(0.18)
Industrial Products	19.02%	19.98%	(0.96)
Plantation	13.53%	12.24%	1.29
Infrastructure	7.79%	8.10%	(0.31)
Consumer Products	1.32%	1.24%	(0.08)
Technology	0.66%	0.69%	(0.03)
Cash & Others	0.45%	0.34%	0.11

Sources: Bursa Malaysia, i-VCAP

* Based on Bursa Securities classification

Details of the Fund's quoted Investments as at 31 March 2016 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 Berhad	3,617,000	28,755,150	10.32
2. Axiata Group Berhad	4,649,200	27,383,788	9.82
3. IHH Healthcare Berhad	3,421,100	22,442,416	8.05
4. Telekom Malaysia Berhad	2,404,500	15,869,700	5.69
5. Maxis Berhad	2,381,800	15,124,430	5.43
6. MISC Berhad	1,643,600	14,628,040	5.25
7. Petronas Dagangan Berhad	446,200	10,753,420	3.86
8. Dialog Group Berhad	5,511,640	8,818,624	3.16
9. Westports Holdings Berhad	1,721,600	7,110,208	2.55
10. My E.G Services Berhad	1,980,600	4,238,484	1.52
11. KPJ Healthcare Berhad	616,646	2,633,078	0.94
12. Berjaya Auto Berhad	833,600	1,808,912	0.64
		159,566,250	57.23
<u>Industrial Products</u>			
13. Petronas Chemicals Group Berhad	2,944,900	19,760,279	7.09
14. Petronas Gas Berhad	650,700	14,315,400	5.14
15. Top Glove Corporation Berhad	927,700	4,657,054	1.67
16. Lafarge Malaysia Berhad	502,900	4,526,100	1.62
17. Hartalega Holdings Berhad	895,500	4,343,175	1.56
18. Cahya Mata Sarawak Berhad	594,400	2,823,400	1.01
19. Kossan Rubber Industries Berhad	434,400	2,628,120	0.93
		53,053,528	19.02
<u>Plantation</u>			
20. IOI Corporation Berhad	4,219,700	19,284,029	6.92
21. Kuala Lumpur Kepong Berhad	616,200	14,788,800	5.31
22. Genting Plantations Berhad	322,900	3,616,480	1.30
		37,689,309	13.53
<u>Infrastructure</u>			
23. DiGi.Com Berhad	4,393,900	21,705,866	7.79
		21,705,866	7.79
<u>Consumer Products</u>			
24. QL Resources Berhad	846,400	3,681,840	1.32
		3,681,840	1.32
<u>Technology</u>			
25. Inari Amertron Berhad	572,175	1,842,404	0.66
		1,842,404	0.66
		277,539,197	99.55

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, the first and final income distribution for the Financial Year Ended 31 December 2015 of 2.37 sen per unit was declared on 10 February with the ex-date on 26 February and entitlement date on 1 March 2016. The first and final income distribution was paid on 29 March 2016. Based on the number of entitled unit holders, the Fund distributed a total amount of RM5,960,550.

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

Last year's volatile market continued into the first quarter of 2016, against a backdrop of tepid global growth outlook, concern on China's slowdown and the fall in oil prices in January and February. These concerns started to ebb in the later part of the quarter as more stimulus measures were announced by the European Central Bank (ECB) and a more dovish tone from the Federal Reserve may mean a less tightening policy. Correspondingly, the USD weakened against regional currencies whilst commodity prices began to stabilize. This then led to higher risk appetite for investors, fueling a short-lived rebound in the equity markets at the later part of the quarter.

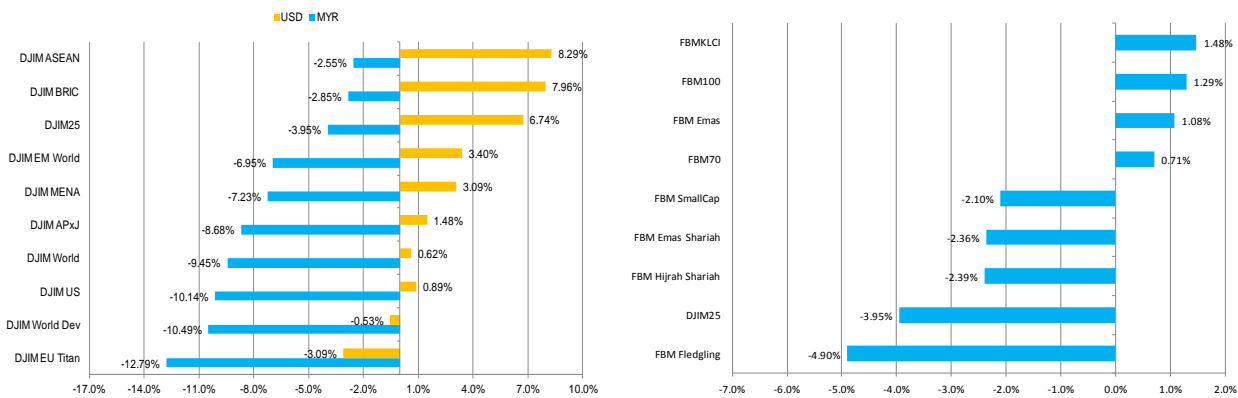
On the economic front, the US economy expanded at a slower pace of 0.7% in 4Q2015 compared to 2.0% in the 3Q2015 as growth was dragged down by the decline in household spending and cut back on capital investments by businesses. This translated to a full year's GDP of 1.8% in 2015, lower than 2.4% growth in 2014. Elsewhere, the Eurozone economy sustained a positive annualized rate of growth albeit at a slower rate of 0.3% in 4Q2015. Nonetheless, the risk of deflation remained a concern as headline inflation fell into negative territory in February 2016, prompting the ECB to deliver more aggressive monetary policy easing measures which include cutting the deposit and refinancing rate to 0% level and raising the monthly amount of bonds buying. As for China, its economy grew at 6.9% in 2015, in line with the government's target of around 7.0% despite earlier concern. In its efforts to propel growth, the government announced higher fiscal spending alongside a large budget deficit of 3.0% of GDP for 2016 (-2.3% in 2015).

Malaysia's GDP growth moderated further to 4.5% y-o-y in 4Q15, resulting in an annual GDP growth of 5.0% in 2015 (2014: 6.0%). The slower expansion was further validated by the 4.2% GDP growth clocked for 1Q2016. Separately, headline inflation registered at 2.1% in 2015 was within the BNM's estimate of 2.0%-2.5%, and slower when compared to 3.2% recorded in 2014. The lower inflation was largely due to the impact of declining global energy and commodity prices, which overshadowed upward price pressures arising from the implementation of GST.

In the financial markets, global equities started off on a roller-coaster ride triggered by a combination of factors, which include the collapse of oil prices to below USD30/barrel in January, fears of sharp economic slowdown in China and its impact to the rest of the world. However, global equities reversed its downtrend in the second-half of February, and have since showed steady gains, particularly in the Emerging market region. Within ASEAN, the strengthening currencies in the region lent support to the rally whilst raising investors' confidence that led to large foreign fund inflows.

The DJIM25 Index had a weak start to the year, reaching a low of 977.66 points on 29 January before reclaiming its lost grounds to close the quarter at 993.01 points. This translated to a decrease of 3.95% quarter-on-quarter. The tepid performance of the DJIM25 Index during the quarter was largely attributed to the Benchmark Index's heavily weighted telecommunication stocks that dropped between 3.0% to 9.0% quarter-on-quarter. On comparative performance within Dow Jones Islamic Market ("DJIM") index series (based on USD), the DJIM25 Index outperformed most of the major global Islamic equity benchmark indices during the quarter with the exception of DJIM BRIC and DJIM ASEAN indices. Compared against other domestic indices, the DJIM25 Index lagged most of the local benchmark indices particularly the conventional indices given the strong performance of the banking stocks during the quarter.

Chart 3: DJIM25 Index Performance in 1Q2016



Sources: Bloomberg, i-VCAP

Going forward, domestic demand is expected to continue to be the main anchor of growth, albeit at a more moderate pace. GDP projection is expected to grow between 4.0-5.0% in 2016. The growth projection takes into account weaknesses in the global commodity sector, growth moderation in China, the narrowing in the savings-investments gap as well as the government’s budget constraints. On the demand side, private consumption is projected to trend below its long-term average, as households continue to make expenditure adjustments. This is in response to the lingering effects of the GST and changes in the administered prices as well as weaker consumer sentiment given the uncertain labour and financial market conditions.

Domestic equity market is expected to draw support from the continued Ringgit recovery and stabilizing commodity prices, though upside is dependent on corporate earnings performance. Notwithstanding, it is anticipated that corporate earnings may see growth recovery in 2H2016. MyETF-DJIM25’s constituents of big-cap stocks therefore provide exposure for investors into key sectors that drive domestic economic growth which are likely to be preferred on any market pullbacks.