

Manager's Report

For the Financial Period 1 April to 30 June 2017

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>i</i> -VCAP Management Sdn. Bhd. (“ <i>i</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

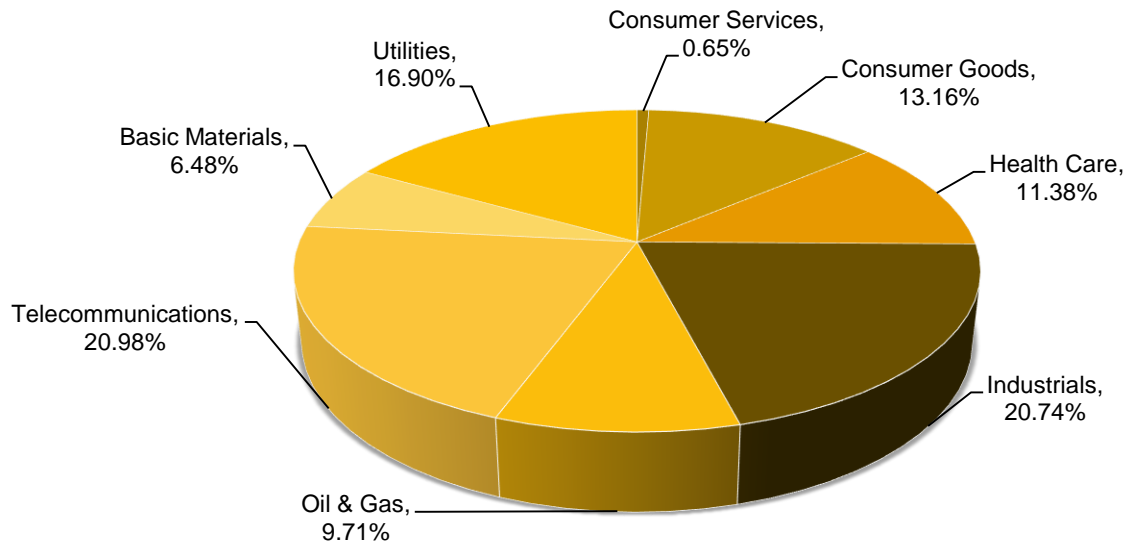
The Benchmark Index is a market capitalisation weighted and free-float adjusted index provided by S&P Dow Jones Indices (“S&P Dow Jones”).

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.

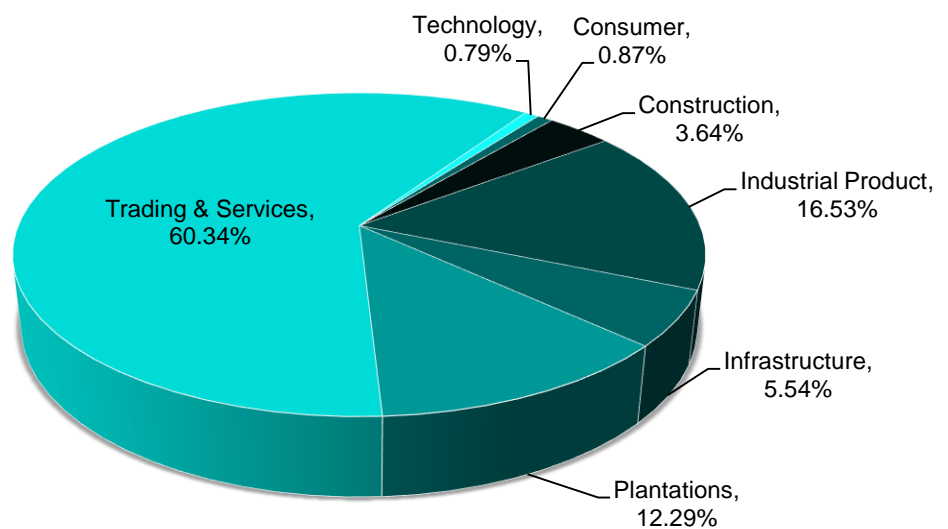
Based on the latest quarterly review (as at 16 June 2017), the sector allocation of DJIM25 Index based on S&P Dow Jones and Bursa Securities sector classifications are as follows:

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 June 2017, the 3-year rolling tracking error¹ between the NAV per unit of the Fund and the Benchmark Index on Price Return and Total Return basis was 0.60% and 0.25% 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 marginally by 0.37% to RM1.0987 from RM1.0947 at the end of the previous quarter. Meanwhile, the Benchmark Index decreased by 0.06% while Benchmark's Total Return Index (DJIM25T Index) increased by 0.50% for the same period. The Fund had a weak start with its NAV and price per unit retraced to its low for the quarter of RM1.0858 and RM1.0800 on 14 April and 6 April respectively. The Fund however, managed to regain some lost ground and its NAV closed the quarter at RM1.0987 per unit. For the period, the Fund's unit price traded on Bursa Securities moved in tandem but largely at a discount to its NAV before closing the quarter slightly at a premium to its NAV of RM1.1050.

As at end of June, total units in circulation for the Fund reduced to 277.9 million from 279.1 million. This contributed to the decrease of the Fund's total NAV to RM305.32 million from RM305.52 million as at end of March. The key statistics and comparative performance of the Fund as compared to the previous quarter are summarized as follows:

¹ Independently sourced from Novagni Analytics and Advisory Sdn. Bhd.

Table 1: Key Statistics

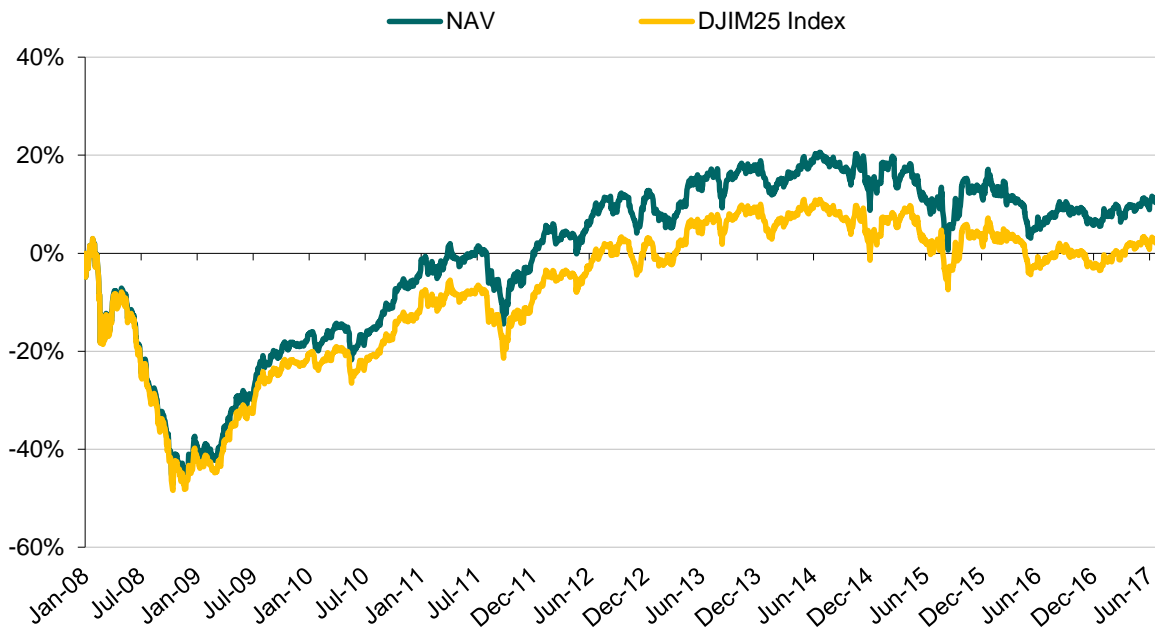
	As at 30-Jun-17	As at 31-Mar-17	QoQ Change
NAV per unit (RM)#	1.0987	1.0947	0.37%
- Highest	1.1165 (9 Jun)	1.0997 (13 Feb)	
- Lowest	1.0858 (14 Apr)	1.0636 (1 Mar)	
<i>(During the period)</i>			
Price per unit (RM)#	1.1050	1.0900	1.38%
- Highest	1.1050 (16 May)	1.0900 (29 Mar)	
- Lowest	1.0800 (6 Apr)	1.0650 (3 Jan)	
<i>(During the period)</i>			
Units in Circulation	277,900,000	279,100,000	(0.43%)
Total NAV (RM)	305,316,375	305,518,482	(0.07%)
Market Capitalisation (RM)	307,079,500	304,219,000	0.94%
DJIM25 Index	979.88	980.51	(0.06%)
DJIM25T Index	1,371.00	1,364.16	0.50%
Tracking Error vs. Price Return DJIM25 Index (%)*	0.60	0.63	
Tracking Error vs. Total Return DJIM25 Index (%)*	0.25	0.25	
Management Expense Ratio (%)	0.14	0.14	

Sources: Bloomberg, i-VCAP

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

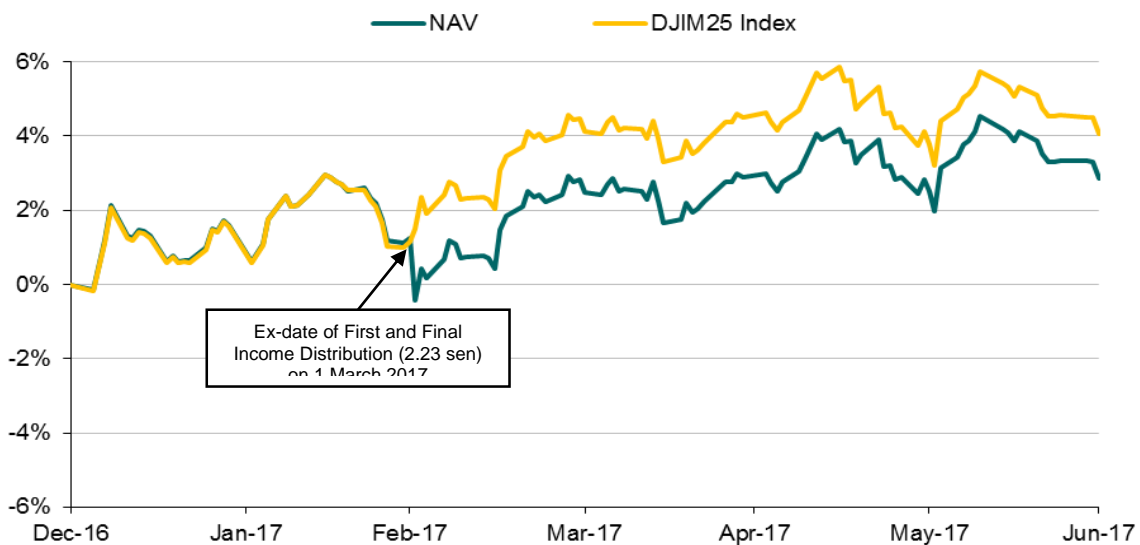
* The 3-year rolling tracking error between the NAV per unit of the Fund and the Price Return and Total Return Benchmark Index. The calculation was independently sourced from Novagni Analytics and Advisory Sdn. Bhd.

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 2017



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 17 (%)	2016 (%)	2015 (%)	2014 (%)	2013 (%)
MyETF-DJIM25 - NAV Price Return ^(a)	2.86	(8.78)	1.78	(2.95)	5.13
DJIM25 - Price Return Index	4.06	(8.91)	2.79	(4.90)	6.39
MyETF-DJIM25 - NAV Total Return ^(a)	5.02	(6.82)	4.69	(1.52)	8.82
DJIM25 - Total Return Index	5.31	(6.30)	5.63	(1.62)	9.82

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)	2.55	(8.42)	3.48	9.87
DJIM25 - Price Return Index	2.65	(7.98)	4.61	1.62
MyETF-DJIM25 - NAV Total Return ^(a)	4.70	(1.77)	17.94	31.10
DJIM25 - Total Return Index	5.43	0.06	21.44	42.18

Sources: Bloomberg, i-VCAP

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

(b) Cumulative returns are up to 30 June 2017.

Table 2(c): Average Returns (Annualised)

	Average Returns ^(b)			
	1-Year (%)	3-Year (%)	5-Year (%)	Since Inception (%)
MyETF-DJIM25 - NAV Price Return ^(a)	2.55	(2.80)	0.69	1.04
DJIM25 - Price Return Index	2.65	(2.66)	0.92	0.17
MyETF-DJIM25 - NAV Total Return ^(a)	4.70	(0.59)	3.58	3.29
DJIM25 - Total Return Index	5.43	0.02	4.28	4.46

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 Second Quarter 2017 Review (quarterly review) in June 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 Fund. 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, there were no major changes after the rebalancing. Trading/Services maintained the top sector exposure with 59.61% (from 59.57% in 1Q2017) followed by Industrial Products that saw a 0.10% increase to 16.77% as at end-June. On the other hand, Plantation sector decreased from 12.64% to 12.31%. Details of the key changes for the quarter are as follows:

Table 3: Top Ten Holdings of the Fund as at 30 June 2017

Stock	% of NAV
1. Tenaga Nasional Berhad	16.67
2. Sime Darby Berhad	10.97
3. Axiata Group Berhad	6.83
4. IHH Healthcare Berhad	6.50
5. Petronas Chemicals Group Berhad	6.48
6. IOI Corporation Berhad	6.05
7. Digi.Com Berhad	5.65
8. Kuala Lumpur Kepong Berhad	4.86
9. Telekom Malaysia Berhad	4.71
10. Gamuda Berhad	3.77
Total	72.49

Sources: Bloomberg, i-VCAP

Table 4: Change in Fund's Sector Allocation*

	As at 30-Jun-17	As at 31-Mar-17	Change (%)
Trading/Services	59.61%	59.57%	0.04
Industrial Products	16.77%	16.67%	0.10
Plantation	12.31%	12.64%	(0.33)
Infrastructure	5.65%	5.78%	(0.13)
Construction	3.77%	3.47%	0.30
Consumer Products	0.90%	0.89%	0.01
Technology	0.82%	0.81%	0.01
Cash & Others	0.17%	0.17%	0.01

Sources: Bursa Malaysia, i-VCAP

* Based on Bursa Securities classification

Details of the Fund's quoted Investments as at 30 June 2017 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. Tenaga Nasional Berhad	3,599,500	50,896,930	16.67
2. Sime Darby Berhad	3,524,700	33,484,650	10.97
3. Axiata Group Berhad	4,319,500	20,863,185	6.83
4. IHH Healthcare Berhad	3,452,600	19,852,450	6.50
5. Telekom Malaysia Berhad	2,163,100	14,384,615	4.71
6. Maxis Berhad	1,983,600	11,008,980	3.61
7. Dialog Group Berhad	5,343,700	10,259,904	3.36
8. Petronas Dagangan Berhad	332,800	8,020,480	2.63
9. Westports Holdings Berhad	1,573,200	5,726,448	1.88
10. My E.G Services Berhad	2,509,800	5,496,462	1.80
11. Bermaz Auto Berhad	1,004,400	2,018,844	0.65
		182,012,948	59.61
<u>Industrial Products</u>			
12. Petronas Chemicals Group Berhad	2,786,500	19,784,150	6.48
13. Petronas Gas Berhad	615,300	11,407,662	3.74
14. Hartalega Holdings Berhad	962,400	7,102,512	2.33
15. Top Glove Corporation Berhad	987,400	5,677,550	1.86
16. Cahya Mata Sarawak Berhad	634,200	2,549,484	0.84
17. Lafarge Malaysia Berhad	450,000	2,497,500	0.82
18. Kossan Rubber Industries Berhad	339,200	2,160,704	0.70
		51,179,562	16.77
<u>Plantation</u>			
19. IOI Corporation Berhad	4,148,800	18,462,160	6.05
20. Kuala Lumpur Kepong Berhad	596,900	14,850,872	4.86
21. Genting Plantations Berhad	386,600	4,268,064	1.40
		37,581,096	12.31
<u>Infrastructure</u>			
22. Digi.Com Berhad	3,452,800	17,264,000	5.65
		17,264,000	5.65
<u>Construction</u>			
23. Gamuda Berhad	2,090,300	11,496,650	3.77
		11,496,650	3.77
<u>Consumer Products</u>			
24. Fraser & Neave Holdings Berhad	108,200	2,737,460	0.90
		2,737,460	0.90
<u>Technology</u>			
25. Inari Amertron Berhad	1,193,200	2,517,652	0.82
		2,517,652	0.82
		304,789,368	99.83

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) shall be made semi-annually 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

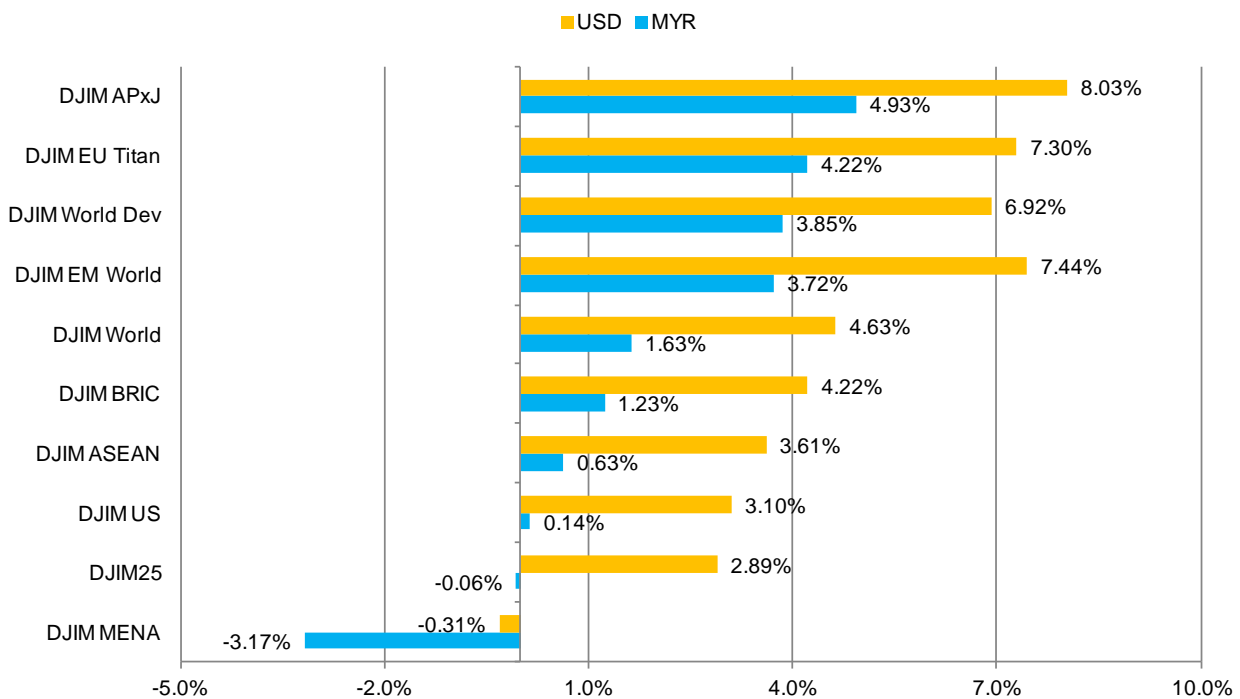
The cyclical upturn in global growth in 1H2017 has reflected a broad-based recovery around the world. The recent uptrend is a stark contrast from a year earlier where risk of recession had elevated. The current reversal reflects a confluence of various positive indicators leading to various international agencies such as World Bank and International Monetary Fund to revise their global growth projection upward.

Global equity markets continued their upward trend in second quarter 2017 as economic data released largely met expectations. The advanced economies have shown their upturn in recovery, in particular the US, Eurozone and Japan, while the worst fears of Brexit fallout in the UK economy have yet to materialise. Political uncertainty in developed countries has subsided following the French and UK elections, which allowed policymakers to get on with the structural reforms to revive growth and effective policies. Meanwhile, China's economy grew 6.9% in 2Q2017, the fastest pace in 1 1/2 years, on the back of increasing in industrial activities and credit growth. Steady growth in China has also underpinned economic growth stability within Asia.

After a relatively strong start to the year, the domestic equity market consolidated in the second quarter. Sentiment nonetheless improved on the back of positive economic data with real gross domestic product (GDP) registering its strongest growth in two years of 5.6% in 1Q2017 (4.5% yoy in 4Q2016), anchored by strong private consumption and higher private investments. Manufacturing and agriculture also picked up on increased external demand for electronics and increased CPO production due to higher crude palm oil prices. In addition, corporate earnings generally remained stable with positive signs, leading to net foreign inflow for six months in a row. Meanwhile, the Ringgit continued to strengthen against the US Dollar to close at RM4.29 in June from RM4.43 in March, representing an appreciation of 3.26%.

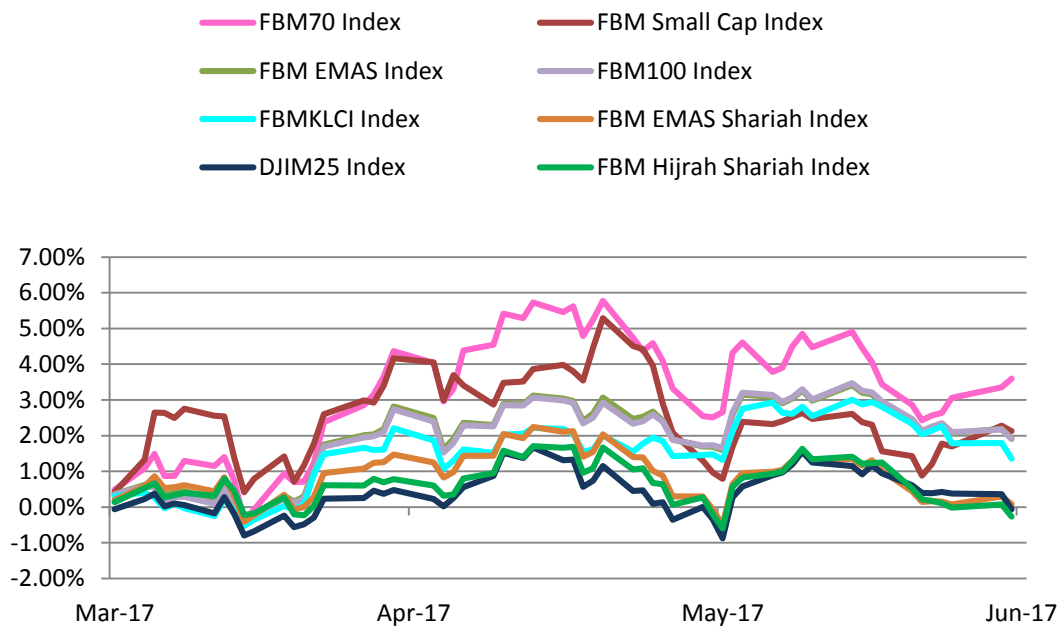
The DJIM25 Index had a volatile start to the second quarter, reaching a high of 996.87 points on 15 May. The Benchmark Index however, retraced thereafter to its quarter-low of 971.90 on 1 June before reclaiming some lost ground to close the quarter at 979.88 points. This translated to a decrease of 0.06% q-o-q. On comparative performance within Dow Jones Islamic Market (“DJIM”) index series (based in MYR), the DJIM25 Index lagged most of the other major regional Islamic equity benchmark indices. Meanwhile, the DJIM25 Index also lagged other local benchmark indices in 2Q2017 due to disappearance of banking and mid-small cap stocks in the Benchmark Index.

Chart 3: DJIM25 Index Performance in 2Q2017 against DJIM Index Series



Sources: Bloomberg, i-VCAP

Chart 4: DJIM25 Index Performance in 2Q2017 against Local Indices



Sources: Bloomberg, i-VCAP

Going forward, divergence in global monetary policy will remain at least in the near term as most economies may continue with their accommodative and supportive policy stance amidst early growth recovery stage. Firmer domestic demand in major economies are showing signs of resilience which could help to stimulate international trade. Notwithstanding, geopolitical uncertainty remains visible and vulnerabilities in the financial market continue to pose challenges in sustaining positive markets sentiment.

Domestic equity market is expected to ride on a sustained economic growth path of 4.0-5.0% in 2017, on the back of stable domestic demand, improvement in global trade activities, manageable inflationary rate and accommodative monetary policy. The local equity market may see short-term volatilities over the near term as investors digesting on the fundamentals given the market’s positive performance so far this year. Nonetheless, cyclical upturn in corporate earnings could help sustain the healthy sentiment of the local equity market. With expectation that corporate earnings may see growth recovery in 2H2017, MyETF-DJIM25 could provide a good proxy for investors who may want quick exposure into Malaysia’s big-cap stocks.