

Manager's Report

For the Financial Period 1 January to 31 March 2018

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”).

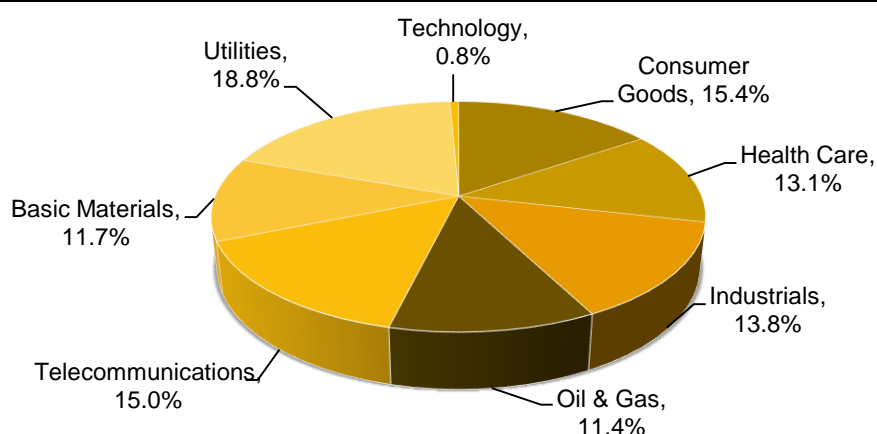
The universe for selection of the DJIM25 Index components includes all equities in the Dow Jones Islamic Market Malaysia Index, an index comprised of Malaysia-based companies that conform to the methodology established by S&P Dow Jones to screen stocks for compliance with the Shariah.

In November 2017, S&P Dow Jones Indices, a leading provider of financial market indices, and MSCI Inc., a leading provider of research-based indexes and analytics, have announced a result of their annual review of the Global Industry Classification Standard (GICS®) structure, the Telecommunication Services Sector is being broadened and renamed as Communication Services to include companies that facilitate communication and offer related content and information through various media. The renamed Sector will include the existing telecommunication companies, as well as companies selected from the Consumer Discretionary Sector currently classified under the Media Industry Group and the Internet & Direct Marketing Retail Sub-Industry, along with select companies currently classified in the Information Technology Sector.

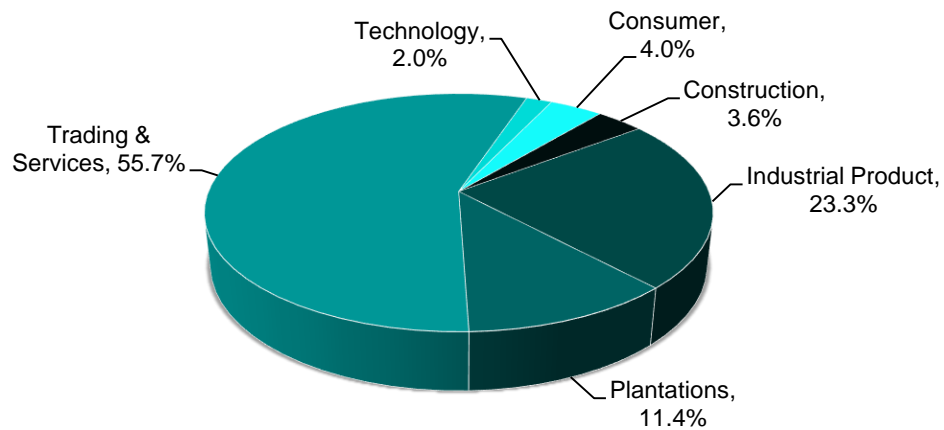
Another important change being made to the GICS structure is the reclassification of online marketplaces for consumer products and services regardless of whether they hold inventory to the Internet & Direct Marketing Retail Sub-Industry under the Consumer Discretionary Sector. All of these e-commerce companies are dominant players in the Internet Retail Industry, targeting the same consumers and competing with one another. The changes to the GICS structure will be implemented after the close of business (ET) on Friday, September 28, 2018.

Based on the latest quarterly review (as at 16 March 2018), 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 to track closely the underlying Benchmark Index, i.e. DJIM25 Index. As at 31 March 2018, 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 0.05% and 0.04% 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 4.56% to RM1.2245 from RM1.1711 at the end of the previous quarter while the Benchmark Index and Benchmark's Total Return Index (DJIM25T Index) increased by 6.05% and 6.74% respectively for the quarter. The Fund also declared and paid an income distribution of 2.39 sen per unit (for Financial Year ended 31 December 2017) during the quarter, translating to the total return of the Fund of 6.65%.

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

The Fund had a good start to the year with its NAV per unit reaching its quarter high of RM1.2305 on 27 February. The Fund however, fluctuated within a narrow band before ending the quarter positively at RM1.2245. Meanwhile, the Fund's unit price traded on Bursa Securities moved in tandem but largely at a discount to its NAV before closing the quarter at RM1.1700 for a 2.63% gain.

As at end of March, total units in circulation for the Fund reduced to 256.3 million from 276.3 million. This contributed to the decrease of the Fund's total NAV to RM313.83 million from RM323.58 million as at end of 2017. The key statistics and comparative performance of the Fund for the first quarter of 2018 and the last financial year ended 31 December 2017 are summarized as follows:

Table 1: Key Statistics

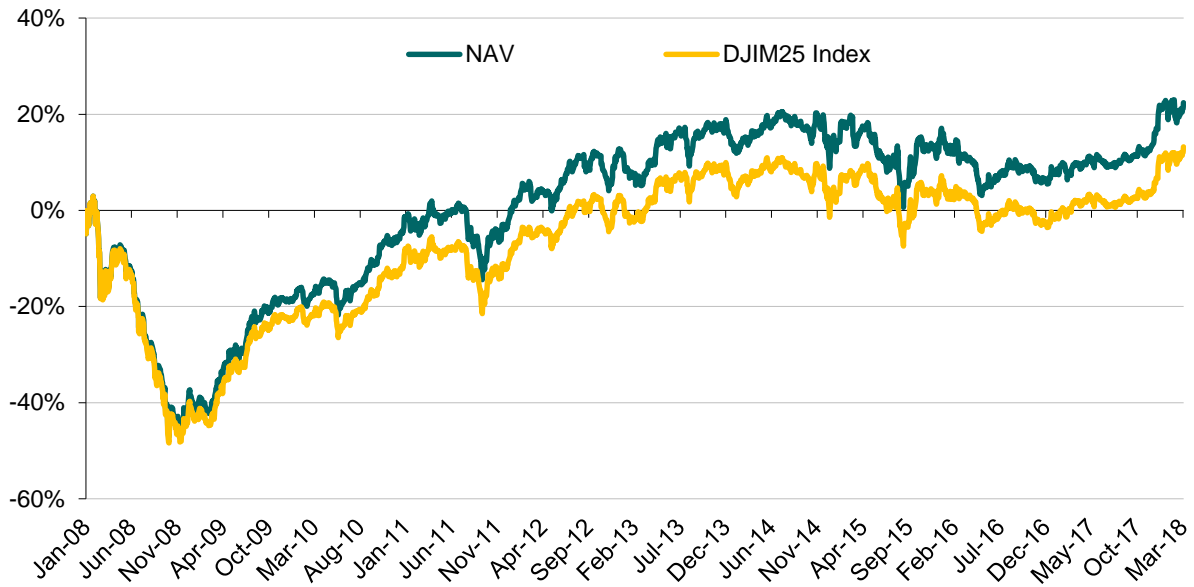
	As at 31-Mar-18	As at 31-Dec-17	QoQ Change
NAV per unit (RM)#	1.2245	1.1711	4.56%
- Highest	1.2305 (27 Feb)	1.0932 (24 Oct)	
- Lowest	1.1692 (2 Jan)	1.0551 (23 Dec)	
<i>(During the period)</i>			
Price per unit (RM)#	1.1700	1.1400	2.63%
- Highest	1.2000 (21 Mar)	1.0900 (4 Oct)	
- Lowest	1.1350 (2 Jan)	1.0450 (6 Dec)	
<i>(During the period)</i>			
Units in Circulation	256,300,000	276,300,000	(7.24%)
Total NAV (RM)	313,833,488	323,582,415	(3.01%)
Market Capitalisation (RM)	299,871,000	314,982,000	(4.80%)
DJIM25 Index	1,092.06	1,029.75	6.05%
DJIM25T Index	1,562.04	1,463.41	6.74%
Tracking Error vs. Price Return DJIM25 Index (%)*	0.05	0.06	
Tracking Error vs. Total Return DJIM25 Index (%)*	0.04	0.05	
Management Expense Ratio (%)	0.14	0.16	

Sources: Bloomberg, i-VCAP

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

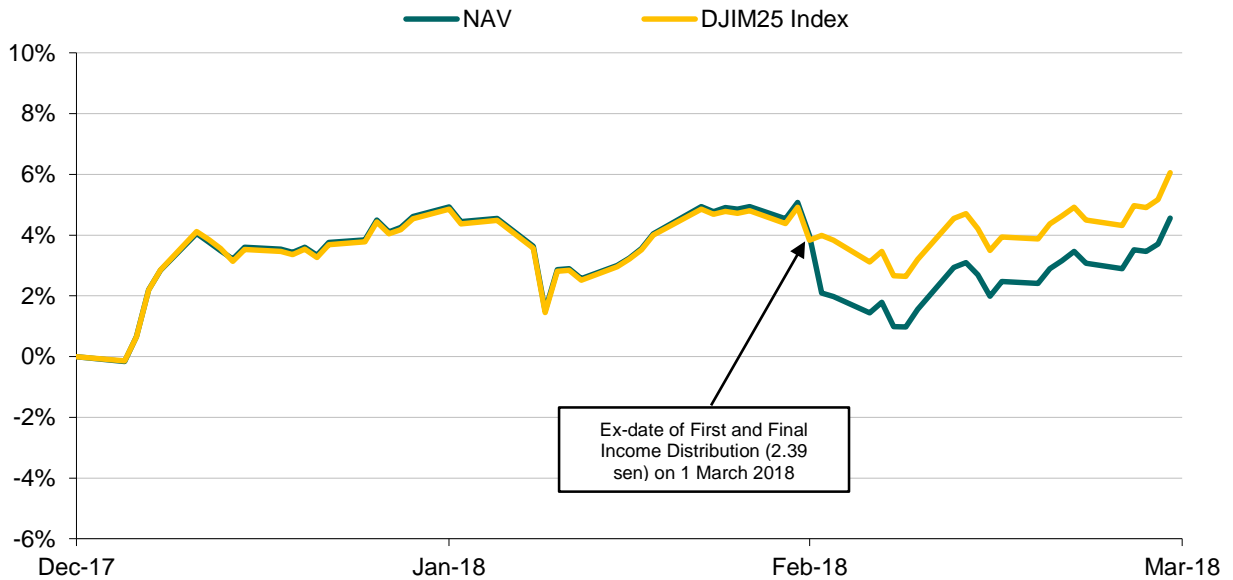
* The 3-year rolling tracking error between the NAV per unit of the Fund and the Price Return and Total Return Benchmark Index. The calculation was independently sourced from Novagni Analytics and Advisory Sdn. Bhd.

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 1Q2018



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 18 (%)	2017 (%)	2016 (%)	2015 (%)	2014 (%)
MyETF-DJIM25 - NAV Price Return ^(a)	4.56	9.64	(8.78)	1.78	(2.95)
DJIM25 - Price Return Index	6.05	9.35	(8.91)	2.79	(4.90)
MyETF-DJIM25 - NAV Total Return ^(a)	6.65	11.94	(6.82)	4.69	(1.52)
DJIM25 - Total Return Index	6.74	12.41	(6.30)	5.63	(1.62)

Sources: Bloomberg, i-VCAP

(a) Independently sourced from 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)	11.86	4.91	13.79	22.45
DJIM25 - Price Return Index	11.38	4.49	13.26	13.25
MyETF-DJIM25 - NAV Total Return ^(a)	14.09	11.60	27.97	49.03
DJIM25 - Total Return Index	14.51	13.60	31.46	62.00

Sources: Bloomberg, i-VCAP

(a) Independently sourced from Novagni Analytics and Advisory Sdn. Bhd.

(b) Cumulative returns are up to 31 March 2018.

Table 2(c): Average Returns (Annualised)

	Average Returns ^(b)			
	1-Year (%)	3-Year (%)	5-Year (%)	Since Inception (%)
MyETF-DJIM25 - NAV Price Return ^(a)	11.86	1.63	2.76	2.20
DJIM25 - Price Return Index	11.38	1.49	2.65	1.30
MyETF-DJIM25 - NAV Total Return ^(a)	14.09	3.86	5.59	4.80
DJIM25 - Total Return Index	14.51	4.53	6.28	6.06

Sources: Bloomberg, i-VCAP

(a) Independently sourced from 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 2018 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 Fund. The Manager had undertaken the rebalancing exercise during the quarter 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 were the increase in Consumer Products from 3.09% to 4.52% while the weighting of Trading/Services decreased from 56.47% to 55.57%. Details of the key changes for the quarter are as follows:

Table 3: Top Ten Holdings of the Fund as at 31 March 2018

Stock	% of NAV
1. Tenaga Nasional Bhd	18.93
2. Petronas Chemicals Group Bhd	9.90
3. Axiata Group Bhd	7.65
4. IHH Healthcare Bhd	6.55
5. IOI Corporation Bhd	5.88
6. Dialog Group Bhd	5.04
7. Kuala Lumpur Kepong Bhd	4.40
8. Telekom Malaysia Bhd	3.70
9. Gamuda Bhd	3.60
10. Hartalega Holdings Bhd	3.52
Total	69.17

Sources: Bloomberg, i-VCAP

Table 4: Change in Fund's Sector Allocation *

	As at 31 Mar 2018	As at 31 Dec 2017	Change (%)
Trading/Services	55.57%	56.47%	(0.90)
Industrial Products	22.77%	22.72%	0.05
Plantation	11.41%	11.63%	(0.22)
Consumer Products	4.52%	3.09%	1.43
Construction	3.60%	3.72%	(0.12)
Technology	1.70%	2.30%	(0.60)
Cash & Others	0.43%	0.07%	0.36

Sources: Bursa Malaysia, i-VCAP

* Based on Bursa Securities classification

Details of the Fund's quoted Investments as at 31 March 2018 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	3,658,100	59,407,544	18.93
2. Axiata Group Berhad	4,403,300	23,997,985	7.65
3. IHH Healthcare Berhad	3,396,300	20,547,615	6.55
4. Dialog Group Berhad	5,155,100	15,826,157	5.04
5. Telekom Malaysia Berhad	2,221,800	11,597,796	3.70
6. Maxis Berhad	1,728,600	9,922,164	3.16
7. Petronas Dagangan Berhad	390,800	9,723,104	3.10
8. Sime Darby Berhad	3,449,500	9,106,680	2.90
9. My E.G Services Berhad	2,991,300	8,674,770	2.76
10. Westports Holdings Berhad	1,557,200	5,590,348	1.78
		174,394,163	55.57
<u>Industrial Products</u>			
11. Petronas Chemicals Group Berhad	3,760,300	31,060,078	9.90
12. Hartalega Holdings Berhad	1,827,800	11,058,190	3.52
13. Petronas Gas Berhad	615,500	10,980,520	3.50
14. Top Glove Corporation Berhad	919,500	8,863,980	2.82
15. Lotte Chemical Titan Holding Berhad	826,700	5,034,603	1.60
16. Cahya Mata Sarawak Berhad	602,000	2,377,900	0.76
17. Lafarge Malaysia Berhad	481,100	2,097,596	0.67
		71,472,867	22.77
<u>Plantation</u>			
18. IOI Corporation Berhad	3,851,700	18,449,643	5.88
19. Kuala Lumpur Kepong Berhad	540,200	13,818,316	4.40
20. Genting Plantations Berhad	344,400	3,533,544	1.13
		35,801,503	11.41
<u>Consumer</u>			
21. Nestle (Malaysia) Berhad	66,600	10,289,700	3.28
22. Fraser & Neave Holdings Berhad	116,300	3,882,094	1.24
		14,171,794	4.52
<u>Construction</u>			
23. Gamuda Berhad	2,181,400	11,299,652	3.60
		11,299,652	3.60
<u>Technology</u>			
24. Inari Amertron Berhad	1,258,000	3,459,500	1.10
25. Unisem Berhad	778,100	1,898,564	0.60
		5,358,064	1.70
		312,498,043	99.57

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. 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 2017 of 2.39 sen per unit was declared on 12 February 2018 with the ex-date on 1 March 2018 and entitlement date on 5 March 2018. The first and final income distribution was paid on 29 March 2018. Based on the number of entitled unit holders, the Fund distributed a total amount of RM6,125,570.

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 markets corrected in 1Q2018, on the back of the increasing fears of a trade war between the US and China. Donald Trump has decided to impose tariffs and quotas on imports of solar panels, washing machines, steel, aluminium, and USD50bn of Chinese exports, as part of his protectionist agenda. As investors feared a trade war, the S&P 500 and Dow Jones index ended the quarter at 2,640.9 (-1.22%) and 24,103.1 (-2.49%), respectively. Similarly, in Europe and Asia, markets also declined with the UK FTSE, Germany Dax, Nikkei and Shanghai dropping quarter-on-quarter by -8.21%, -7.63%, -25.76% and -24.18%, respectively.

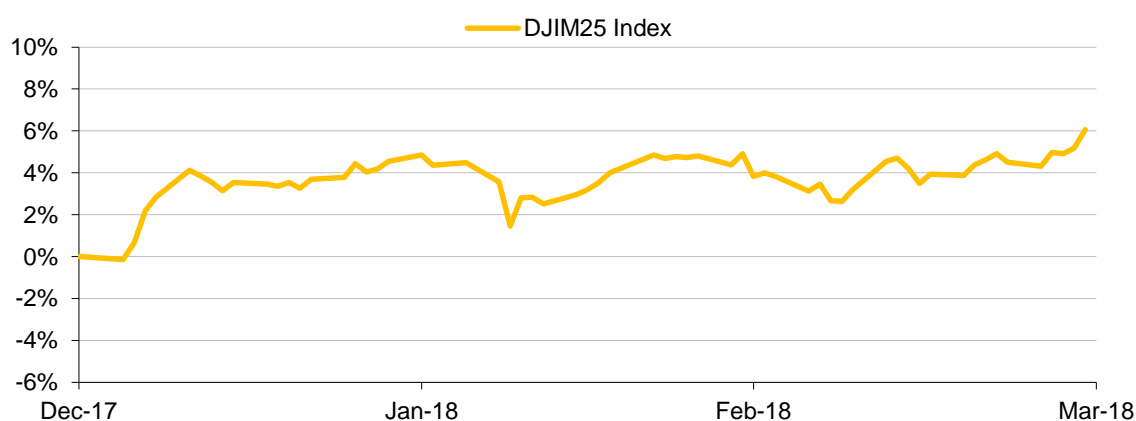
On the economic front, the global economy grew at 3.8% in 2017 (2016: 3.2%), the fastest since 2011, supported by a recovery in global trade. The US economy grew faster at a revised annualised rate of 2.9% attributed to consumer spending which grew by 4.0%. Meanwhile, Fed officials raised

their 2018 GDP growth forecast from 2.5% estimated in December 2017 to 2.7% (2017: 2.3%), indicating that growth momentum in the quarters ahead to improve as the fiscal stimulus kicks in. Meanwhile, Eurozone economy continues to perform strongly on the back of trade war concerns escalating which may cloud the positive economic sentiment. In Asia, China's successor of Governor, Mr. Yi Gang, is maintaining the central bank's neutral monetary policy and continuing to stabilise liquidity conditions. Hence, suggesting the financial deleveraging will be ongoing moving forward. Across ASEAN, Central Banks left their policy rates unchanged, with Bank Indonesia's (BI) steady at 4.25%, Bangko Sentral Ng Pilipinas (BSP) at 3.0%, Bank of Thailand (BoT) at 1.5% and Monetary Authority of Singapore also at 1.5%. However, central banks remained wary of external risks including rising uncertainty in global financial markets as well as risk of retaliation from trade protectionism measures that could be detrimental to trade volumes and global growth.

The Malaysian economy recorded a robust growth of 5.4% in 1Q2018, anchored by continued expansion in private sector activity and strong support from net export. A key highlight for the year was the rebound in gross exports growth as global demand strengthened. In the financial market, despite the increasing fears of a trade war between the US and China, the KLCI ended March at 1,863 points, translating to a 3.7% gain in 1Q2018. The KLCI also outperformed the MSCI Asia Pacific ex-Japan index (MXASJ) by 0.3% and was among the top performing equity market in 1Q2018.

The DJIM25 Index started the quarter positively and continued its uptrend until end of March, despite rising concerns over escalation in US-China trade tensions which have impacted sentiment in the global markets. DJIM25 Index reached its highest level of 1,092.06 points on 30 March, translating to an increase of 6.05% quarter-on-quarter. The relatively strong performance was largely driven by consumer sector due to optimism on consumer spending in view of improving economic prospects.

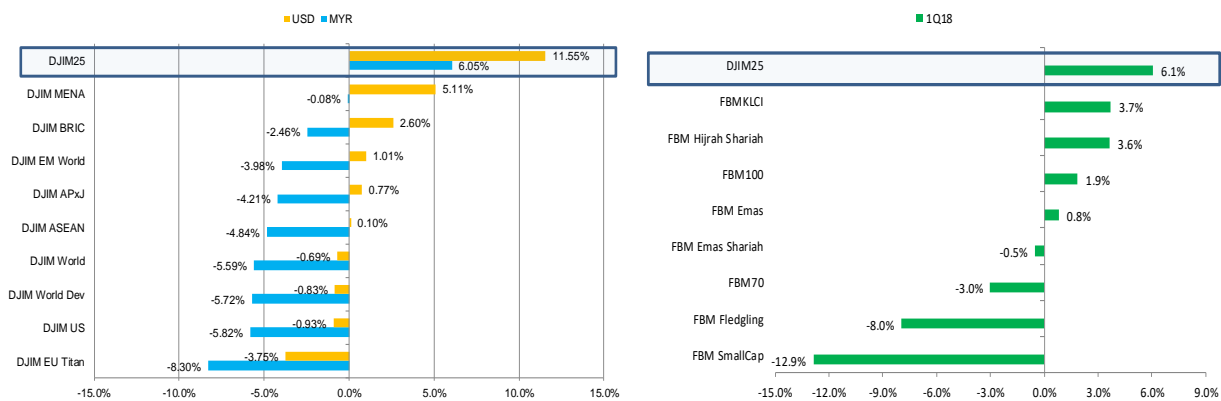
Chart 3: DJIM25 Index Performance in 1Q2018



Sources: Bloomberg, i-VCAP

On comparative performance within Dow Jones Islamic Market (“DJIM”) index series (based on USD), the DJIM25 Index outperformed major global Islamic equity benchmark indices. The Benchmark Index also outperformed domestic indices during the quarter attributed to buying interest for consumer sector.

Chart 3: DJIM25 Index Performance in 1Q2018



Sources: Bloomberg, i-VCAP

The unpredictability of how the trade relationship between the US and China unfolds ahead is now a key risk to equity markets. The potential risks will weigh on technology stocks, and escalation fears are likely to be a drag on the market. Investors remain complacent on inflation and a gradual path of U.S policy normalization will help to ensure U.S. economic growth, while limiting undesirable spillovers abroad. As global interest rates and bond yields rise, investors should remain vigilant. The investment climate is expected to stay cautious, as investors adapt to challenges in positioning their books.

Notwithstanding, equity market valuations will be closely monitored in order to determine the risk-reward attractiveness. With the local equity market’s fundamental still intact, higher market volatility presents trading opportunities. Malaysian economy is expected to remain on a steady growth path due to the expected economic impact of Pakatan Harapan Government implementing its election manifesto i.e. stimulating consumer spending amid reviews in mega projects and Government spending.

With economic outlook to project positive growth, equity market is expected to be the preferred asset class for investors who are willing to take additional risks. With expectation that corporate earnings may see growth recovery in 2H2018, MyETF-DJIM25 could provide a good proxy for investors who may want quick exposure into Malaysia's big-cap stocks.