

Manager's Report

For the Financial Period 1 January to 30 June 2019

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

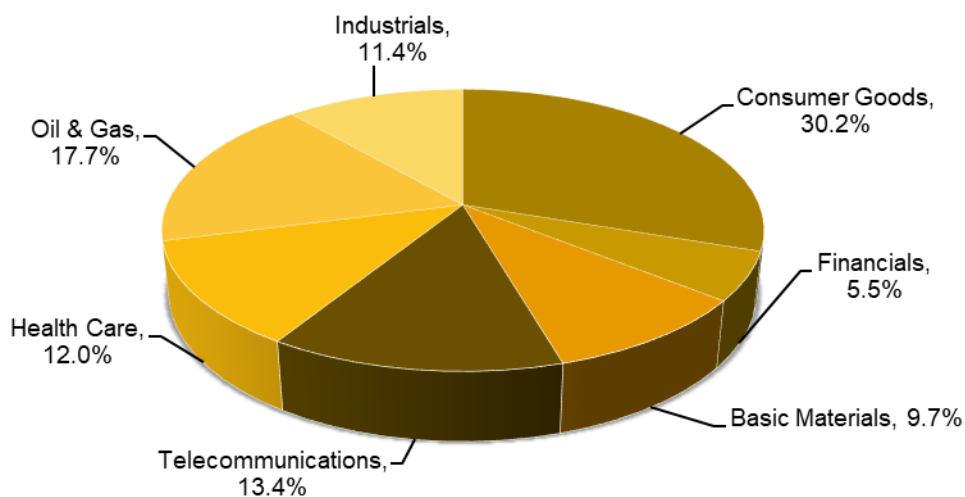
The Benchmark Index is a market capitalisation weighted and free-float adjusted index provided by S&P Dow Jones Indices ("S&P Dow Jones").

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 Shariah investment guidelines.

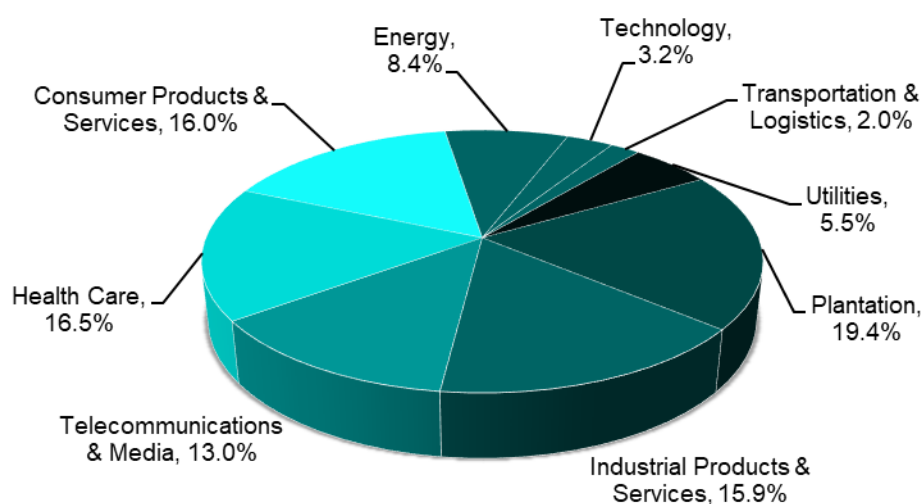
Based on the latest quarterly review (as at 21 June 2019), the sector allocation of DJIM25 Index based on S&P Dow Jones and Bursa Securities sector classifications are as follows:

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 period under review, the Fund achieved its investment objective to track closely the underlying benchmark, i.e. DJIM25 Index. As at 30 June 2019, the 3-year rolling tracking errors between the NAV per unit of the Fund and the Benchmark Index on Price Return and Total Return basis were 0.05% and 0.04% respectively, well within the 3% limit stipulated under the Fund's investment objective.

The Fund's NAV per unit decreased by 0.5% to RM1.1025 from RM1.1079 in 1H2019. Comparatively, the Benchmark Index and Benchmark's Total Return Index (DJIM25 Total Return Index) decreased by 1.3% and 2.6% respectively. The variance between the DJIM25 Index and Fund's NAV movement was largely due to the adjustment to the Fund's NAV following the income distribution of 2.44 sen per unit for the Financial Year ended 31 December 2018 which was declared and paid during the period.

The Fund's NAV hit its year low of RM1.0356 on 14 May 2019, in tandem with the decline in the stock market as investors turned cautious on US-China trade war. The Fund ended June 2019 with NAV of RM1.1025. The Fund's unit price traded on Bursa Securities closed at RM1.1050 as at 30 June 2019, recorded a year-to-date loss of 2.21%. The Fund's total NAV dropped to RM301.96 million from RM305.67 million in 1H2019, tracking the performance of the general domestic equity market.

As at end of June, total units in circulation for the Fund declined slightly to 273.9 million from 275.9 million on a net redemption of 2.0 million units for the period.

The key statistics and comparative performance of the Fund for the first half ended 30 June 2019 (1 Jan 2019 – 30 June 2019) are summarized as follows:

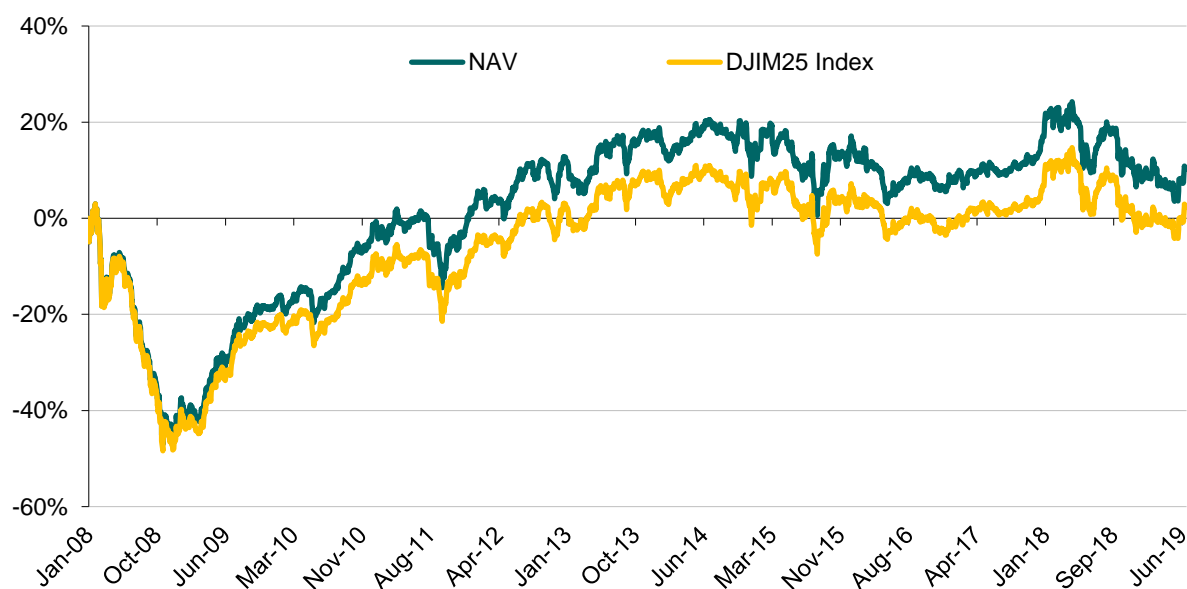
Table 1: Key Statistics

	As at 30-Jun-19	As at 31-Dec-18	HoH Change
NAV per unit (RM)#	1.1025	1.1079	-0.5%
- Highest	1.1231 (21 Feb)	1.2425 (19 Apr)	
- Lowest	1.0356 (14 May)	1.0655 (18 Dec)	
<i>(During the period)</i>			
Price per unit (RM)#	1.1050	1.1300	-2.2%
- Highest	1.1500 (25 Jun)	1.2400 (17 Apr)	
- Lowest	1.0400 (07 Jun)	1.0650 (9 Mar)	
<i>(During the period)</i>			
Units in Circulation	273,900,000	275,900,000	-0.7%
Total NAV (RM)	301,961,287	305,676,783	-1.2%
Market Capitalisation (RM)	309,507,000	311,767,000	-0.7%
DJIM25 Index	986.88	974.09	1.3%
DJIM25T Index	1,455.56	1,418.75	2.6%
Tracking Error vs. Price Return DJIM25 Index (%)*	0.05	0.04	
Tracking Error vs. Total Return DJIM25 Index (%)*	0.04	0.02	
Management Expense Ratio (%)	0.26	0.27	

Sources: Bloomberg, i-VCAP

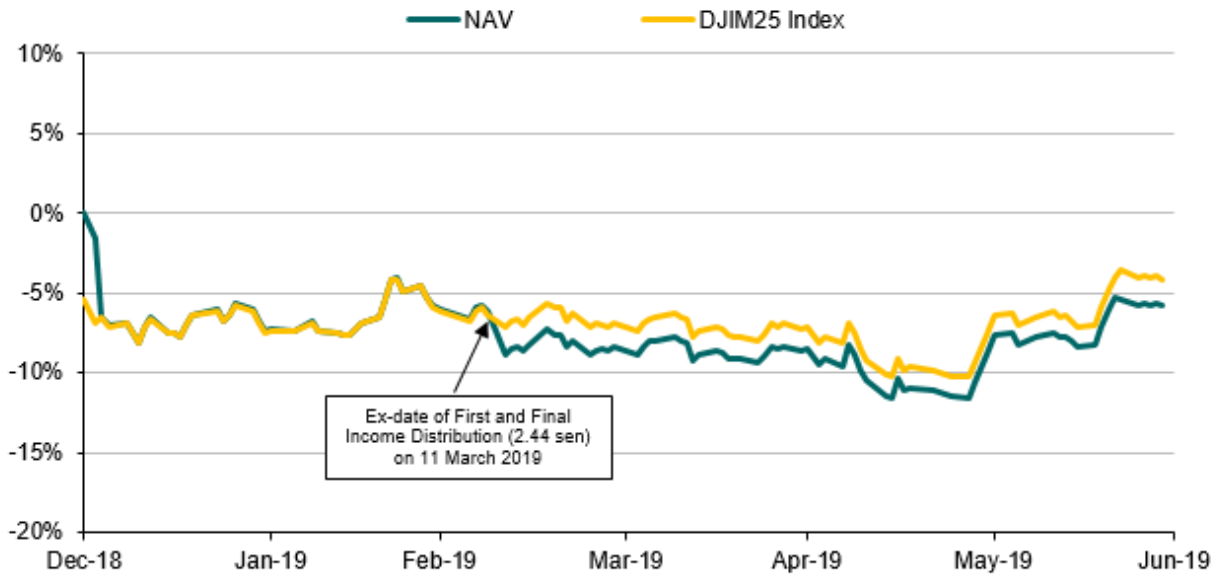
Unit price and net asset value per unit are shown as ex-income distribution.

* 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 2Q2019



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	2018	2017	2016	2015
	(%)	(%)	(%)	(%)	(%)
MyETF-DJIM25 - NAV Price Return ^(a)	(0.49)	(5.40)	9.64	(8.78)	1.78
DJIM25 - Price Return Index	1.31	(5.41)	9.35	(8.91)	2.79
MyETF-DJIM25 - NAV Total Return ^(a)	1.79	(3.51)	11.94	(6.82)	4.69
DJIM25 - Total Return Index	2.59	(3.05)	12.41	(6.30)	5.63

Sources: Bloomberg, i-VCAP

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

Table 2(b): Cumulative Returns

	Cumulative Returns ^(b)				
	YTD	1-Year	3-Year	5-Year	Since Inception
	(%)	(%)	(%)	(%)	(%)
MyETF-DJIM25 - NAV Price Return ^(a)	(0.49)	(1.00)	2.90	(8.10)	10.25
DJIM25 - Price Return Index	1.31	(0.15)	3.39	(7.32)	2.35
MyETF-DJIM25 - NAV Total Return ^(a)	1.79	1.27	9.61	2.84	37.25
DJIM25 - Total Return Index	2.59	2.30	11.93	6.24	50.95

Sources: Bloomberg, i-VCAP

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

(b) Cumulative returns are up to 30 June 2019.

Table 2(c): Average Returns (Annualised)

	Average Returns ^(b)				
	YTD	1-Year	3-Year	5-Year	Since Inception
	(%)	(%)	(%)	(%)	(%)
MyETF-DJIM25 - NAV Price Return ^(a)	(0.99)	(1.00)	0.96	(1.67)	0.86
DJIM25 - Price Return Index	2.66	(0.15)	1.13	(1.46)	0.21
MyETF-DJIM25 - NAV Total Return ^(a)	3.66	1.27	3.11	0.56	2.80
DJIM25 - Total Return Index	5.26	2.30	3.98	1.25	4.44

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.

For the period under review, S&P Dow Jones performed its First and Second Quarter 2019 review and rebalanced the composition of the Benchmark Index in accordance with its index methodology. The quarterly reviews had resulted in changes to the weightings of the component stocks in the Fund. During the period, two stocks were removed from the index, i.e. Tenaga National Bhd and Axiata Group Bhd. The Manager had undertaken the rebalancing exercise for the period to ensure that the Fund's investment would be reflective of the changes in the Benchmark Index. In terms of sectoral weightings, notable changes to the Fund's sector composition as compared to the previous period were the decreased in utilities from 19.67% to 5.42% due to the exclusion of Tenaga National Bhd. Details of the Fund's top holdings and the key changes for 1H2019 are as follows:

Table 3: Top Ten Holdings of the Fund as at 30 June 2019

Stock	% of NAV
1. Petronas Chemicals Group Bhd	9.90
2. IHH Healthcare Bhd	8.37
3. Sime Darby Plantation Bhd	6.82
4. Dialog Group Bhd	6.71
5. Kuala Lumpur Kepong Bhd	5.71
6. Petronas Gas Bhd	5.54
7. Digi.Com Bhd	5.42
8. IOI Corporation Bhd	5.42
9. Press Metal Aluminium Holdings Bhd	5.11
10. Maxis Bhd	4.16
Total	63.16

Sources: Bloomberg, i-VCAP

Table 4: Change in Fund's Sector Allocation *

	As at 30-Jun-19	As at 31-Dec-18	Change (%)
Utilities	5.42%	19.67%	(14.25%)
Plantation	19.13%	15.97%	3.16%
Industrial Products & Services	15.90%	14.34%	1.56%
Telecommunications & Media	13.03%	14.56%	(1.53%)
Health Care	16.51%	13.59%	2.92%
Consumer Products & Services	16.07%	12.99%	3.08%
Energy	8.41%	4.66%	3.75%
Technology	3.25%	2.22%	1.03%
Transportation & Logistics	2.06%	1.51%	0.55%
Cash	0.22%	0.49%	(0.27%)

Sources: Bursa Malaysia, i-VCAP

* Based on Bursa Securities classification

Details of the Fund's quoted Investments as at 30 June 2019 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>Utilities</u>			
Petronas Gas Bhd	941,900	16,351,384	5.42
		16,351,384	5.42
<u>Plantation</u>			
Genting Plantations Bhd	432,500	4,325,000	1.43
IOI Corporation Bhd	3,684,300	15,658,275	5.19
Kuala Lumpur Kepong Bhd	705,100	17,317,256	5.73
Sime Darby Plantation Bhd	4,159,300	20,463,756	6.78
		57,764,287	19.13
<u>Industrial Products & Services</u>			
Lotte Chemical Titan Holdings Bhd	928,100	2,765,738	0.92
Petronas Chemicals Group Bhd	3,559,300	29,898,120	9.90
Press Metal Aluminium Holdings Bhd	3,487,400	15,344,560	5.08
		48,008,418	15.90
<u>Telecommunications & Media</u>			
Digi.com Bhd	3,334,400	16,838,720	5.58
Maxis Bhd	2,214,500	12,334,765	4.08
Telekom Malaysia Bhd	2,544,200	10,176,800	3.37
-		39,350,285	13.03
<u>Health Care</u>			
Hartalega Holdings Bhd	2,372,700	12,432,948	4.12
IHH Healthcare Bhd	4,394,900	25,490,420	8.44
Top Glove Corporation Bhd	2,429,600	11,929,336	3.95
		49,852,704	16.51
<u>Consumer Products & Services</u>			
Petronas Dagangan Bhd	482,700	12,260,580	4.06
Sime Darby Bhd	4,812,400	10,876,024	3.60
Fraser & Neave Holdings Bhd	172,900	5,975,424	1.98
Nestle Malaysia Bhd	75,200	11,212,320	3.71
QL Resources Bhd	1,198,000	8,194,320	2.71
		48,518,668	16.07
<u>Energy</u>			
Dialog Group Bhd	6,221,700	20,282,742	6.72
Serba Dinamik Holdings Bhd	746,400	3,007,992	1.00
Hibiscus Petroleum Bhd	1,973,200	2,111,324	0.70
		25,402,058	8.41

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

	Quantity (Units)	Market Value (RM)	Market Value as a percentage of Net Asset Value (%)
<u>Technology</u>			
Inari Amertron Bhd	2,897,900	4,636,640	1.54
MY E.G. Services Bhd	3,488,900	5,163,572	1.71
		9,800,212	3.25
<u>Transportation & Logistic</u>			
Westports Holdings Bhd	1,582,100	6,233,474	2.06
		6,233,474	2.06
		301,281,490	99.77

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 period, the Fund has announced and paid the first and final income distribution of 2.44 cent per unit for the Financial Year ended 31 December 2018. The income distribution is derived from the dividend income that the Fund received during the year.

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

In the first half of 2019, most global stock markets advanced after suffering their worst year in a decade in 2018. Several key market indexes hit record highs in 1H2019 as investor sentiment improved after the US Federal Reserve and the European Central Bank clearly indicated that interest rate cuts or other stimulus measures could be on the way. Easing of trade tensions near the end of the second quarter also contributed to market gains after the meeting between US President Donald Trump and Chinese President Xi at G20 summit. MSCI World Index and S&P 500 Index registered year-to-date (YTD) return of 17% and 18.5% respectively as of end June 2019.

On the economic front, global economy recorded positive growth in the first half of 2019. Nonetheless, leading economic indicators continue to point to slowing growth momentum in most major economies against the backdrop of intensified US-China trade war and prolonged uncertainty on Brexit. In June, World Bank cut its 2019 global growth forecast to 2.6% from 2.9%, citing a drop in global investment and a slowdown in trade growth.

In Asia, growth had significantly softened in the second quarter. China recorded a 6.2% GDP growth in 2Q2019, the lowest in 27 years, as the country's trade war with the US took its toll. Similarly, Singapore's economy shrank in the second quarter as the export and manufacturing sector continued to decline.

On the local front, Malaysia's GDP growth weakened to 4.5% yoy in 1Q2019, dragged down by weak investments and export. Poor business sentiment weighed on machinery and equipment capex while weak property market and public sector project reviews impacted construction sector. In May 2019, Bank Negara Malaysia cut the Overnight Policy Rate (OPR) by 25bp to 3.00% to stimulate growth.

Despite the strong rally in global equities in 1H2019, Malaysia's equity market finished the first half of 2019 as one of the worst performing markets in the world. The local stock market declined to a near four-year low in May 2019, triggered by the intensifying US-China trade war and weak corporate earnings. Market rebounded in June 2019 as investors returned to bargain hunt following the underperformance against regional peers. Foreign investors continued selling Malaysian equity in 1H2019 with a total net outflows of RM4.8 billion.

The DJIM25 Index recorded a positive year-to-date return of 1.3% in the first half of the year, despite the uncertain market condition. The Index hit a multi-year low of 923.76 points on 27th May 2019, before it rebounded and closed at 986.88 points on 30 June 2019.

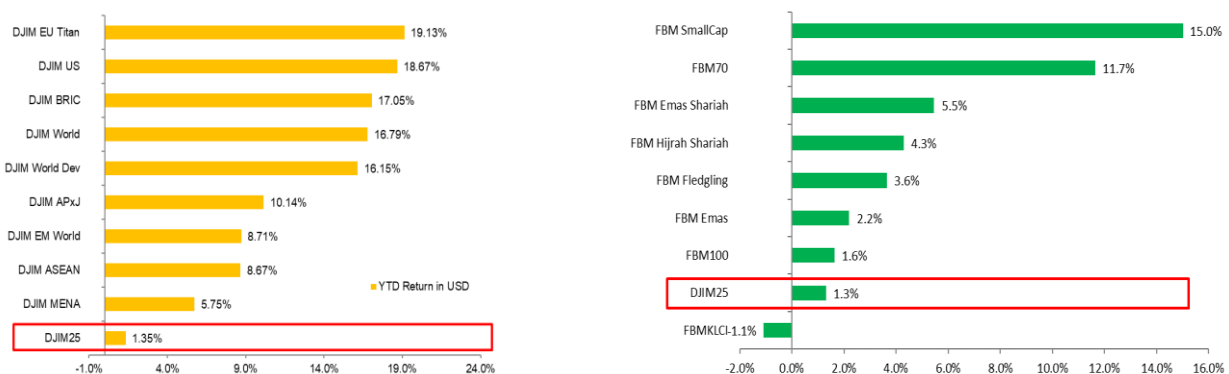
Chart 3(a): DJIM25 Index Performance in 1H2019



Sources: Bloomberg, i-VCAP

On comparative performance within Dow Jones Islamic Market (“DJIM”) index series (based on USD), the DJIM25 Index underperformed major global Islamic equity benchmark indices, tracking the weak equity market in Malaysia. On the local front, DJIM25 Index outperformed FBMKLCI Index but lagged most domestic indices.

Chart 3(b): DJIM25 Index and Comparable Performances in 1H2019



Sources: Bloomberg, i-VCAP

Bank Negara Malaysia projected a moderate GDP growth between 4.3% and 4.8% for 2019. Nonetheless, the projection is subject to downside risks from ongoing uncertainties in the global and domestic environment, worsening trade tensions and extended weakness in commodity related sectors. Despite the challenging external environment, economic growth in the remaining year is estimated to be contributed by domestic demand. Consumer spending is expected to be driven by the stable labour market while capital spending would be supported by capacity expansions in sectors such as manufacturing and services.

While easing monetary policy in the major economies are expected to improve global financial conditions in the near term, it could lead to a higher volatility in financial markets. In the second half of the year, equity market is expected to remain volatile. Trade war, global recession fear and domestic political landscape would continue to top the list of market concerns for the remainder of the year.