

Manager's Report

For the Financial Period 1 April to 30 June 2017

Name of Fund	: MyETF MSCI Malaysia Islamic Dividend ("MyETF-MMID" or "the Fund")
Type of Fund	: Exchange Traded Fund
Fund Category	: Shariah-Compliant Equity
Commencement Date	: 17 March 2014
Listing Date	: 21 March 2014
Benchmark Index	: MSCI Malaysia IMI Islamic High Dividend Yield 10/40 Index ("MIMYDY40 Index" or "Benchmark Index")
Manager	: <i>i</i> -VCAP Management Sdn. Bhd. (" <i>i</i> -VCAP")

1. Investment Objective

MyETF-MMID 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

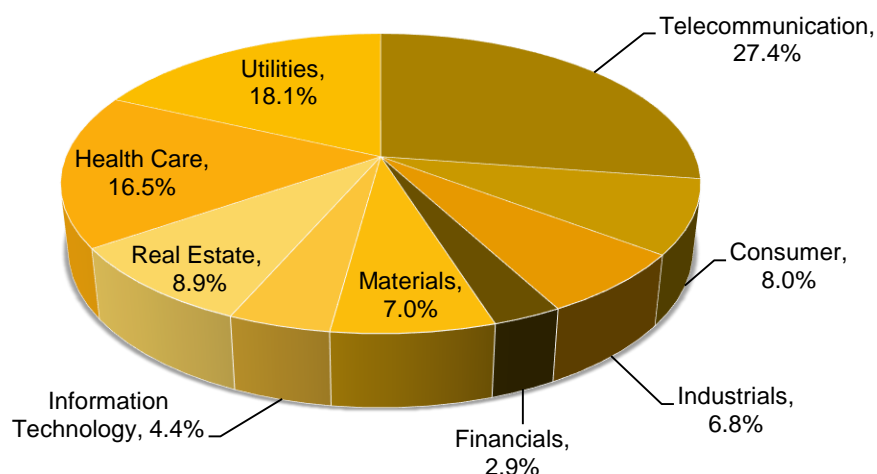
The Benchmark Index is a market capitalisation weighted and free-float adjusted index provided by MSCI Inc ("MSCI"). The Benchmark Index is designed as a performance benchmark for the high dividend-yielding companies of its Parent Index, i.e. the MSCI Malaysia IMI Islamic Index. The Benchmark Index shall consist between 16 to 30 Shariah-Compliant companies listed on Bursa Malaysia Securities Berhad ("Bursa Securities") with higher than the average dividend yield of the Parent Index and are deemed both sustainable and persistent by MSCI.

The weight of any single group or entity in the Benchmark Index is capped at 10% of the Index total market capitalisation and the sum of weights of all groups or entities representing more than 5% of the Index is capped at 40% of the Index total market capitalisation.

The Parent Index is a free-float adjusted market capitalisation weighted index that is designed to measure the equity market performance of Malaysia. The Parent Index and Benchmark Index consist only of Shariah-compliant securities which are approved by the MSCI Shariah Supervisory Committee (“MSSC”) based on the MSCI Islamic Index Series Methodology. The MSSC will review and audit the Benchmark Index, the Parent Index as well as the MSCI Islamic Index Series Methodology on a regular basis to ensure compliance with Shariah.

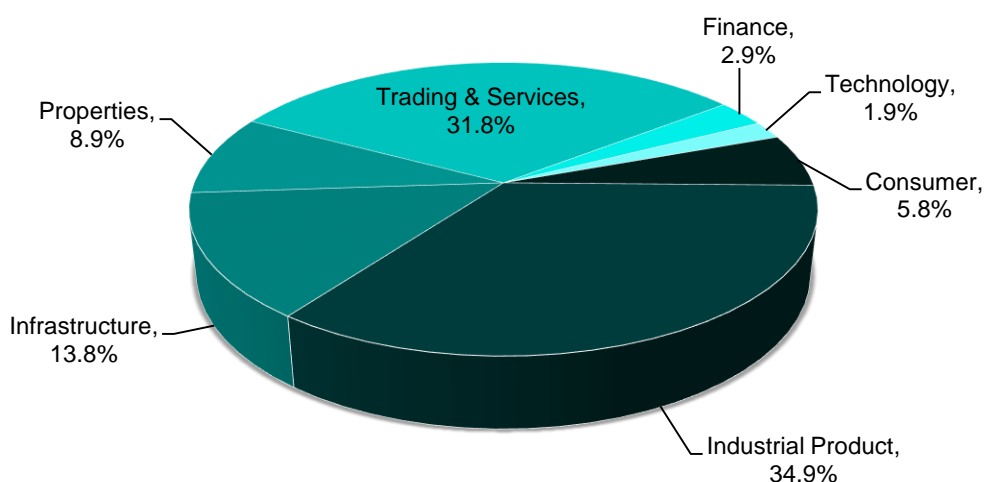
Based on the latest quarterly review (31 May 2017), the sector allocation of MIMYDY40 Index based on MSCI and Bursa Securities sector classifications are as follows:

Chart 1(a): Sector Classification – MSCI



Source: MSCI

Chart 1(b): Sector Classification - Bursa Securities



Sources: Bursa Malaysia, MSCI

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 achieved its investment objective which is to track closely the underlying benchmark, i.e. MIMYDY40 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 1.03% and 0.80% 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 4.16% to RM1.1019 from RM1.0579 at the end of the previous quarter, while the Benchmark Index and Benchmark's Total Return Index (MIMYDY40 Total Return Index) increased by 3.38% and 4.20% respectively for the same period. The Fund started the quarter positively and continued its momentum. It however succumbed to profit taking towards end-May and retraced 2.4% to RM1.0826. The Fund however, managed to recover towards end-June, hitting its highest level of RM1.1120 on 9 June before closing the quarter at RM1.1019. 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 RM1.0850.

As at end of June, total NAV of the Fund increased to RM55.98 million from RM54.59 million as at end of March due to the positive market condition. 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.
MyETF-MMID Manager's Report 2Q2017

Table 1: Key Statistics

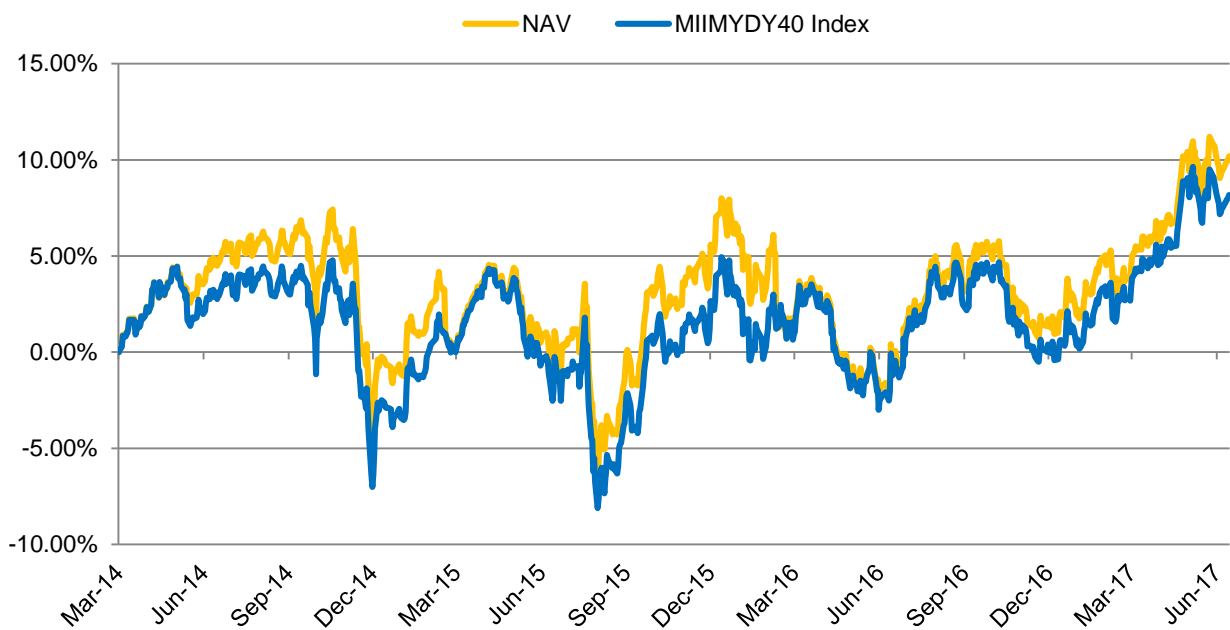
	As at 30-Jun-17	As at 31-Mar-17	QoQ Change
NAV per unit (RM)#	1.1019	1.0579	4.16%
- Highest	1.1120 (9 Jun)	1.0602 (29 Mar)	
- Lowest (During the period)	1.0552 (3 Apr)	1.0175 (19 Jan)	
Price per unit (RM)#	1.0850	1.0500	3.33%
- Highest	1.0950 (30 May)	1.0550 (29 Mar)	
- Lowest (During the period)	1.0450 (4 Apr)	1.0150 (3 Jan)	
Units in Circulation	50,800,000	51,600,000	(1.55%)
Total NAV (RM)	55,975,750	54,585,833	2.55%
Market Capitalisation (RM)	55,118,000	54,180,000	1.73%
MIMYDY40 Index	2,526.34	2,443.64	3.38%
MIMYDY40 Total Return Index	4,016.25	3,854.34	4.20%
Tracking Error vs. MIMYDY40 Price Return Index (%)*	1.03	1.05	
Tracking Error vs. MIMYDY40 Total Return Index (%)*	0.80	0.83	
Management Expense Ratio (%)	0.17	0.18	

Sources: Bloomberg, i-VCAP

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

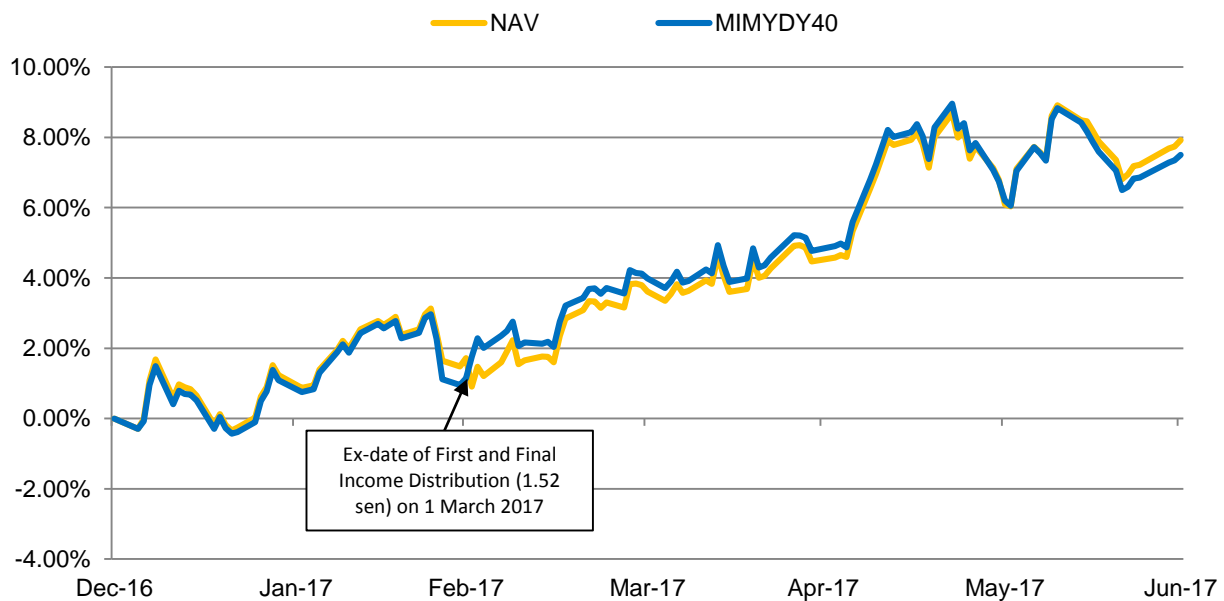
* The 3-year rolling tracking error between the NAV per unit of the Fund and the Price Return and Total Return Benchmark Index. The calculation was independently sourced from Novagni Analytics and Advisory Sdn. Bhd.

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 ^(b) (%)
MyETF-MMID - NAV Price Return ^(a)	7.92	(5.31)	8.55	(0.67)
MIMYDY40 - Price Return Index	7.51	(3.96)	7.91	(2.90)
MyETF-MMID - NAV Total Return ^(a)	9.52	(2.36)	10.96	(0.67)
MIMYDY40 - Total Return Index	9.55	(0.84)	11.76	0.16

Sources: Bloomberg, i-VCAP

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

(b) The inception date of the Fund was on 17 March 2014.

Table 2(b): Cumulative Returns

	Cumulative Returns ^(b)				
	3-Month (%)	6-Month (%)	1-Year (%)	3-Year (%)	Since Inception (%)
MyETF- MMID - NAV Price Return ^(a)	4.16	7.92	10.20	5.31	10.19
MIMYDY40 - Price Return Index	3.38	7.51	8.72	5.07	8.18
MyETF- MMID - NAV Total Return ^(a)	4.16	9.52	11.83	12.65	17.86
MIMYDY40 - Total Return Index	4.20	9.55	12.16	16.46	21.61

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)				
	3-Month (%)	6-Month (%)	1-Year (%)	3-Year (%)	Since Inception (%)
MyETF- MMID - NAV Price Return ^(a)	16.69	16.07	10.20	1.77	3.10
MIMYDY40 - Price Return Index	13.58	15.23	8.72	1.69	2.48
MyETF- MMID - NAV Total Return ^(a)	16.69	19.31	11.83	4.21	5.43
MIMYDY40 - Total Return Index	16.86	19.38	12.16	5.48	6.56

Sources: Bloomberg, i-VCAP

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

(b) Average returns for MIMYDY40 Price Return Index and MIMYDY40 Total Return Index are annualized figures computed based on the price and total returns for the respective period.

During the period under review, the MSCI performed its semi-annual review of the Benchmark Index for 2017 in May and rebalanced the composition of the Benchmark Index in accordance with its index methodology. The review resulted in changes to the weightings of the component stocks and stock constituents in the Benchmark Index. The Manager had undertaken the rebalancing exercise to align the Fund with the changes in the Benchmark Index. During the quarter, Tenaga Nasional Berhad and Cahya Mata Sarawak Berhad were included while Axiata Group Berhad and Padini Holdings Berhad were removed from the Fund.

In terms of sectoral weightings, notable changes to the Fund's sector composition arising from the quarterly review was the increase in Industrial Products sector from 31.12% to 35.87%. On the other hand, the Consumer Products sector decreased from 9.43% to 5.85% due to the exclusion of Padini Holdings Berhad. Details of the Fund's key top ten holdings and sectoral changes for the quarter are as follows:

Table 4: Top Ten Holdings of the Fund as at 30 June 2017

Stock	% of NAV
1. Tenaga Nasional Berhad	9.26
2. Digi.Com Berhad	9.07
3. Petronas Gas Berhad	8.67
4. Maxis Berhad	7.99
5. Hartalega Holdings Berhad	5.76
6. Time DotCom Berhad	4.84
7. Top Glove Corporation Berhad	4.82
8. Telekom Malaysia Berhad	4.55
9. Bermaz Auto Berhad	4.45
10. Matrix Concepts Holdings Berhad	4.37
Total	63.78

Sources: Bloomberg, i-VCAP

Table 5: Fund's Sector Allocation*

	As at 30 Jun 2017	As at 31 Mar 2017	Change (%)
Industrial Products	35.87%	31.12%	4.75
Trading/Services	30.25%	31.30%	(1.05)
Infrastructure	13.91%	12.30%	1.61
Properties	8.48%	9.64%	(1.16)
Consumer Products	5.85%	9.43%	(3.58)
Finance	3.05%	3.20%	(0.15)
Technology	2.04%	2.58%	(0.54)
Cash & Others	0.55%	0.43%	0.12

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-MMID's Investment in Listed Equities

	Quantity (Units)	Market Value (RM)	Market Value as a percentage of Net Asset Value (%)
<u>Industrial Products</u>			
1. Petronas Gas Berhad	261,800	4,853,772	8.67
2. Hartalega Holdings Berhad	436,800	3,223,584	5.76
3. Top Glove Corporation Berhad	469,000	2,696,750	4.82
4. Supermax Corporation Berhad	1,063,400	2,116,166	3.78
5. Kossan Rubber Industries Berhad	289,600	1,844,752	3.30
6. Scientex Berhad	175,500	1,544,400	2.76
7. V.S Industry Berhad	691,800	1,432,026	2.56
8. Cahya Mata Sarawak Berhad	342,900	1,378,458	2.46
9. Ta Ann Holdings Berhad	280,180	991,837	1.76
		20,081,745	35.87
<u>Trading/Services</u>			
10. Tenaga Nasional Berhad	366,500	5,182,310	9.26
11. Maxis Berhad	806,100	4,473,855	7.99
12. Telekom Malaysia Berhad	382,600	2,544,290	4.55
13. Bermaz Auto Berhad	1,240,300	2,493,003	4.45
14. Westports Holdings Berhad	615,900	2,241,876	4.00
		16,935,334	30.25
<u>Infrastructure</u>			
15. Digi.Com Berhad	1,015,300	5,076,500	9.07
16. Time DotCom Berhad	279,200	2,708,240	4.84
		7,784,740	13.91
<u>Properties</u>			
17. Matrix Concepts Holdings Berhad	893,008	2,446,842	4.37
18. UOA Development Berhad	901,700	2,299,335	4.11
		4,746,177	8.48
<u>Consumer Products</u>			
19. QL Resources Berhad	379,000	1,872,260	3.35
20. Hong Leong Industries Berhad	138,000	1,399,320	2.50
		3,271,580	5.85
<u>Finance</u>			
21. Syarikat Takaful Malaysia Berhad	411,100	1,705,650	3.05
		1,705,650	3.05
<u>Technology</u>			
22. Malaysian Pacific Industries Berhad	84,800	1,143,104	2.04
		1,143,104	2.04
		55,668,330	99.45

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 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 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

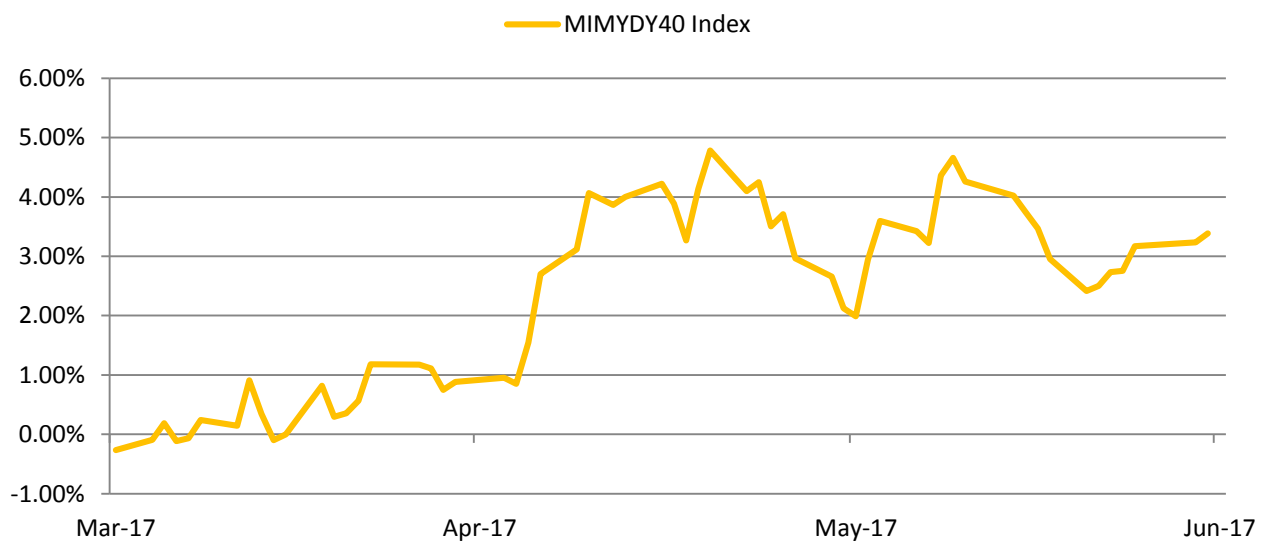
The cyclical upturn in global growth in 1H2017 has reflected a broad-based recovery around the world. The recent uptrend is a stark contrast from a year earlier where risk of recession had elevated. The current reversal reflects a confluence of various positive indicators leading to various international 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%.

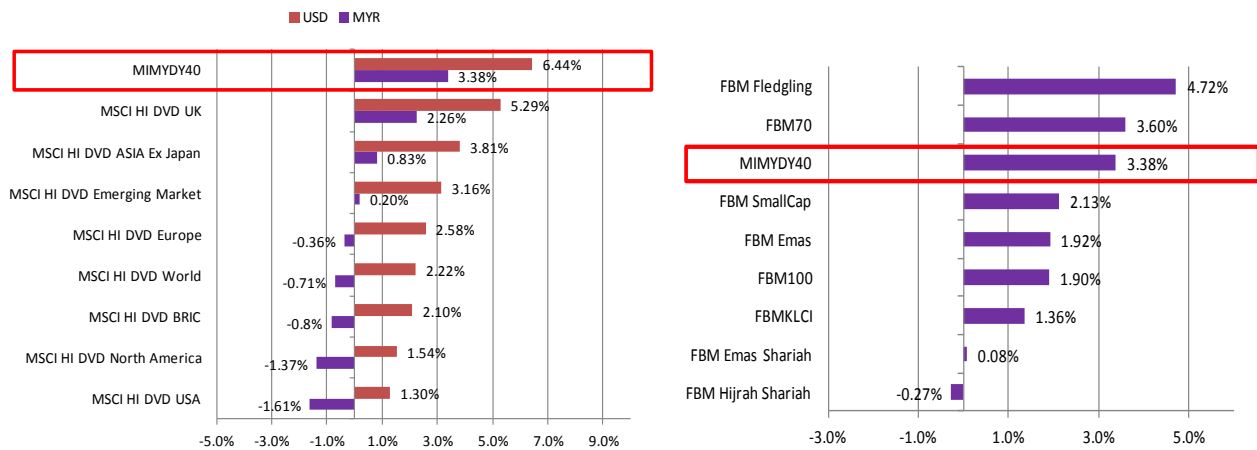
The MIMYDY40 Index started the quarter positively to end the quarter at 2,526.34 points, translating to an increase of 3.38% q-o-q. On comparative performance within MSCI High Dividend Yield index series, the MIMYDY40 Index outperformed other indices on the back of positive performance of its constituents during the quarter. Comparing to domestic indices, MIMYDY40 Index outperformed other local main indices but lagged behind FBM70 and FBM Fledgling indices. The relatively favourable performance of MIMYDY40 Index in 2Q2017 was attributed to the strong performance of the mid-cap glove manufacturers, technology and property stocks given their resilient earnings with some of them benefited most from the currency movement.

Chart 3: MIMYDY40 Index Performance in 2Q2017



Sources: Bloomberg, i-VCAP

Chart 4: MIMYDY40 Index Performance in 2Q2017 against MSCI High Dividend Series Index and 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. Given the cautious positive outlook for domestic equity market, MyETF-MMID could ride on any uptrend in the medium term. Investors' preference for dividend yielding stocks may provide resiliency for MyETF-MMID during market volatilities.