Manager's Report

For the Financial Period 29 April to 30 June 2015

Name of Fund	: MyETF MSCI SEA Islamic Dividend ("MyETF-MSEAD" or "the Fund")
Type of Fund	: Exchange Traded Fund
Fund Category	: Shariah-Compliant Equity
Commencement Date	: 29 April 2015
Listing Date	: 7 May 2015
Benchmark Index	: MSCI South East Asia IMI Islamic High Dividend Yield 10/40 Index ("MIISOD40 Index" or "Benchmark Index")
Manager	: *i*-VCAP Management Sdn. Bhd. ("*i*-VCAP")

1. Investment Objective

MyETF-MSEAD aims to provide investment results that closely correspond to the performance of the Benchmark Index regardless of its performance.

2. Benchmark Index

The Benchmark Index, namely the MSCI South East Asia IMI Islamic High Dividend Yield 10/40 Index is a free-float adjusted, market capitalisation weighted, price return index calculated, maintained and published by MSCI.

The Benchmark Index is designed as a performance benchmark for the high dividend-yielding segment of its Parent Index, the MSCI South East Asia IMI Islamic Index. The Parent Index is a free-float adjusted market capitalisation weighted index that is designed to measure the equity market performance of selected South East Asia countries.

The Benchmark Index shall comprise up to 30 Shariah-compliant companies listed on the stock exchanges in South East Asia countries with dividend yields that are at least 30% higher than the Parent Index yield that are deemed both sustainable and persistent by MSCI.

The weight of any single group entity in the Benchmark Index is capped at 10% of the Benchmark Index weight and the sum of the weights of all group entities representing more than 5% is capped at 40% of the Benchmark Index weight. The Benchmark Index is calculated and published in Ringgit Malaysia.

The Parent Index and Benchmark Index consist only of Shariah-compliant securities which are approved by the MSCI Shariah Supervisory Committee based on the MSCI Islamic Index Series Methodology. The MSCI Shariah Supervisory Committee 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.

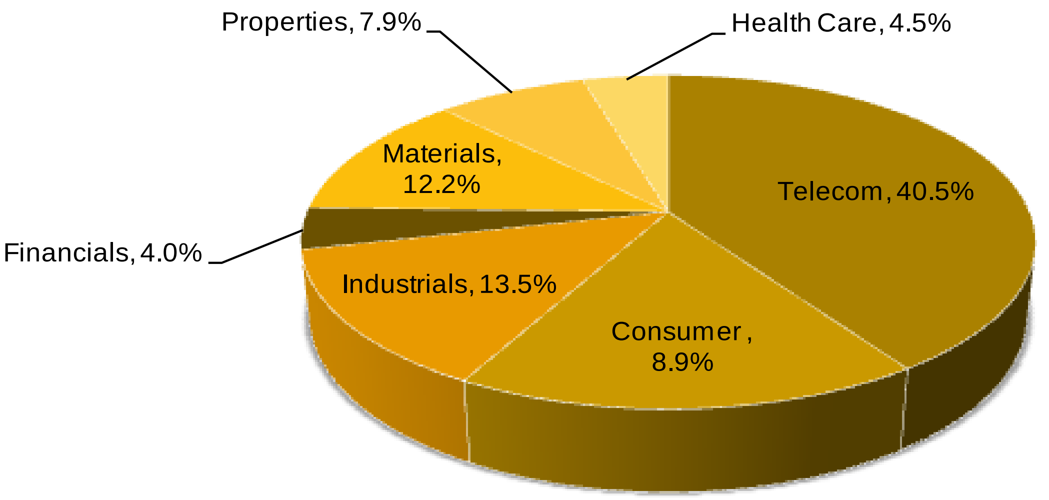
Constituents of the Benchmark Index must be selected from the universe of securities which constitute the Parent Index. As the Parent Index is an Islamic index, its constituents will be screened using the MSCI Index Series Methodology based on the following criteria:

Screening criteria for an Islamic Index	
a)	**<u>Business activity screen</u>** Companies must not be directly active in or derive more than 5% of their revenue (cumulatively) from the following prohibited activities: • alcohol • tobacco • pork related products • conventional financial services • defense/weapons • gambling/casino • music • hotels • cinema • adult entertainment
b)	**<u>Financial screen</u>** Companies must not derive a significant portion of their income from interest or companies must not have excessive leverage. Only companies with the following three financial ratios are less than 33.33% are cosidered Shariah-compliant: • total debt over total asset[(1)]; • sum of cash and interest-bearing securities over total assets[(1)]; and • sum of account receivables and cash over total assets. ***Note:*** *(1)* *Shariah-compliant debt and Shariah-compliant instruments are excluded from the numerator when calculating the ratio.* A lower threshold of 30% for all three financial ratios will be used to determine new inclusions to the Parent Index.

Screening criteria for the Benchmark Index	
a)	**<u>Sustainability and persistence</u>** The security must offer a high dividend yield that meets the following sustainability and persistence screening criteria: • securities with zero or negative dividend payout ratios are not considered for inclusion in the Benchmark Index. Additionally, securities with extremely high dividend payout ratio when earnings are low relative to dividends, are not considered for inclusion in the Benchmark Index as it may indicate that the dividend payment of the securities might not be sustainable in the future; and • securities with a negative 5-year dividend per share are also excluded from the Benchmark Index as shrinking dividend growth could be a prosecutor to lower dividends.
b)	**<u>Price performance</u>** Securities ranked in the bottom 5% of securities (of the Parent Index) with negative 1-year price performance (measured as the change in price of a security in the preceeding 12 months) will not qualify to be included in the Benchmak Index. Any existing constituents of the Benchmark Index which fails the screening criteria at any rebalancing period will also be excluded from the Benchmark Index. In addition, this screening exercise will result in exclusions of securities that offer high dividend yields which are due to lower share price instead of higher dividend payout.
c)	**<u>Dividend yield</u>** Companies that have passed the sustainability and persistence screening criteria are then filtered for their dividend yield performance. Only companies which record a dividend yield that is at least 30% higher than the average dividend yield of the Parent Index are eligible for inclusion in the Benchmark Index.

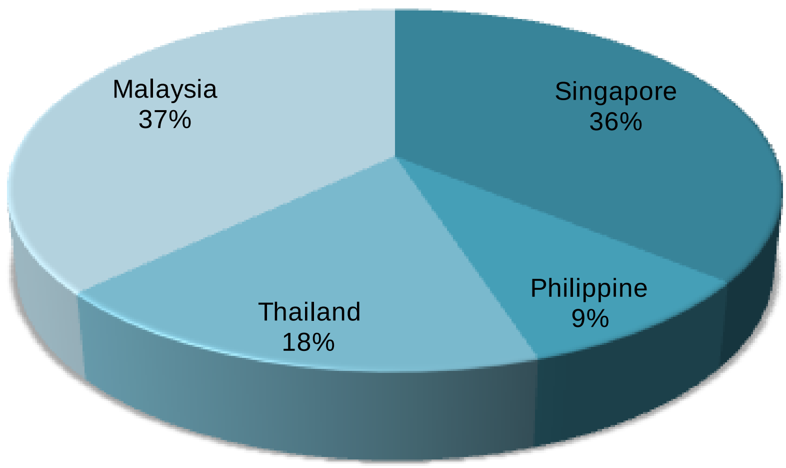
Based on the Fund's quoted Investments as at 30 June 2015, the sector allocation of MIISOD40 Index based on MSCI sector classifications are as follows:

Chart 1: Sector Classification – MSCI



Source: MSCI, *i*-VCap

Chart 2: Country Exposure



Source: MSCI, *i*-VCap

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 will generally adopt a replication strategy to manage the Fund. The Manager may use techniques including indexing via full or partial replication in seeking to achieve the investment objective of the Fund, subject to conformity with Shariah.

4. Fund Performance

MyETF-MSEAD which had its prospectus launched on 8 April 2015, was initially created at RM1.00 per unit at the close of 29 April 2015. Subsequently, the Fund had its debut listing on Bursa Securities on 7 May 2015 with total units in circulation of 20 million. For the period between the initial creation to the end of June, the Fund's NAV has closely correspond to the performance of the underlying benchmark, i.e. MIISOD40 Index.

In terms of NAV movement, the Fund's NAV per unit hit a high of RM1.0090 on 21 May 2015 before ending the quarter at RM0.9972, a 0.28% decrease from its initial NAV of RM1.00. For the corresponding period, the MIISOD40 Index decreased by 0.97% to close at 2,389.48 points. Meanwhile, the Fund's price per unit which was traded on Bursa Securities closed at RM0.9800 at the end of June, representing a decrease of 2% from its debut listing.

As at end of June, total NAV of the Fund increased to RM21.94 million from RM20.0 million at its inception due to the creation of additional units after its listing. The key statistics and comparative performance of the Fund for the period between its initial creation at the close of 29 April 2015 against its position as at 30 June 2015 are summarized as follows:

Table 1: Key Statistics

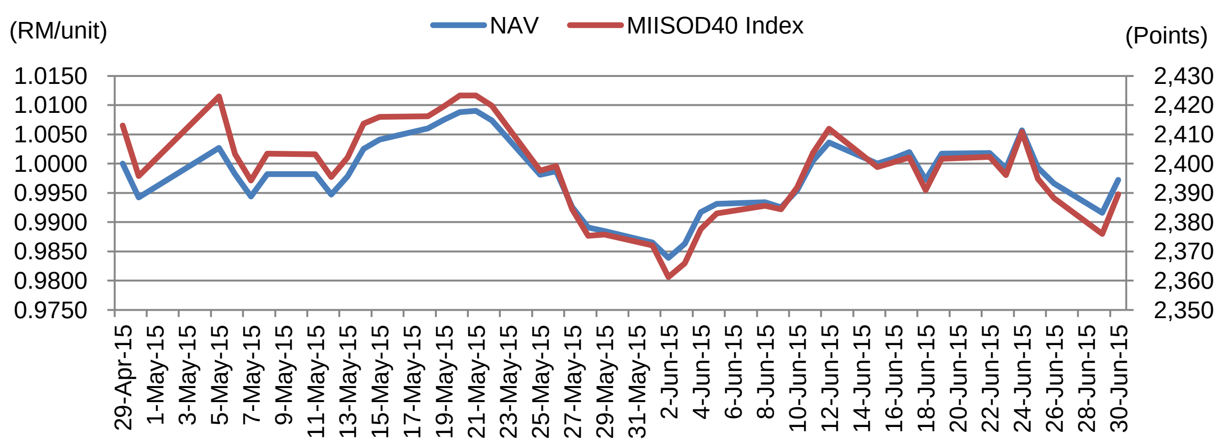
	As at 30-Jun-15	As at 29-Apr-15^	Changes
NAV per unit (RM)	0.9972	1.0000	(0.28%)
- Highest - Lowest *(During the period)*	1.0090 (21 May) 0.9839 (2 Jun)		
Price per unit (RM)	0.9800	1.0000	(2.00%)
- Highest - Lowest *(During the period)*	0.9950 (20 May) 0.9650 (8 May)		
Units in Circulation	22,000,000	20,000,000	10.00%
Total NAV (RM)	21,937,507	19,999,391	9.69%
Market Capitalisation (RM)	21,560,000	20,000,000	7.80%
MIISOD40 Index	2,389.48	2,412.97	(0.97%)
MIISOD40 Total Return	3,686.90	3,683.34	0.10%
Tracking Error vs. Price Return MIISOD40 Index (%)*	1.47		
Tracking Error vs. Total Return MIISOD40 Index (%)*	1.15		
Management Expense Ratio (%)	0.25		

Sources: Bloomberg, *i*-VCAP

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

^ The Fund was initially created at RM1.00 per unit based on the close of 29 April 2014. The Fund had its listing debut on 7 May 2015.

Chart 3: Fund NAV Per Unit vs. Benchmark Index – Performance Since Inception



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): Cumulative Returns*

	Cumulative Returns [b]	
	1 Month (%)	Since Inception (%)
MyETF- MSEAD - NAV Price Return [a]	0.88%	(0.28%)
MIISOD40 - Price Return Index	0.05%	(1.47%)
MyETF- MSEAD - NAV Total Return [a]	0.88%	(0.28%)
MIISOD40 - Total Return Index	0.60%	(0.44%)

Sources: Bloomberg, *i*-VCAP

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

(b) Cumulative returns are up to 30 June 2015

***Listing date was on 7 May 2015**

Table 2(b): Average Returns (Annualised)*

	Average Returns [b]	
	1 Month (%)	Since Inception (%)
MyETF- MSEAD - NAV Price Return [a]	11.09%	(1.64%)
MIISOD40 - Price Return Index	0.63%	(2.91%)
MyETF- MSEAD - NAV Total Return [a]	11.09%	(1.64%)
MIISOD40 - Total Return Index	7.45%	(0.88%)

Sources: Bloomberg, *i*-VCAP

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

(b) Average returns for MIISOD40 Price Return Index and MIISOD40 Gross Return Index are annualized figures computed based on the price and total returns for the respective period.

*** Listing date was on 7 May 2015**

During the period under review, the Benchmark Index performed its semi-annual review for 2015 and rebalanced the composition of the Benchmark Index in accordance with its index methodology. The review in May 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. The latest rebalancing saw the removal of eight stocks from the Benchmark Index while five stocks were included. The summary of the changes are as follows:

Stock Inclusions	Stock Exclusions
Advanced Info Service PCL	Ascendas India Trust
Religare Health Trust	Dynasty Ceramic PCL-NVDR
Singapore Press Holdings Ltd	PT Indo Tambangraya Megah TBK
Boustead Plantations Berhad	Felda Global Ventures Holdings Berhad
Ta Ann Holdings Berhad	Padini Holdings Berhad
	PTT PCL-NVDR
	Glomac Berhad
	PT Erajaya Swasembada TBK

In terms of sectoral weightings, notable changes to the Fund's sector composition arising from the Benchmark Index's semi-annual review were the increase in Telecommunication Services sector from 30.77% to 40.85% and Materials sector from 6.34% to 11.68%. On the other hand, the Properties sector decreased from 12.44% to 7.24% and Industrials sector from 16.57% to 13.15% at the end of the second quarter. Pursuant to the exclusion of PTT PCL-NVDR, PT Indo Tambangraya Megah TBK and PT Erajaya Swasembada TBK as an index constituent, the Fund currently has no exposure in the Energy and Information Technology sector while the inclusion of Religare Health Trust resulted in the Fund's sole exposure in the Health Care sector.

The rebalancing exercise also saw some changes in the country exposure. The Fund currently has no exposure in Indonesia following the deletion of PT Indo Tambangraya Megah TBK and PT Erajaya Swasembada TBK. Details of the key changes for the quarter are as follows:

Table 2: Top Ten Holdings of the Fund as at 30 June 2015

Stock	Country	% of NAV
1. Advanced Info Service PCL-NVDR	Thailand	9.63
2. Singapore Telecommunications Limited	Singapore	9.43
3. Philippine Long Distance Telephone Company	Philippine	9.20
4. Keppel Corporation Ltd	Singapore	8.67
5. PTT Global Chemical PCL-NVDR	Thailand	4.85
6. Religare Health Trust	Singapore	4.85
7. M1 Ltd	Singapore	4.68
8. Singapore Press Holdings Limited	Singapore	4.66
9. Thai Vegetable Oil PCL-NVDR	Thailand	4.63
10. Yangzijiang Shipbulding Ltd	Singapore	4.48
Total		**65.08**

Sources: Bloomberg, *i*-VCAP

Table 3: Fund's Sector Allocation *

	As at 30-Jun-15	As at 29-April-15	Change (%)
Telecommunication Services	40.85%	30.77%	10.08
Consumer	17.03%	14.68%	2.35
Industrials	13.15%	16.57%	(3.42)
Materials	11.68%	6.34%	5.34
Properties	7.24%	12.44%	(5.20)
Health Care	4.85%	-	4.85
Financials	4.44%	3.58%	0.86
Energy	-	10.27%	(10.27)
Information Technology	-	1.20%	(1.20)
Cash & Others	0.76%	4.15%	(3.39)

Sources: MSCI, *i*-VCAP

*** Based on MSCI classification**

Details of the Fund's quoted Investments as at 30 June 2015 are as follows:

Table 4: MyETF-MSEAD's Investment in Listed Equities

	Country	Quantity (Units)	Market Value (RM)	Market Value as a percentage of Net Asset Value (%)
Telecommunication Services				
1. Advanced Info Service PCL-NVDR	Thailand	78,780	2,112,369	9.63
2. Singapore Telecommunications Limited	Singapore	175,182	2,067,553	9.43
3. Philippine Long Distance Telephone Company	Philippine	8,600	2,020,253	9.20
4. M1 Ltd	Singapore	113,100	1,027,289	4.68
5. Digi.Com Berhad	Malaysia	164,000	879,040	4.01
6. Telekom Malaysia Berhad	Malaysia	131,100	857,394	3.90
			8,902,287	**40.85**
Consumer				
7. Singapore Press Holdings Limited	Singapore	89,300	1,021,402	4.66
8. Thai Vegetable Oil PCL-NVDR	Thailand	403,700	1,014,808	4.63
9. UMW Holdings Berhad	Malaysia	87,300	885,222	4.04
10. Boustead Plantations Berhad	Malaysia	580,000	812,000	3.70
			3,733,432	**17.03**
Industrials				
11. Keppel Corporation Ltd	Singapore	82,500	1,901,126	8.67
12. Yangzijiang Shipbulding Ltd	Singapore	247,800	982,976	4.48
			2,884,102	**13.15**
Materials				
13. PTT Global Chemical PCL-NVDR	Thailand	137,450	1,063,426	4.85
14. Lafarge Malaysia Berhad	Malaysia	100,200	847,692	3.86
15. Ta Ann Holdings Berhad	Malaysia	170,900	651,129	2.97
			2,562,247	**11.68**
Properties				
16. UOA Development Berhad	Malaysia	430,500	904,050	4.12
17. Matrix Concepts Holdings Berhad	Malaysia	221,000	685,100	3.12
			1,589,150	**7.24**
Health Care				
18. Religare Health Trust	Singapore	371,800	1,063,150	4.85
			1,063,150	**4.85**
Financials				
19. Syarikat Takaful Malaysia Berhad	Malaysia	256,500	974,700	4.44
			974,700	**4.44**
			21,770,679	**99.24**

Sources: MSCI, *i*-VCAP

5. Distribution Policy

The Fund may distribute to the Unit Holders all or a substantial portion of the Fund's Distributable Income, pro-rated based on the number of Units held by each Unit Holder as at the entitlement date of the income distribution.

Income distributions (if any) are expected to be made annually. The amount to be distributed will be at the discretion of the Manager. However, if the distribution available is too small or insignificant, any distribution may not be of benefit to the Unit Holders as the total cost to be incurred in any such distribution may be higher than the amount for distribution. 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. With the implementation of Goods and Service Tax (GST), effective from 1 April 2015, fees and expenses incurred by the Fund are subjected to GST.

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 world economy is still struggling to gain momentum as both, the Advanced and Emerging Market economies registered a more modest growth in 1Q2015. As a result, the World Bank recently downgraded global growth to 2.8% for 2015, which is 0.2% lower compared to the projection made in January this year. Sluggish commodity prices and a surge in capital outflows have weakened the economies and the local currencies of the Emerging markets, while the US is touted to get off the recovery ground on stronger footing than other economies.

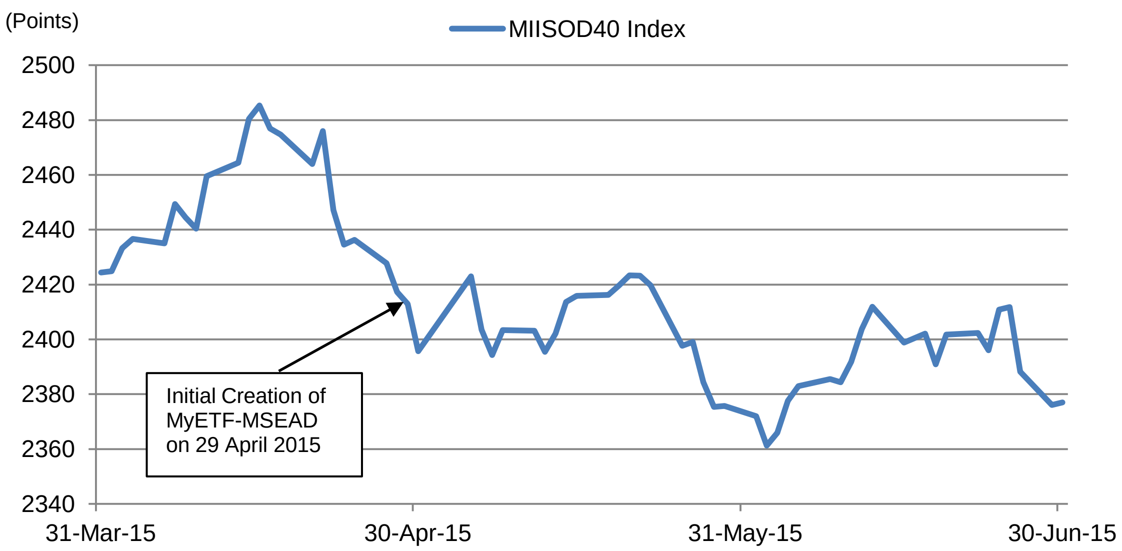
Meanwhile, the Eurozone economies have shown some signs of a recovery in 2Q2015, after the ECB announced additional monetary support to the union. However, the recovery optimism tapered off when the fear of Greece exit from Euro or "Grexit" appeared plausible after the Greeks overwhelmingly voted "No" to the international bailout terms in its national referendum. The looming possibility of a Grexit ignited selling pressure across the equity, fixed income and also currency, especially in the Emerging Markets. Not surprisingly, US dollar strengthened and demand for fixed income instruments picked up as investors turned more defensive and moved away from riskier assets.

Another notable event for the quarter was the sharp drop in China's equity markets in June. In a span of a few short weeks towards end-June, the Chinese market lost about 30% of its value and shed USD2.8 trillion in market capitalization. Prior to it, China's equity markets was riding on a super charged rally where at its peak, the Chinese market was up by 74% for the year. The strong performance was attributed to the liberalization measures such as the opening up of China's capital account, via the Shanghai-Hong Kong Connect programme as well as lowering of its lending rates which encouraged a significant rise in margin lending activities. Despite the sharp drop in late June, China's equity markets were nonetheless the top performers for the quarter with Shanghai and Shenzhen composite index up 14.1% and 25.8% respectively.

Despite the global uncertainties, most ASEAN economies continued to show economic growth resiliency in the 1Q2015 albeit at a slower rate. Among the five major ASEAN countries, Thailand registered faster economic growth rate of 3.0% for 1Q2015 as compared to 2.1% GDP growth in the previous quarter, attributed to a mild rebound in private consumption and accelerated public spending. Similarly, Singapore's real GDP expanded at an improved rate of 2.6% yoy from 2.1% in 4Q2014 with net exports being the main driver of growth. Meanwhile, Malaysia's real GDP growth was sustained at 5.6% yoy in 1Q2015, from a revised 5.7% in 4Q2014. Domestic demand remained the anchor of growth in 1Q2015, helped to cushion the sluggish external demand. For the Philippines, its real GDP growth rate moderated to 5.2% yoy in 1Q2015, from a revised 6.6% recorded in 4Q2014 mainly due to weaker government consumption and lackluster exports. Indonesia also experienced a slower GDP growth in 1Q2015 with its rate decelerated to 4.7% yoy (5.0% yoy in 4Q2014), which was its lowest level since 3Q2009 and well below market expectations on the back of weak government expenditures.

During the 2Q2015, the MIISOD40 Index moved within a tight range before retracing to its lowest level of 2,365.54 points on 2 June. The Benchmark Index managed to rebound thereafter to close at 2,389.48 points on 30 June. This represents a decrease of 1.67% for the quarter and 1.47% since the Fund's listing date. Meanwhile, the Index has retraced by 0.97% from the Fund's initial creation of RM1.00/unit on 29 April 2015. For the quarter, MIISOD40 Index performance ranked in the middle when compared to other dividend yielding indices globally.

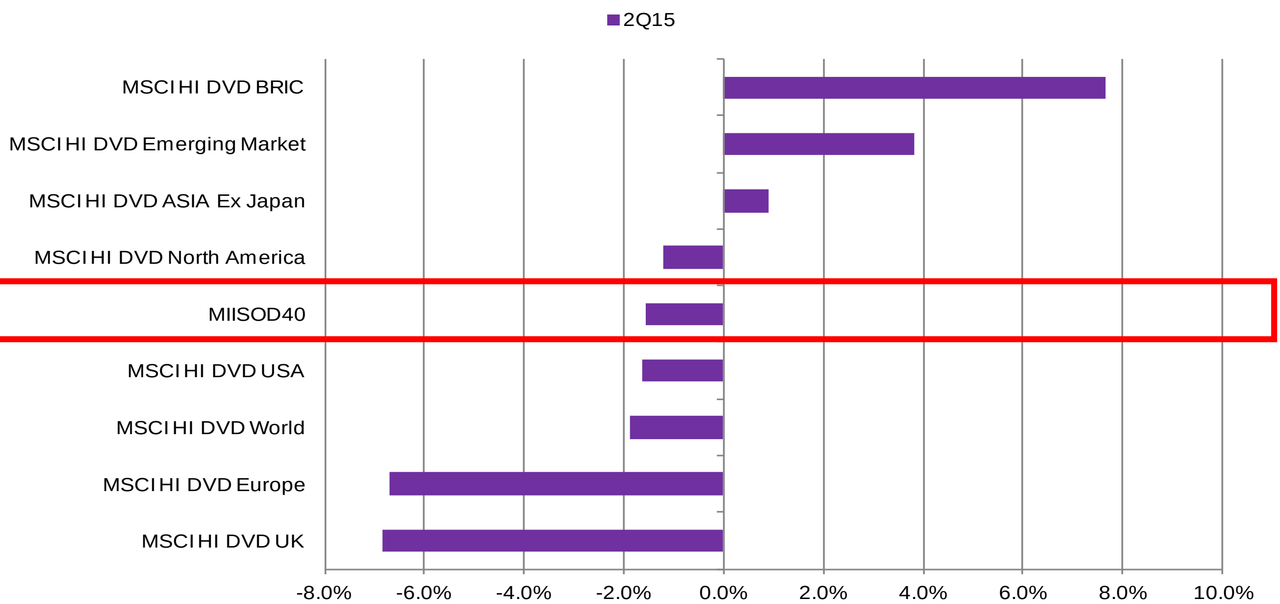
Chart 4: MIISOD40 Index Performance in 2Q2015



Sources: Bloomberg, *i*-VCAP

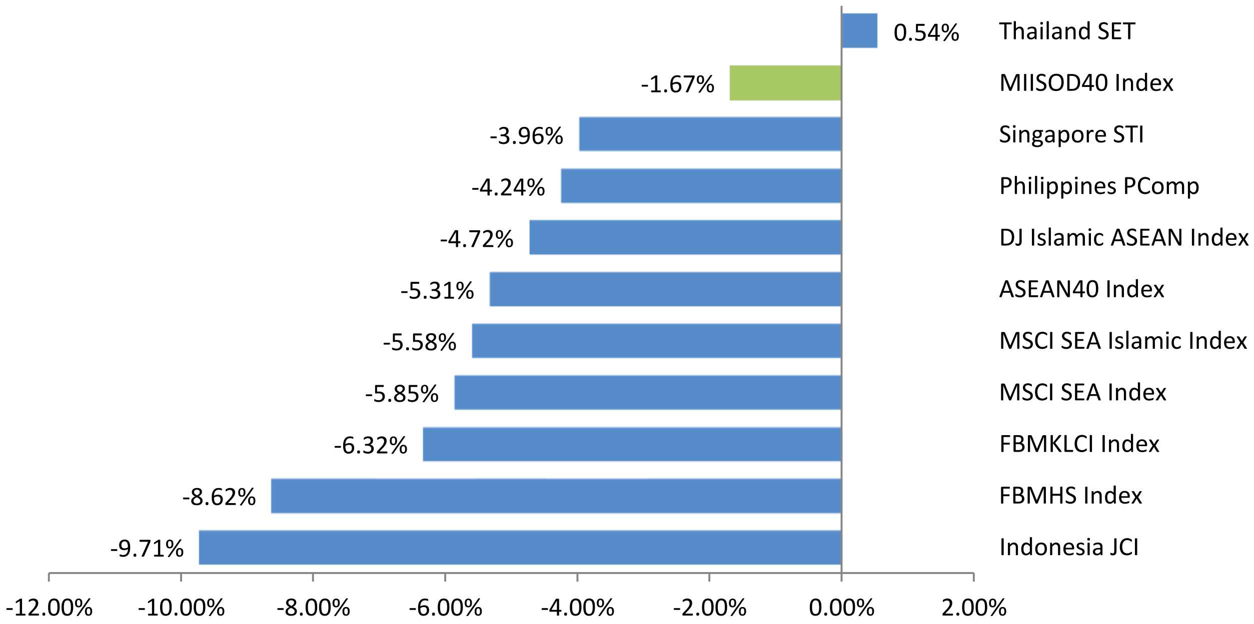
On regional comparison, MIISOD40 Index was among the resilient index during 2Q2015 by outperforming most of major ASEAN indices and major big-cap indices. Given the index country diversification, its performance was sheltered from the volatility of the various countries particularly Indonesia and Malaysia that had dropped 9.7% and 6.3% respectively during the quarter. For the period under review, only the Thailand equity market registered positive performance.

Chart 5: Comparative Performance of MSCI High Dividend Yield Indices



Sources: Bloomberg, *i*-VCAP

Chart 6: Comparative Performance of MIISOD40 Index vs Regional Indices



Sources: Bloomberg, *i*-VCAP

Broadly, continued volatility in financial markets is expected in 2H2015, due to a combination of external as well as domestic headwinds. Given the latest developments, a period of continued uncertainty may affect sentiment for Emerging Markets, as investors switch to “safe haven” assets.

Moving forward, it is expected that ASEAN’s economic growth to improve in 2H2015, albeit modestly. Contribution from exports to GDP growth in these countries will likely be subdued given the challenging external economic environment while domestic demand in the respective countries will continue to be a key driver of economic growth. However, lower commodity prices suggest that the spending power of rural households in Indonesia, Malaysia, Thailand and Philippines will moderate though the lower fuel prices may boost their disposable income. The sharp weakness against the US dollar in the currencies of some of the countries may also compound the situation, as businesses and consumers could delay their spending.

Notwithstanding, investors may look at the region on the longer term growth. ASEAN remain one of the most robust growth region globally due to the diversified economies and strong population growth and spending. Given the dividend yielding feature, the MIISOD40 Index is expected to remain resilient during market volatilities from external headwinds with investors’ preference for the region’s fundamentally strong stocks may provide support on the downside.