

Manager's Report

For the Financial Period 1 January to 31 March 2017

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 AC ASEAN IMI Islamic High Dividend Yield 10/40 Index ("MIISOD40 Index" or "Benchmark Index")
Manager	: <i>i</i> -VCAP Management Sdn. Bhd. (" <i>i</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 AC ASEAN 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.

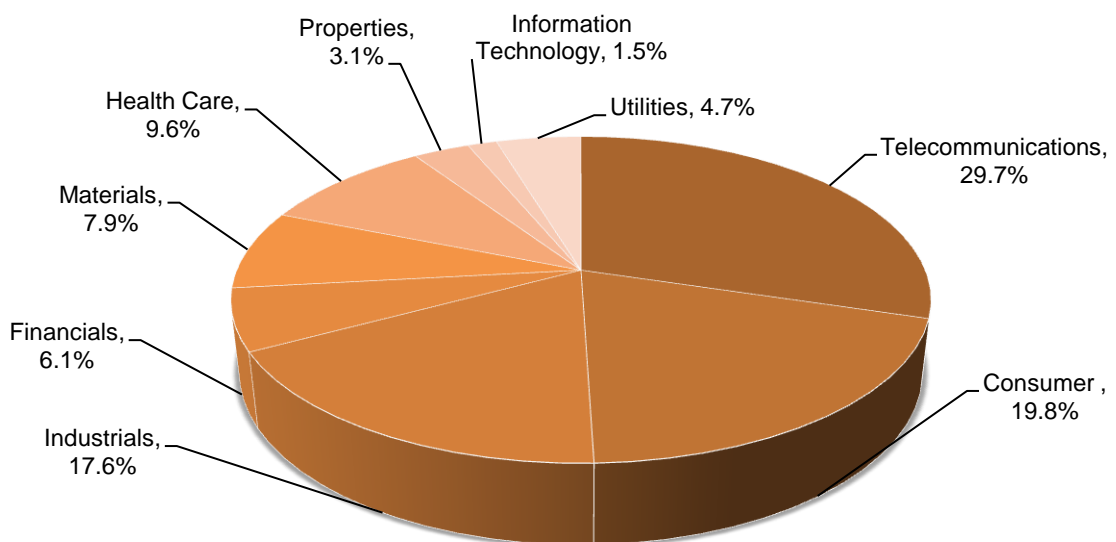
The Benchmark Index is designed as a performance benchmark for the high dividend-yielding segment of its Parent Index, the MSCI AC ASEAN IMI Islamic Index. The Parent Index is a free-float adjusted market capitalisation weighted index that is designed to measure the equity market performance of selected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

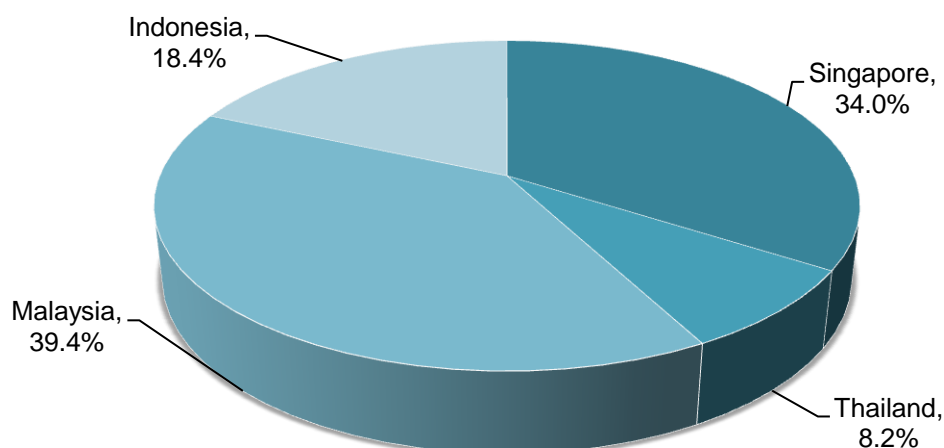
The weight of any single group entity in the Benchmark Index is capped at 10% of the Benchmark Index weight and the sum of the weights of all group entities representing more than 5% is capped at 40% of the Benchmark Index weight. The Benchmark Index is calculated and published in Ringgit Malaysia.

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. Based on the latest quarterly review (as at 28 February 2017), the sector allocation of MIISOD40 Index based on MSCI sector classifications are as follows:

Chart 1: Sector Classification – MSCI



Sources: MSCI, i-VCAP

Chart 2: Country Exposure

Sources: MSCI, iVCAP

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's NAV has met its investment objective of closely correspond to the performance of the underlying benchmark, i.e. MIISOD40 Index. The tracking error of the Fund and the Benchmark Index on Price Return and Total Return basis were 1.32% and 1.07% respectively.

In terms of NAV movement, the Fund's NAV generally fluctuated within a tight band but in line with the positive performance of ASEAN equity markets during the period under review. The Fund started strongly, hitting a high of RM0.9472 on 6 January but the NAV dropped following the ex-

date of the Fund's income distribution of 2.34 sen on 1 March. The Fund closed the quarter at RM0.9290, a 0.14% increase from RM0.9277 recorded in the previous quarter.

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 RM0.9280. As at end of March, total NAV of the Fund increased to RM49.24 million from RM49.17 million as at end of 2016 due to the positive market movement. The key statistics and comparative performance of the Fund for the first quarter of 2017 and the last financial year ended 31 December 2016 are summarized as follows:

Table 1: Key Statistics

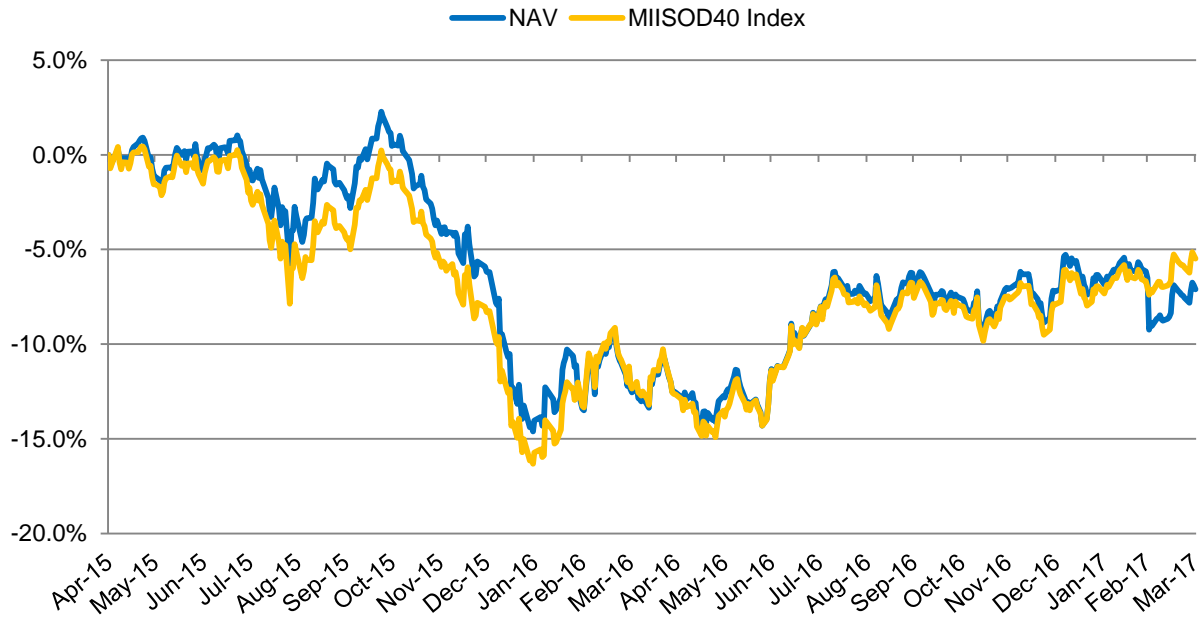
	As at 31-Mar-17	As at 31-Dec-16	Q-o-Q Change
NAV per unit (RM) #	0.9290	0.9277	0.14%
- Highest	0.9472 (6 Jan)	0.9383 (8 Dec)	
- Lowest	0.9076 (1 Mar)	0.9043 (14 Nov)	
<i>(During the period)</i>			
Price per unit (RM) #	0.9280	0.9320	(0.43%)
- Highest	0.9450 (20 Feb)	0.9370 (8 Dec)	
- Lowest	0.9100 (9 Mar)	0.9080 (14 Nov)	
<i>(During the period)</i>			
Units in Circulation	53,000,000	53,000,000	0.00%
Total NAV (RM)	49,239,090	49,168,342	0.14%
Market Capitalisation (RM)	49,184,000	49,396,000	(0.43%)
MIISOD40 Index	2,280.76	2,222.04	2.64%
MIISOD40 Total Return	3,784.25	3,661.88	3.34%
Tracking Error vs. Price Return MIISOD40 Index (%)*	1.32	1.38	
Tracking Error vs. Total Return MIISOD40 Index (%)*	1.07	1.11	
Management Expense Ratio (%)	0.25	0.27	

Sources: Bloomberg, i-VCAP

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

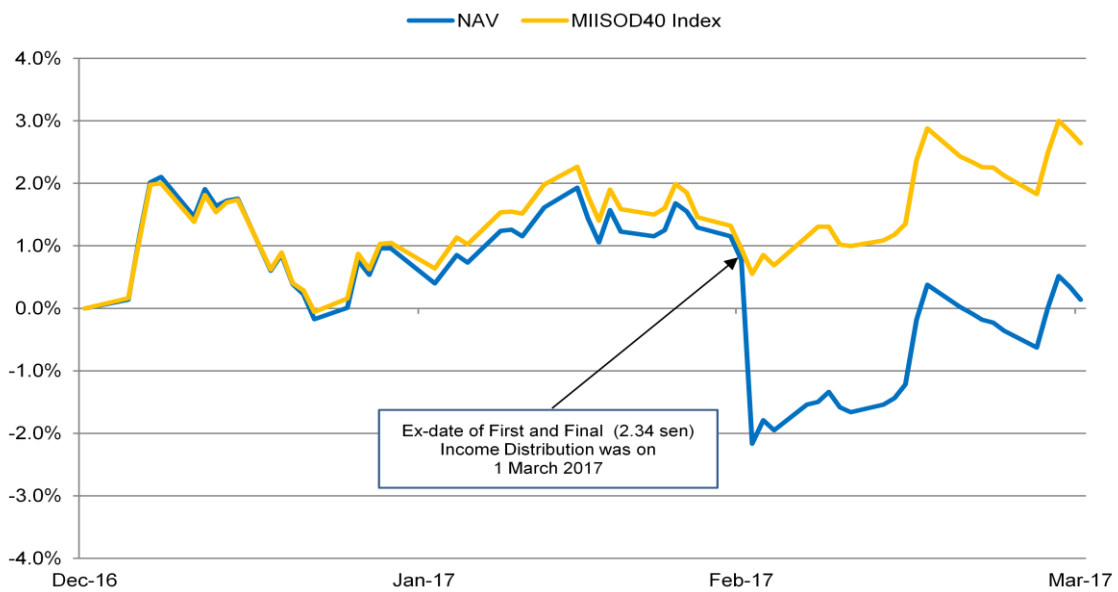
* The tracking error (calculated since inception and on daily basis) between the NAV per unit of the Fund and the Price Return and Total Return Benchmark Index. The calculation was independently sourced from Novagni Analytics and Advisory Sdn. Bhd.

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



Sources: Bloomberg, i-VCAP

Chart 3(b): Fund NAV Per Unit vs. Benchmark Index – Performance in 1Q2017



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-17 (%)	2016 (%)	2015 (%)
MyETF- MSEAD - NAV Price Return ^(a)	0.14	(1.11)	(6.19)
MIISOD40 - Price Return Index	2.64	0.38	(8.26)
MyETF- MSEAD - NAV Total Return ^(a)	2.72	1.32	(6.19)
MIISOD40 - Total Return Index	3.34	4.44	(4.81)

Sources: Bloomberg, i-VCAP

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

Table 2(b): Cumulative Returns

	Cumulative Returns ^(b)			
	3-Month (%)	6-Month (%)	1-Year (%)	Since Inception (%)
MyETF- MSEAD - NAV Price Return ^(a)	0.14	(0.01)	6.00	(7.10)
MIISOD40 - Price Return Index	2.64	2.26	7.57	(5.48)
MyETF- MSEAD - NAV Total Return ^(a)	2.72	2.57	8.73	(2.37)
MIISOD40 - Total Return Index	3.34	3.72	12.13	2.74

Sources: Bloomberg, i-VCAP

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

(b) Cumulative returns are up to 31 March 2017

Table 2(c): Average Returns (Annualised)

	Average Returns ^(b)			
	3-Month (%)	6-Month (%)	1-Year (%)	Since Inception (%)
MyETF- MSEAD - NAV Price Return ^(a)	0.57	(0.02)	6.00	(3.69)
MIISOD40 - Price Return Index	10.84	4.52	7.57	(2.85)
MyETF- MSEAD - NAV Total Return ^(a)	11.17	5.15	8.73	(1.23)
MIISOD40 - Total Return Index	13.71	7.46	12.13	1.42

Sources: Bloomberg, i-VCAP

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

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

During the period under review, MSCI AC ASEAN IMI Islamic Index, which is the Parent Index of MIISOD40 Index performed its first quarter review for 2017 and rebalanced the composition of the Benchmark Index in accordance with its index methodology. The review in February resulted in changes to the weightings of the component stocks and stock constituents in the Fund. The Manager had undertaken the rebalancing exercise to align the Fund with the changes in the Benchmark Index. During the quarter, four stocks were included while four stocks were removed from the Fund. The summary of the changes are as follows:

Table 3: Changes in Fund Constituents – 1Q2017

Stock Inclusions	Country	Stock Exclusions	Country
MC GroupP PCL-NVDR	Thailand	MISC Bhd	Malaysia
Malaysian Pacific Industries Bhd	Malaysia	M1 Ltd	Singapore
Ta Ann Holdings Bhd	Malaysia	Silverlake Axis Ltd	Singapore
Siam Futur Development PCL-NVDR	Thailand	Matrix Concepts Holdings Bhd	Malaysia

Sources: MSCI.

In terms of sectoral weightings, notable changes to the Fund's sector composition (MSCI) arising from the Parent Index's quarterly review were the increase in Consumer sector from 16.79% to 18.99% while Telecommunications and Industrials sectors decreased to 29.58% and 17.45% respectively at the end of the first quarter. Details of the Fund's key holdings, sector allocation as well as country exposure as at the end of 1Q2017 are as follows:

Table 4: Top Ten Holdings of the Fund as at 31 March 2017

Stock	% of NAV
1. PT Telekomunikasi Indonesia Persero TBK	9.65
2. Singapore Telecommunications Limited	9.02
3. Digi.Com Berhad	6.36
4. Singapore Press Holdings Limited	6.30
5. Comfortdelgro Corporation Limited	6.28
6. PT Indocement Tunggal Prakarsa TBK	4.83
7. Ara Asset Management Limited	4.66
8. Maxis Berhad	4.55
9. Singapore Post Limited	4.48
10. Westports Holdings Berhad	4.47
Total	60.60

Sources: Bloomberg, i-VCAP

Table 5: Fund's Sector Allocation *

Sector	As at 31-Mar-17	As at 31-Dec-16	Change (%)
Telecommunications	29.58%	32.10%	(2.52)
Consumer	18.99%	16.79%	2.20
Industrials	17.45%	21.75%	(4.30)
Health Care	9.37%	8.20%	1.17
Materials	7.91%	6.17%	1.74
Financial	6.04%	4.60%	1.44
Utilities	4.35%	4.89%	(0.54)
Properties	3.18%	2.27%	0.91
Information Technology	3.05%	2.81%	0.24
Cash & Others	0.08%	0.42%	(0.34)

Sources: MSCI, i-VCAP

* Based on MSCI classification

Table 6: Country Exposure

Country	As at 31-Mar-17	As at 31-Dec-16	Change (%)
Malaysia	39.15%	40.17%	(1.02%)
Singapore	34.37%	36.51%	(2.14%)
Indonesia	18.54%	18.72%	(0.18%)
Thailand	7.94%	4.60%	3.34%

Sources: MSCI, i-VCAP

Details of the Fund's quoted Investments as at 31 March 2017 are as follows:

Table 7: MyETF-MSEAD's Investment in Listed Equities

	Country	Quantity (Units)	Market Value (RM)	Market Value as a percentage of Net Asset Value (%)
<u>Telecommunications</u>				
1. PT Telekomunikasi Indonesia Persero TBK	Indonesia	3,467,600	4,753,202	9.65
2. Singapore Telecommunications Limited	Singapore	357,882	4,439,469	9.02
3. Digi.Com Berhad	Malaysia	610,680	3,132,788	6.36
4. Maxis Berhad	Malaysia	348,200	2,242,408	4.55
			14,567,867	29.58
<u>Consumer</u>				
5. Singapore Press Holdings Limited	Singapore	275,920	3,099,678	6.30
6. PT Matahari Department Store TBK	Indonesia	455,600	1,992,240	4.05
7. Thai Vegetable Oil PCL-NVDR	Thailand	288,150	1,242,228	2.52
8. Bermaz Auto Berhad	Malaysia	401,400	802,800	1.63
9. VGI Global Media PCL-NVDR	Thailand	1,212,800	795,971	1.62
10. Padini Holdings Berhad	Malaysia	250,600	751,800	1.53
11. MC Group PCL-NVDR	Thailand	249,500	661,418	1.34
			9,346,135	18.99
<u>Industrials</u>				
12. Comfortdelgro Corporation Limited	Singapore	381,700	3,092,198	6.28
13. Singapore Post Limited	Singapore	512,900	2,207,378	4.48
14. Westports Holdings Berhad	Malaysia	543,500	2,201,175	4.47
15. Riverstone Holdings Limited	Singapore	205,700	563,061	1.14
16. Hong Leong Industries Berhad	Malaysia	56,900	533,153	1.08
			8,596,965	17.45
<u>Health Care</u>				
17. Top Glove Corporation Berhad	Malaysia	430,900	2,120,028	4.31
18. Religare Health Trust	Singapore	429,880	1,210,716	2.46
19. Mega Lifesciences PCL-NVDR	Thailand	209,900	715,808	1.45
20. Supermax Corporation Berhad	Malaysia	284,000	565,160	1.15
			4,611,712	9.37
<u>Materials</u>				
21. PT Indocement Tunggul Prakarsa TBK	Indonesia	431,750	2,378,744	4.83
22. Scientex Berhad	Malaysia	143,700	1,060,506	2.15
23. Ta Ann Holdings Berhad	Malaysia	122,600	457,298	0.93
			3,896,548	7.91
<u>Financial</u>				
24. Ara Asset Management Limited	Singapore	407,100	2,293,117	4.66
25. Syarikat Takaful Malaysia Berhad	Malaysia	170,640	677,441	1.38
			2,970,558	6.04
<u>Utilities</u>				
26. Petronas Gas Berhad	Malaysia	108,300	2,140,008	4.35
			2,140,008	4.35
<u>Properties</u>				
27. UOA Development Berhad	Malaysia	397,340	1,072,818	2.18
28. Siam Future Development PCL-NVDR	Thailand	603,200	492,916	1.00
			1,565,734	3.18
<u>Information Technology</u>				
29. V.S Industry Berhad	Malaysia	497,300	860,329	1.75
30. Malaysian Pacific Industries Berhad	Malaysia	56,100	645,150	1.30
			1,505,479	3.05
			49,201,006	99.92

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, the first and final income distribution for the Financial Year Ended 31 December 2016 of 2.34 sen per unit was declared on 13 February with the ex-date on 1 March and entitlement date on 3 March 2017. The first and final income distribution was paid on 30 March 2017. Based on the number of entitled unit holders, the Fund distributed a total amount of RM1,240,200.

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

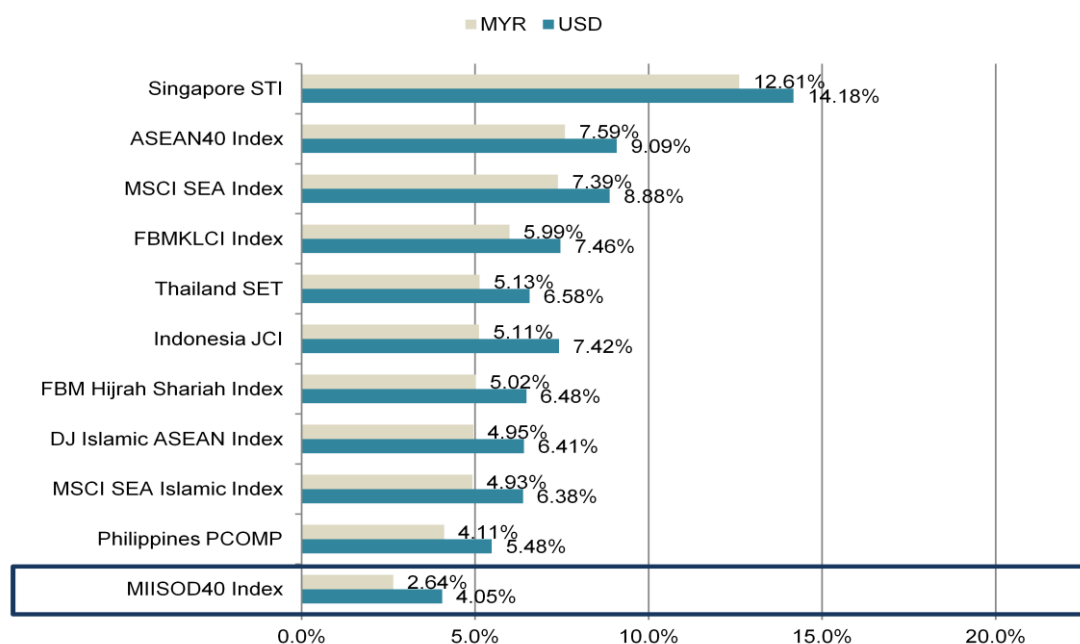
Global growth outlook was clouded with concern over the possibility of increased trade protectionism particularly by the new US administration. This in turn created uncertainties for growth forecasts as well as monetary policy actions. The heightened level of uncertainties could lead to financial market disruptions amidst tighter global financing, slower potential growth and elevated vulnerabilities in some emerging and developing economies. On the other hand, the Federal Reserve's interest rate hike in March could mark the beginning of a significant shift in the global interest rate environment, with benchmark US policy rates over the long-term may settle higher than the current market expectations.

On the economic front, the US economy grew at an annualized rate of 0.7% in 1Q2017 (2.1% in 4Q2016), the weakest performance since the first quarter of 2014. Nonetheless, growth rate in the US is expected to gather higher pace given Trump's commitment to increase public investment and tax cuts. Other developed economies, namely Eurozone and Japan economies, also advanced albeit marginally at 0.5% respectively in 1Q2017. The European Central Bank (ECB) and Bank of Japan (BoJ) could still embark on further stimulus measures and maintain accommodative policy to support the economic growth with the ECB committed to continue with its asset buying program until December 2017. However, the major risk to Eurozone's economic growth going forward, potentially can be driven by the uncertainties in its monetary policy affected by the political landscape. As for China, the economy expanded 6.9% in the 1Q2017, supported by higher government spending as it aims for 6.5-7.0% growth for the year.

Most ASEAN economies continued to show growth resiliency amidst the challenging external environment in 1Q2017. Philippines, Malaysia, Indonesia and Thailand registered stronger growth y-o-y compared to the previous quarter with 6.4%, 5.6%, 5.01% and 3.3% expansion respectively, largely driven by increased infrastructure spending. Meanwhile, Singapore recorded slower growth of 2.5% in 1Q2017 (2.9% in 4Q2016), weighed by contractions in manufacturing and services.

In the financial markets, global equities started off on a strong footing led by the US market with expectation that Trump would commit to deliver his election promises. This led the major indices of the developed markets that include Dow Jones, Nasdaq and FTSE 100 to reach all-time record high levels in the early part of the quarter. However, anxiety over Trump's new executive orders including the controversial immigration policy and his earlier campaign rhetoric on anti-trade measures provided jitters to the market. The setback in March on the failure to repeal Obama's health care plan also raised doubts over the ability to push through Trump's tax reform plan and fiscal spending legislations. After the record breaking rallies in February, US equity market saw modest pullback towards end-quarter on profit taking activities and re-assessment on market outlook. Nonetheless, the correction of the developed markets in March helped to see inflows channelled into the emerging markets including Malaysia, which had lagged previously.

ASEAN markets were generally in positive territories in 1Q2017, riding on improved market sentiment. Singapore's STI index spearheaded regional gains in 1Q2017 with a 10.2% jump q-o-q, partly due to better-than-expected earnings, and followed by the Philippines PSE index which gained 8.9%. Meanwhile, Indonesian JCI showed positive gains of 5.1% q-o-q despite being tempered by political wrangling for the race of Jakarta Governor, whilst Thailand's SET closed the quarter with a 2.1% gain. On the local front, the FBMKLCI rose 6.0% q-o-q to 1,740.09 on the back of foreign equity inflows of RM5.9bn over the period, a significant improvement compared to the previous quarter's net capital outflow of RM5.3bn.

Chart 4: Comparative Performance of MIISOD40 Index vs Regional Indices in 1Q2017

Sources: Bloomberg, i-VCAP

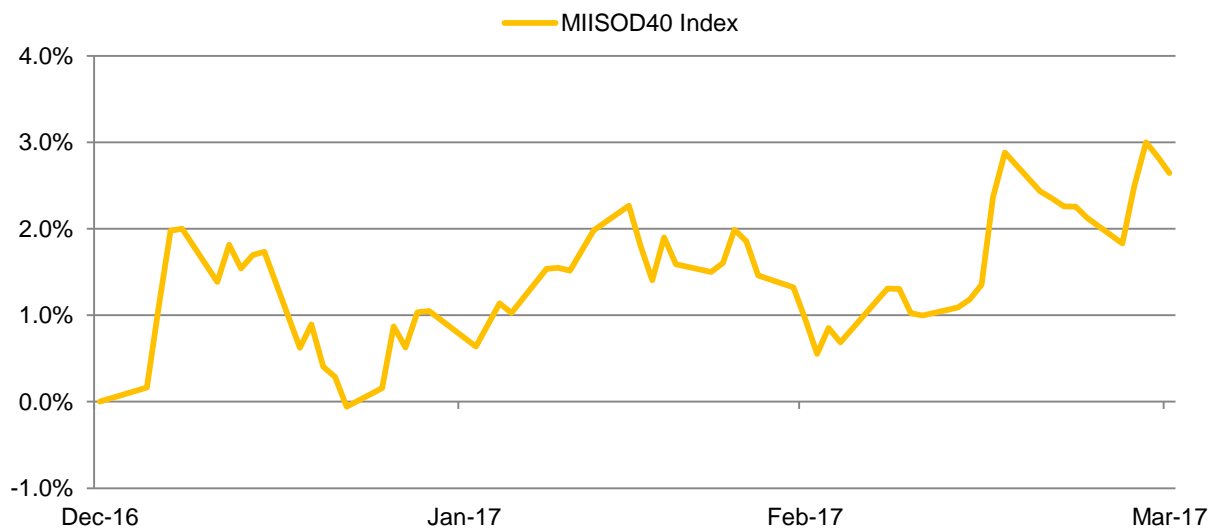
Table 7: Performance of Ringgit against Regional Currencies in 1Q2017

Currency	Performance QoQ*
Philippines Peso	+2.43%
Indonesian Rupiah	+0.24%
Singapore Dollar	-2.07%
Thailand Baht	-2.91%

*Note: + indicates strengthening of Ringgit
 - indicates weakening of Ringgit

Sources: Bloomberg, i-VCAP

The MIISOD40 Index had a good start to the quarter before it retraced in mid-February to reach its lowest level for the period of 2,220.76 points on 20 January before recovering and reached its quarter-high of 2,288.71 on 29 March. The Benchmark Index closed the quarter at 2,280.76 points, representing an increase of 2.64% q-o-q. The positive performance of MIISOD40 Index was largely attributed to the favourable performance of its heavyweights, particularly Malaysian stocks. Nonetheless, on regional comparison, MIISOD40 Index which is priced in Ringgit lagged most of other big-cap ASEAN indices.

Chart 5: Performance of MIISOD40 Index in 1Q2017

Sources: Bloomberg, i-VCAP

Having gone through a favourable performance in 2016, emerging markets continued to deliver positive returns in 1Q2017, benefiting from the rebound in oil prices and weaker US dollar. Even the Federal Reserve's decision to raise interest rate by 25 bps at its March meeting did not dampen fund flows into emerging markets. With no new hawkish guidance by the Fed, the risk return profile for emerging markets in Asia appears favourable due to improving fundamentals and relatively attractive valuations.

Global fund flows are expected to continue channeling into emerging markets as the US dollar retreats, with expectation of the Federal Reserve hikes may have been factored in. ASEAN countries are also expected to rely on domestic demand to spur economic activities in the medium term, and the expansionary fiscal policies from governments should have an impact on the equity markets performance. The growth resilience in the ASEAN region is also expected to be supported by the favourable demographics and expanding trade linkages. Besides being fundamentally stable, investors may find the dividend yield feature of the stocks in MyETF-MSEAD could provide downside support during uncertain market environment.