

Manager's Report

For the Financial Period 1 January to 30 June 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.

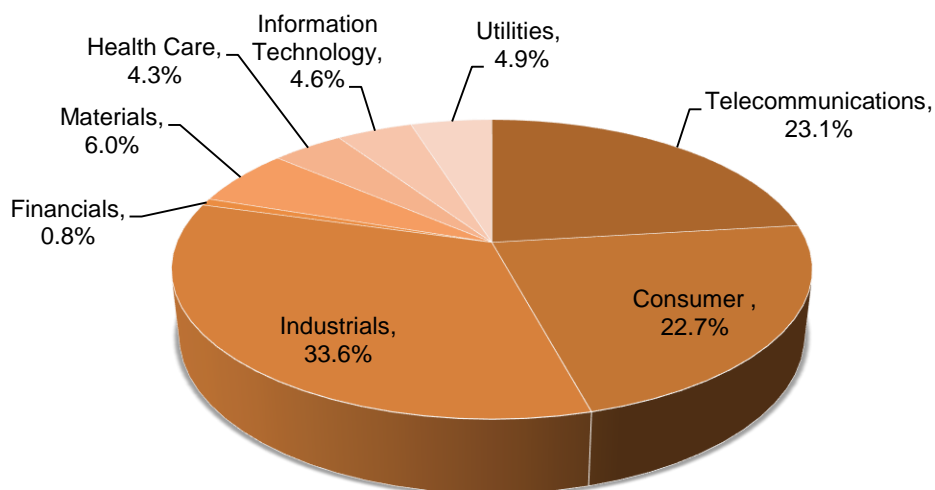
The Benchmark Index is designed as a performance benchmark for the high dividend-yielding segment of its Parent Index, the MSCI AC ASEAN IMI Islamic Index. The Parent Index is a free-float adjusted market capitalisation weighted index that is designed to measure the equity market performance of selected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

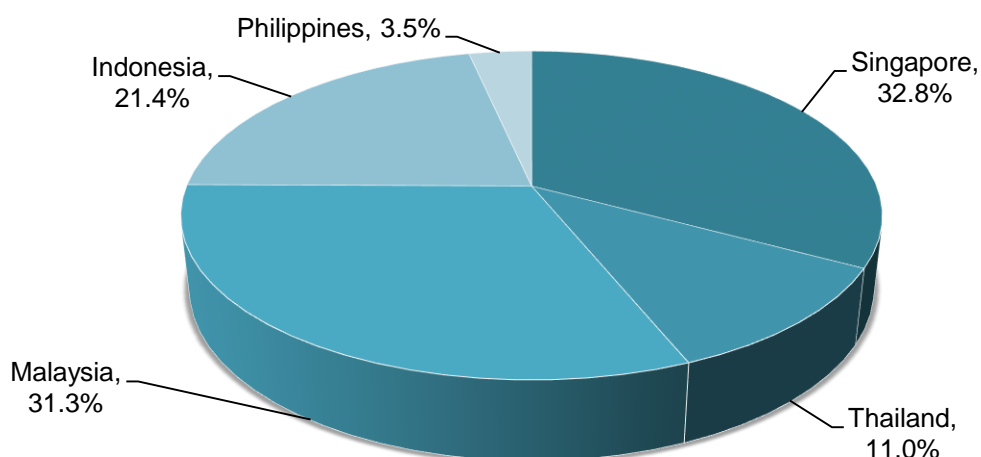
The weight of any single group entity in the Benchmark Index is capped at 10% of the Benchmark Index weight and the sum of the weights of all group entities representing more than 5% is capped at 40% of the Benchmark Index weight. The Benchmark Index is calculated and published in Ringgit Malaysia.

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 31 May 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 tracking 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 1.31% and 1.07% respectively.

In terms of NAV movement, the Fund's NAV per unit decreased by 0.46% to RM0.9247 from RM0.9290 while the performance of Benchmark Index and Benchmark's Total Return Index (MIISOD40 Total Return Index) was -0.76% and 0.55% respectively for the quarter. The Fund traded sideways for most part of the quarter, reaching its highest NAV for the period of RM0.9437 on 22

May while recorded its lowest level at RM0.9196 on 7 June. The Fund closed the second quarter with its NAV per unit stood at RM0.9247.

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 RM0.9250. As at end of June, total NAV of the Fund decreased to RM49.01 million from RM49.24 million as at end of March. The key statistics and comparative performance of the Fund for the second quarter of 2017 against the previous quarter are summarized as follows:

Table 1: Key Statistics

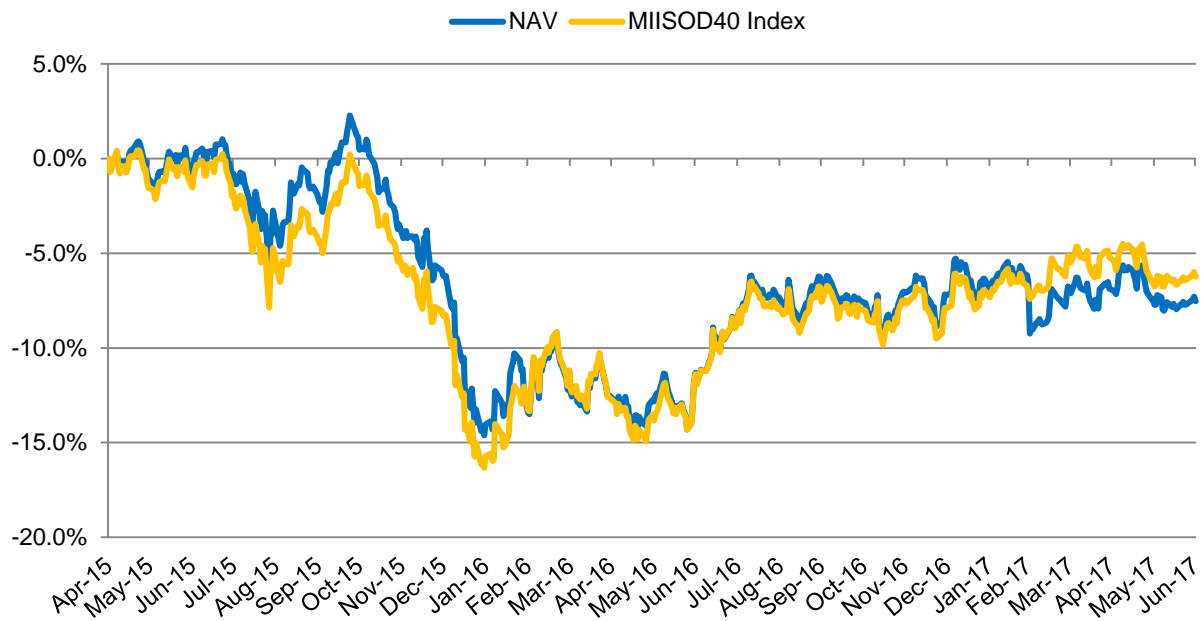
	As at 30-Jun-17	As at 31-Mar-17	Q-o-Q Change
NAV per unit (RM) #	0.9247	0.9290	(0.46%)
- Highest	0.9437 (22 May)	0.9472 (6 Jan)	
- Lowest	0.9196 (7 Jun)	0.9076 (1 Mar)	
<i>(During the period)</i>			
Price per unit (RM) #	0.9250	0.9280	(0.32%)
- Highest	0.9400 (15 May)	0.9450 (20 Feb)	
- Lowest	0.9170 (20 Ap)	0.9100 (9 Mar)	
<i>(During the period)</i>			
Units in Circulation	53,000,000	53,000,000	0.00%
Total NAV (RM)	49,009,702	49,239,090	(0.47%)
Market Capitalisation (RM)	49,025,000	49,184,000	(0.32%)
MIISOD40 Index	2,262.63	2,280.76	(0.79%)
MIISOD40 Total Return	3,804.93	3,784.25	0.55%
Tracking Error vs. Price Return MIISOD40 Index (%)*	1.31	1.32	
Tracking Error vs. Total Return MIISOD40 Index (%)*	1.07	1.07	
Management Expense Ratio (%)	0.26	0.25	

Sources: Bloomberg, i-VCAP

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

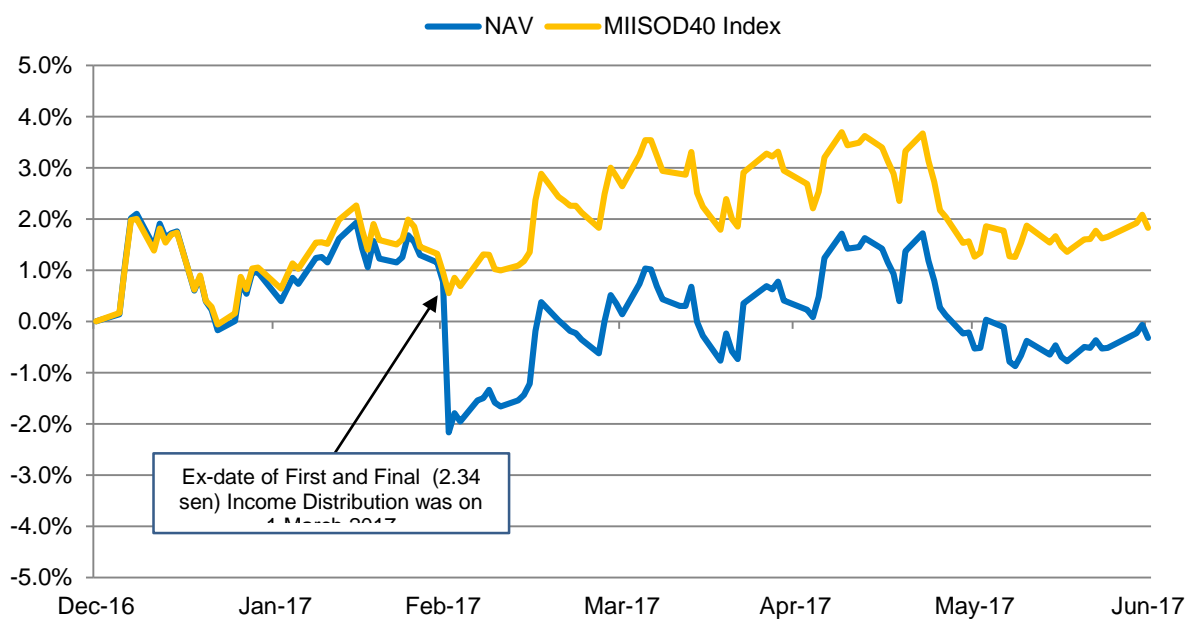
* The tracking error (calculated since inception and on daily basis) between the NAV per unit of the Fund and the Price Return and Total Return Benchmark Index. The calculation was independently sourced from Novagni Analytics and Advisory Sdn. Bhd.

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 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 (%)
MyETF- MSEAD - NAV Price Return ^(a)	(0.32)	(1.11)	(6.19)
MIISOD40 - Price Return Index	1.83	0.38	(8.26)
MyETF- MSEAD - NAV Total Return ^(a)	2.25	1.32	(6.19)
MIISOD40 - Total Return Index	3.91	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)	(0.46)	(0.32)	4.26	(7.53)
MIISOD40 - Price Return Index	(0.79)	1.83	5.81	(6.23)
MyETF- MSEAD - NAV Total Return ^(a)	(0.46)	2.25	6.95	(2.82)
MIISOD40 - Total Return Index	0.55	3.91	9.98	3.30

Sources: Bloomberg, i-VCAP

(a) Independently sourced from 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 (%)	Since Inception (%)
MyETF- MSEAD - NAV Price Return ^(a)	(1.86)	(0.65)	4.26	(3.47)
MIISOD40 - Price Return Index	(3.19)	3.68	5.81	(2.87)
MyETF- MSEAD - NAV Total Return ^(a)	(1.86)	4.53	6.95	(1.30)
MIISOD40 - Total Return Index	2.19	7.88	9.98	1.52

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 performed the semi-annual review of the Benchmark Index for 2017 and rebalanced the composition of the Benchmark Index in accordance with its index methodology. The review in May resulted in several 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, ten stocks were included while ten stocks were removed from the Fund. The summary of the changes are as follows:

Table 3: Changes in Fund Constituents – 2Q2017

Stock Inclusions	Country	Stock Exclusions	Country
Singapore Airlines Limited	Singapore	Singapore Telecommunication Ltd	Singapore
SATS Limited	Singapore	Mega Lifesciences PCL-NVDR	Thailand
Home Product Center PCL-NVDR	Thailand	Padini Holdings Bhd	Malaysia
DMCI Holdings Inc	Philippines	Matrix Concepts Holdings Bhd	Malaysia
PT AKR Corporindo TBK	Indonesia	Riverstone Holdings Ltd	Singapore
Robinson PCL-NVDR	Thailand	Supermax Corporation Bhd	Malaysia
KCE Electronics PCL-NVDR	Thailand	Hong Leong Industries Bhd	Malaysia
Time Dotcom Berhad	Malaysia	MC Group PCL-NVDR	Thailand
Sheng Siong Group Limited	Singapore	Ta Ann Holdings Bhd	Malaysia
Lingkar Trans Kota Holdings Berhad	Malaysia	Siam Future Development PCL-NVDR	Thailand

Sources: MSCI.

In terms of sectoral weightings, notable changes to the Fund's sector composition (MSCI) arising from the Benchmark Index's semi-annual review were the increase in Industrials sector from 17.45% to 33.04% and Consumer sector from 18.99% to 22.35%. On the other hand, the Telecommunications, Healthcare and Financial sectors' weighting decreased from the previous quarter to 22.90%, 4.49% and 0.77% respectively. The rebalancing exercise also saw some changes in the country exposure with Malaysia decreased from 39.15% to 31.10% while the inclusion of DMCI Holdings Incorporates resulted in the Fund's 3.53% sole exposure in the Philippines. Details of the top ten holdings and the key changes for the quarter are as follows:

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

Stock	% of NAV
1. PT Telekomunikasi Indonesia Persero TBK	9.51
2. Singapore Airlines Ltd	7.35
3. Singapore Press Holdings Limited	7.32
4. Digi.Com Berhad	6.90
5. Comfortdelgro Corporation Limited	6.80
6. PT Indocement Tunggul Prakarsa TBK	4.83
7. Petronas Gas Berhad	4.78
8. Singapore Post Limited	4.59
9. SATS Ltd	4.52
10. PT Matahari Department Store TBK	4.51
Total	60.60

Sources: Bloomberg, i-VCAP

Table 5: Fund's Sector Allocation *

Sector	As at 30-Jun-17	As at 31-Mar-17	Change (%)
Industrials	33.04%	17.45%	15.59%
Telecommunications	22.90%	29.58%	(6.68%)
Consumer	22.35%	18.99%	3.36%
Materials	6.08%	7.91%	(1.83%)
Utilities	4.78%	4.35%	0.43%
Information Technology	4.63%	3.05%	1.58%
Healthcare	4.49%	9.37%	(4.88%)
Financial	0.77%	6.04%	(5.27%)
Properties	0.91%	3.18%	(2.27%)
Cash & Others	0.05%	0.08%	(0.03%)

Sources: MSCI, i-VCAP

* Based on MSCI classification

Table 6: Country Exposure

Country	As at 30-Jun-17	As at 31-Mar-17	Change (%)
Singapore	32.97%	34.37%	(1.40%)
Malaysia	31.10%	39.15%	(8.05%)
Indonesia	21.56%	18.54%	3.02%
Thailand	10.84%	7.94%	2.90%
Philippines	3.53%	0.00%	3.53%

Sources: MSCI, i-VCAP

Details of the Fund's quoted Investments as at 30 June 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	3,200,600	4,658,281	9.51
2. Digi.Com Berhad	Malaysia	676,380	3,381,900	6.90
3. Maxis Berhad	Malaysia	374,400	2,077,920	4.24
4. Time Dotcom Berhad	Malaysia	113,500	1,100,950	2.25
			11,219,051	22.90
<u>Consumer</u>				
5. Singapore Press Holdings Limited	Singapore	356,220	3,587,657	7.32
6. PT Matahari Department Store TBK	Indonesia	484,300	2,210,515	4.51
7. Home Product Center PCL-NVDR	Thailand	1,394,400	1,690,816	3.45
8. Robinson PCL-NVDR	Thailand	178,800	1,315,531	2.68
9. Sheng Siong Group Limited	Singapore	192,700	594,849	1.21
10. Thai Vegetable Oil PCL-NVDR	Thailand	146,750	560,714	1.14
11. Bermaz Auto Berhad	Malaysia	275,400	553,554	1.13
12. VGI Global Media PCL-NVDR	Thailand	619,600	446,092	0.91
			10,959,727	22.35
<u>Industrials</u>				
13. Singapore Airlines Limited	Singapore	114,100	3,600,445	7.35
14. Comfortdelgro Corporation Limited	Singapore	464,900	3,334,091	6.80
15. Singapore Post Limited	Singapore	542,100	2,248,128	4.59
16. SATS Limited	Singapore	139,100	2,216,349	4.52
17. DMCI Holdings Inc	Philippines	1,440,900	1,728,361	3.53
18. PT AKR Corporindo TBK	Indonesia	630,100	1,323,872	2.70
19. Westports Holdings Berhad	Malaysia	358,500	1,304,940	2.66
20. Lingkaran Trans Kota Holdings Berhad	Malaysia	73,900	435,271	0.89
			16,191,457	33.04
<u>Health Care</u>				
21. Top Glove Corporation Berhad	Malaysia	283,600	1,630,700	3.33
22. Religare Health Trust	Singapore	204,380	570,363	1.16
			2,201,063	4.49
<u>Materials</u>				
23. PT Indocement Tungal Prakarsa TBK	Indonesia	398,250	2,365,963	4.83
24. Scientex Berhad	Malaysia	69,500	611,600	1.25
			2,977,563	6.08
<u>Financial</u>				
25. Syarikat Takaful Malaysia Berhad	Malaysia	91,040	377,816	0.77
			377,816	0.77
<u>Utilities</u>				
26. Petronas Gas Berhad	Malaysia	126,300	2,341,602	4.78
			2,341,602	4.78
<u>Properties</u>				
27. UOA Development Berhad	Malaysia	173,740	443,037	0.91
			443,037	0.91
<u>Information Technology</u>				
28. KCE Electronics PCL-NVDR	Thailand	95,200	1,304,681	2.66
29. V.S Industry Berhad	Malaysia	263,100	544,617	1.11
30. Malaysian Pacific Industries Berhad	Malaysia	31,400	423,272	0.86
			2,272,570	4.63
			48,983,887	99.95

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) shall 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. For the quarter under review, there was no income distribution declared or 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.

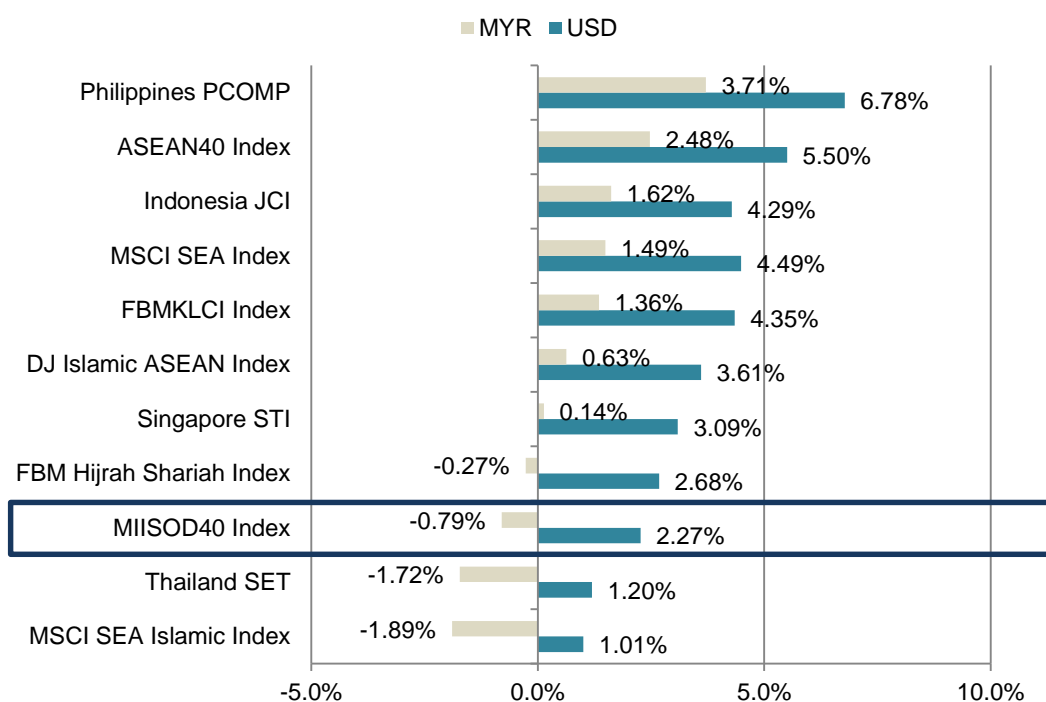
Global equity markets continued their upward trend in second quarter 2017 as economic data released largely met expectations. The advanced economies have shown their upturn in recovery, in particular the US, Eurozone and Japan, while the worst fears of Brexit fallout in the UK economy have yet to materialise. 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.

Most ASEAN economies continued to show growth resiliency. The Philippines remains one of the fastest-growing economy in the ASEAN region in the first quarter of 2017 after posting a GDP growth of 6.4%. Other countries that also reported strong GDP growth in 1Q2017 were Malaysia, Indonesia and Thailand with 5.6%, 5.01% and 3.3% respectively driven by stronger domestic demand, particularly private sector spending. Meanwhile Singapore GDP grew at a slower rate of 2.5% due to contractions in manufacturing and services.

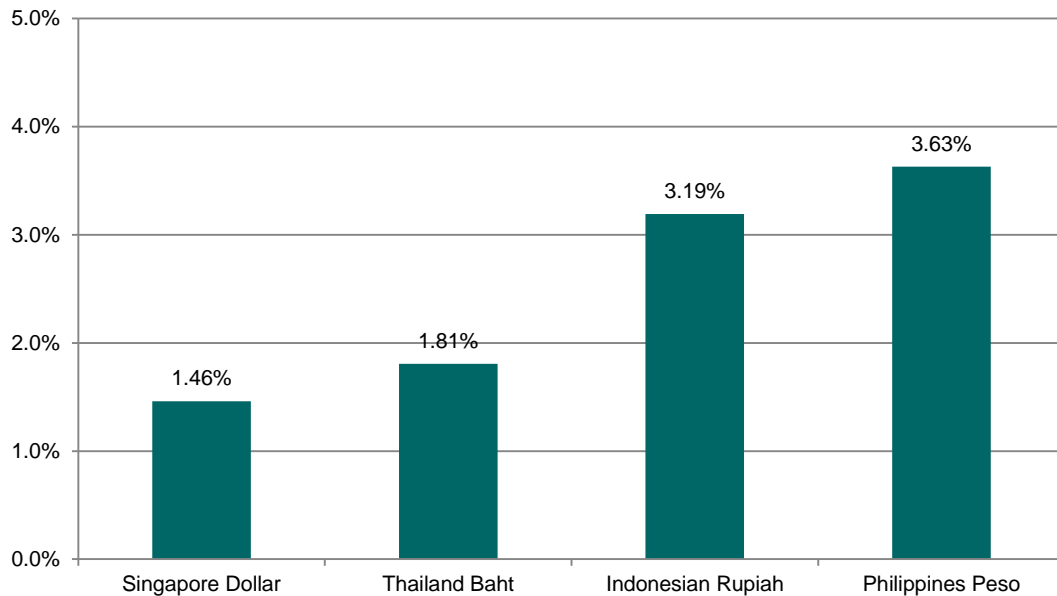
Among emerging markets, ASEAN has in the recent decade become an attractive target for global investors given the relatively stable economies and increase in total trade. This in turn has attracted large capital flows into the region and recovery in the region’s currencies against the US dollar. Meanwhile, Ringgit continued to perform well against other currencies as the market is forecasting Ringgit to rebound from its sharp depreciation last year given that Malaysia’s fundamentals remain intact.

Chart 4: Comparative Performance of MIISOD40 Index vs Regional Indices in 2Q2017



Sources: Bloomberg, i-VCAP

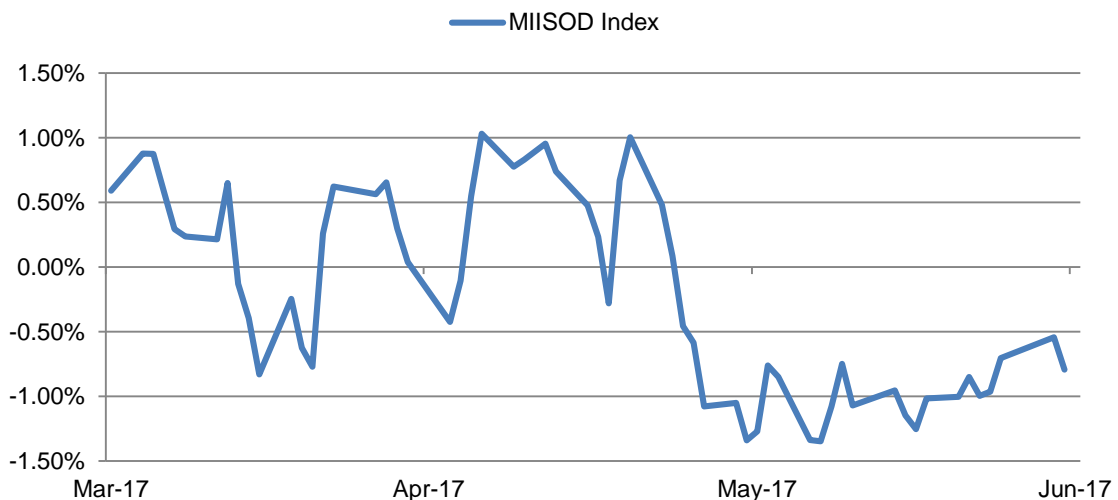
Chart 5: Performance of Ringgit against ASEAN-5 Currencies in 2Q2017



Sources: Bloomberg, i-VCAP

The MIISOD40 Index moved within a tight band until mid-May before retracing to its lowest level for the period of 2,250.02 points on 7 June before recovering and closed the quarter at 2,262.63 points, representing a decrease of 0.79% q-o-q. The negative performance of MIISOD40 Index was largely attributed to the lacklustre performance of its heavyweights, particularly Singapore and Malaysian stocks. Nonetheless, on regional comparison, MIISOD40 Index which has priced in Ringgit lagged most of other big-cap ASEAN indices.

Chart 6: Performance of MIISOD40 Index in 2Q2017



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. Meanwhile, most countries in the region are expected to keep monetary policy rates relatively stable while inflation in ASEAN countries are expected to pick-up though remain manageable.

Global fund flows are expected to continue channeling into emerging markets particularly ASEAN as the currencies are advancing against US dollar. Additionally, most ASEAN countries currently offer reasonable valuations relative to most developed markets as the region seem well positioned for long term growth. Investors are expected to turn to ASEAN equity markets given its growth resilience on the back of favourable demographics and expanding trade linkages. MyETF-MSEAD may provide a good proxy for investors who have the region in their investment radar, with exposure in favourable dividend yielding stocks. Nonetheless, the resiliency of the Fund will depend on the earnings stability of the stock constituents in retaining their dividend payout during market uncertainties.