

Manager's Report

For the Financial Period 1 July to 30 September 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.

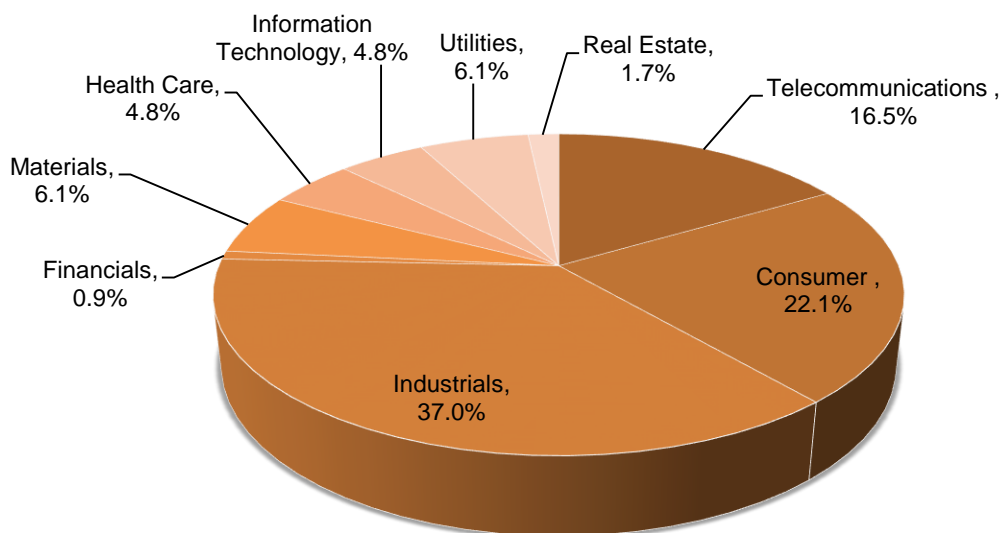
The Benchmark Index is designed as a performance benchmark for the high dividend-yielding segment of its Parent Index, the MSCI AC ASEAN IMI Islamic Index. The Parent Index is a free-float adjusted market capitalisation weighted index that is designed to measure the equity market performance of selected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

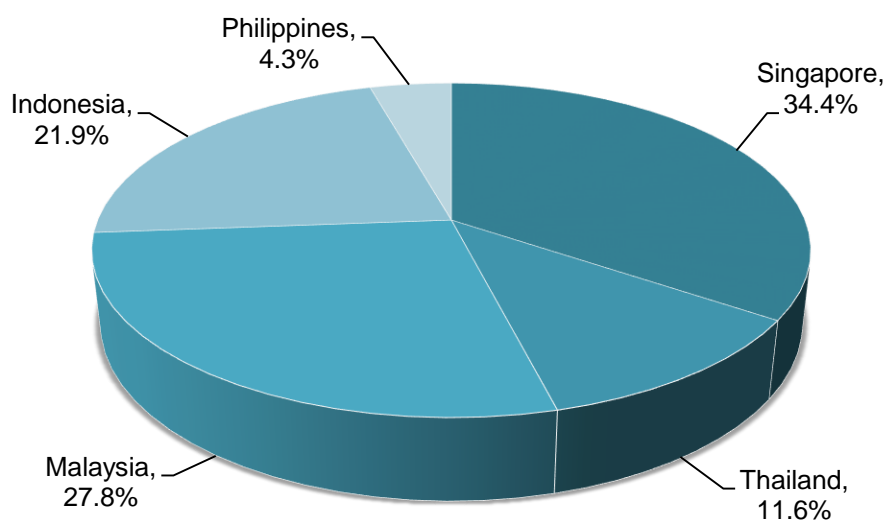
The weight of any single group entity in the Benchmark Index is capped at 10% of the Benchmark Index weight and the sum of the weights of all group entities representing more than 5% is capped at 40% of the Benchmark Index weight. The Benchmark Index is calculated and published in Ringgit Malaysia.

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 30 August 2017), the sector allocation of MIISOD40 Index based on MSCI sector classifications are as follows:

Chart 1: Sector Classification – MSCI



Sources: MSCI, iVCAP

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 1.39% and 1.19% respectively.

In terms of NAV movement, the Fund's NAV per unit decreased by 2.54% to RM0.9012 from RM0.9247 while the performance of Benchmark Index and Benchmark's Total Return Index (MIISOD40 Total Return Index) was -2.95% and -2.15% respectively for the quarter. The Fund traded sideways for most part of the quarter, reaching its highest NAV for the period of RM0.9302

on 3 July while recorded its lowest level at RM0.8951 on 21 September. The Fund managed to rebound thereafter to close the third quarter with its NAV per unit stood at RM0.9012.

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 RM0.8930. As at end of September, total NAV of the Fund decreased to RM47.76 million from RM49.01 million as at end of June. The key statistics and comparative performance of the Fund for the third quarter of 2017 against the previous quarter are summarized as follows:

Table 1: Key Statistics

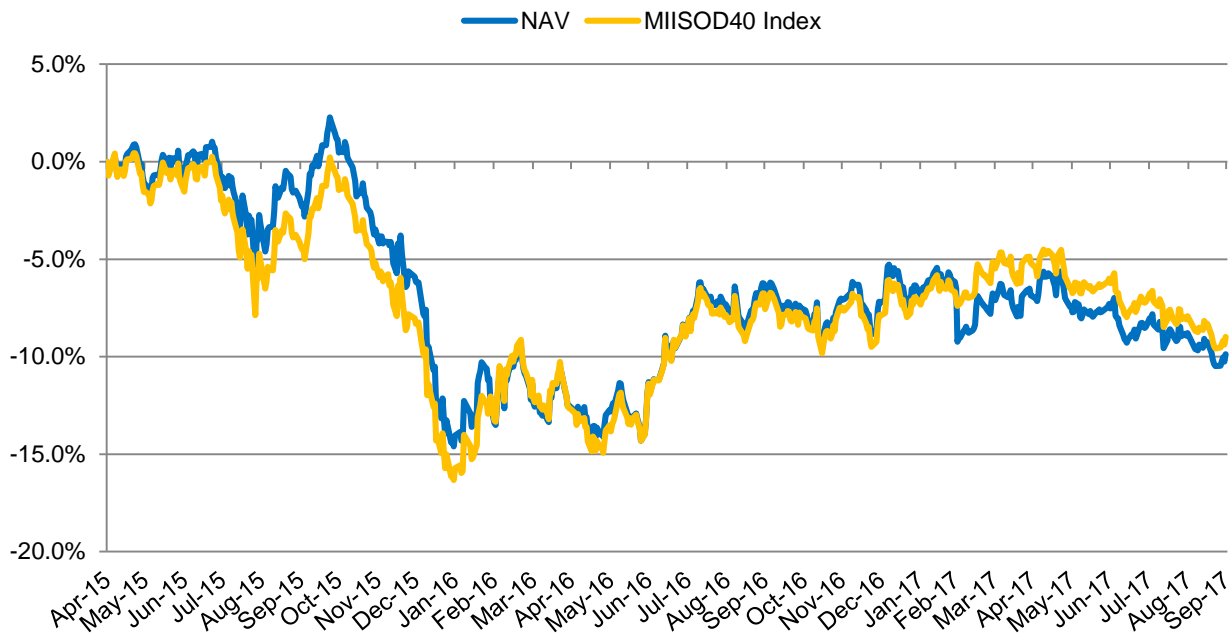
	As at 30-Sep-17	As at 30-Jun-17	Q-o-Q Change
NAV per unit (RM) #	0.9012	0.9247	-2.54%
- Highest	0.9302 (3 Jul)	0.9437 (22 May)	
- Lowest (During the period)	0.8951 (21 Sep)	0.9196 (7 Jun)	
Price per unit (RM) #	0.8930	0.9250	-3.46%
- Highest	0.9250 (3 Jul)	0.9400 (15 May)	
- Lowest (During the period)	0.8930 (29 Sep)	0.9170 (20 Apr)	
Units in Circulation	53,000,000	53,000,000	0.00%
Total NAV (RM)	47,761,056	49,009,702	-2.55%
Market Capitalisation (RM)	47,329,000	49,025,000	-3.46%
MIISOD40 Index	2,195.95	2,262.63	-2.95%
MIISOD40 Total Return	3,723.28	3,804.93	-2.15%
Tracking Error vs. Price Return MIISOD40 Index (%)*	1.39	1.31	
Tracking Error vs. Total Return MIISOD40 Index (%)*	1.19	1.07	
Management Expense Ratio (%)	0.29	0.26	

Sources: Bloomberg, i-VCAP

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

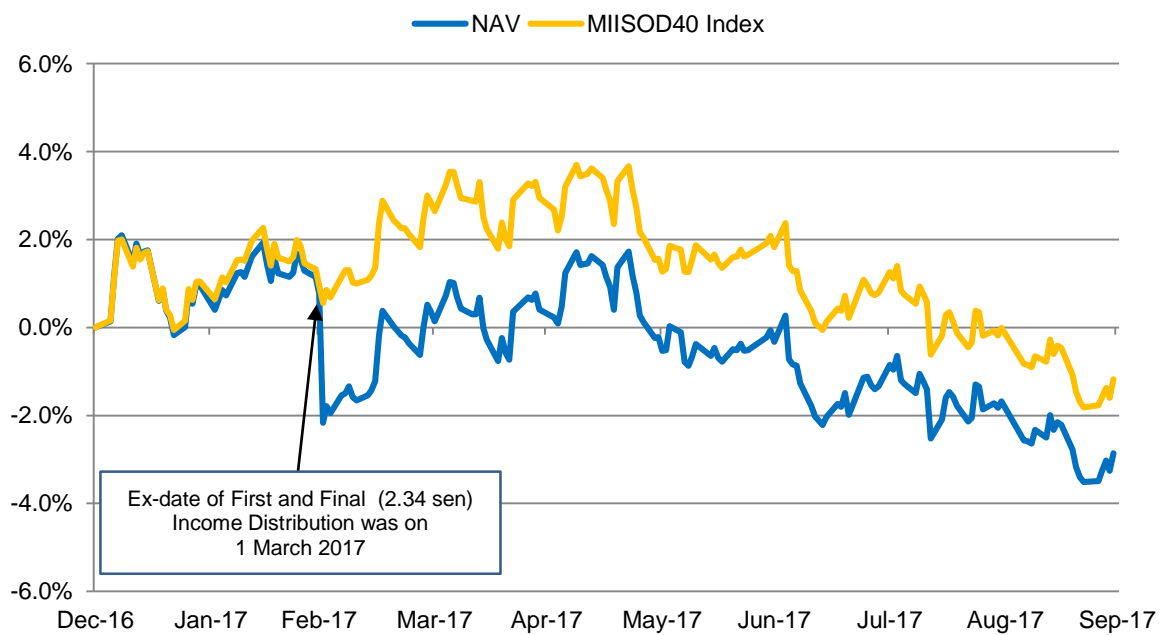
* The tracking error (calculated since inception and on daily basis) between the NAV per unit of the Fund and the Price Return and Total Return Benchmark Index. The calculation was independently sourced from Novagni Analytics and Advisory Sdn. Bhd.

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-Sep-17 (%)	2016 (%)	2015 (%)
MyETF- MSEAD - NAV Price Return ^(a)	(2.86)	(1.11)	(6.19)
MIISOD40 - Price Return Index	(1.17)	0.38	(8.26)
MyETF- MSEAD - NAV Total Return ^(a)	(0.35)	1.32	(6.19)
MIISOD40 - Total Return Index	1.68	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)	(2.54)	(2.99)	(3.00)	(9.88)
MIISOD40 - Price Return Index	(2.95)	(3.72)	(1.55)	(8.99)
MyETF- MSEAD - NAV Total Return ^(a)	(2.54)	(2.99)	(0.50)	(5.29)
MIISOD40 - Total Return Index	(2.15)	(1.61)	2.05	1.08

Sources: Bloomberg, i-VCAP

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

(b) Cumulative returns are up to 30 September 2017

Table 2(c): Average Returns (Annualised)

	Average Returns ^(b)			
	3-Month (%)	6-Month (%)	1-Year (%)	Since Inception (%)
MyETF- MSEAD - NAV Price Return ^(a)	(10.08)	(5.97)	(3.00)	(4.08)
MIISOD40 - Price Return Index	(11.69)	(7.42)	(1.55)	(3.71)
MyETF- MSEAD - NAV Total Return ^(a)	(10.08)	(5.97)	(0.50)	(2.18)
MIISOD40 - Total Return Index	(8.51)	(3.21)	2.05	0.45

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 third quarter review for 2017 and rebalanced the composition of the Benchmark Index in accordance with its index methodology. The review in August 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, two stocks were included while two stocks were removed from the Fund. The summary of the changes are as follows:

Table 3: Changes in Fund Constituents – 3Q2017

Stock Inclusions	Country	Stock Exclusions	Country
LPN Development PCL-NVDR	Philippines	DiGi.Com Berhad	Malaysia
Riverstone Holdings	Singapore	VGI Global Media PCL-NVDR	Thailand

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 Industrials sector from 33.04% to 35.90% and Utilities sector to 5.78% from 4.78%. Meanwhile, Telecommunications sector decreased to 16.16% from 22.90% at the end of the third quarter. Details of the Fund's key holdings, sector allocation as well as country exposure as at the end of 3Q2017 are as follows:

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

Stock	% of NAV
1. PT Telekomunikasi Indonesia Persero TBK	9.11
2. Singapore Airlines Ltd	7.97
3. Comfortdelgro Corporation Limited	6.63
4. Singapore Press Holdings Limited	6.33
5. Petronas Gas Berhad	5.78
6. Home Product Center PCL-NVDR	5.17
7. Maxis Berhad	4.67
8. Singapore Post Limited	4.63
9. PT Indocement Tunggul Prakarsa TBK	4.54
10. SATS Limited	4.43
Total	59.26

Sources: Bloomberg, i-VCAP

Table 5: Fund's Sector Allocation*

Sector	As at 30-Sep-17	As at 30-Jun-17	Change (%)
Industrials	35.90%	33.04%	2.86
Consumer	22.75%	22.35%	0.40
Telecommunications	16.16%	22.90%	(6.74)
Materials	5.96%	6.08%	(0.12)
Utilities	5.78%	4.78%	1.00
Information Technology	5.37%	4.63%	0.74
Healthcare	4.76%	4.49%	0.27
Properties	1.83%	0.91%	0.92
Financial	0.80%	0.77%	0.03
Cash & Others	0.69%	0.05%	0.64

Sources: MSCI, i-VCAP

* Based on MSCI classification

Table 6: Country Exposure

Country	As at 30-Sep-17	As at 30-Jun-17	Change (%)
Singapore	34.45%	32.97%	1.48%
Malaysia	27.77%	31.10%	-3.33%
Indonesia	21.86%	21.56%	0.30%
Thailand	11.58%	10.84%	0.74%
Philippines	4.35%	3.53%	0.82%

Sources: MSCI, i-VCAP

Details of the Fund's quoted Investments as at 30 September 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 (%)	
Industrials					
1.	Singapore Airlines Limited	Singapore	122,000	3,804,845	7.97
2.	Comfortdelgro Corporation Limited	Singapore	489,700	3,164,003	6.63
3.	Singapore Post Limited	Singapore	569,900	2,212,850	4.63
4.	SATS Limited	Singapore	147,600	2,113,638	4.43
5.	DMCI Holdings Inc	Philippines	1,440,900	1,866,014	3.91
6.	PT AKR Corporindo TBK	Indonesia	722,100	1,605,236	3.36
7.	Westports Holdings Berhad	Malaysia	414,800	1,580,388	3.31
8.	Lingkaran Trans Kota Holdings Berhad	Malaysia	86,400	501,120	1.05
9.	Riverstone Holdings	Singapore	89,700	291,174	0.61
			17,139,268	35.90	
Consumer					
10.	Singapore Press Holdings Limited	Singapore	357,620	3,021,580	6.33
11.	Home Product Center PCL-NVDR	Thailand	1,599,300	2,469,819	5.17
12.	PT Matahari Department Store TBK	Indonesia	659,300	1,914,609	4.01
13.	Robinson PCL-NVDR	Thailand	202,400	1,652,516	3.46
14.	Sheng Siong Group Limited	Singapore	212,900	608,425	1.27
15.	Thai Vegetable Oil PCL-NVDR	Thailand	159,150	579,188	1.21
16.	Bermaz Auto Berhad	Malaysia	294,600	621,606	1.30
			10,867,743	22.75	
Telecommunications					
17.	PT Telekomunikasi Indonesia Persero TBK	Indonesia	2,967,600	4,348,448	9.11
18.	Maxis Berhad	Malaysia	384,300	2,228,940	4.67
19.	Time Dotcom Berhad	Malaysia	128,000	1,136,640	2.38
			7,714,028	16.16	
Materials					
20.	PT Indocement Tunggul Prakarsa TBK	Indonesia	366,250	2,167,317	4.54
21.	Scientex Berhad	Malaysia	77,200	679,360	1.42
			2,846,677	5.96	
Utilities					
22.	Petronas Gas Berhad	Malaysia	154,300	2,761,970	5.78
			2,761,970	5.78	
Information Technology					
23.	KCE Electronics PCL-NVDR	Thailand	106,000	1,341,780	2.81
24.	V.S Industry Berhad	Malaysia	291,000	774,060	1.62
25.	Malaysian Pacific Industries Berhad	Malaysia	33,700	450,906	0.94
			2,566,746	5.37	
Health Care					
26.	Top Glove Corporation Berhad	Malaysia	300,700	1,668,885	3.49
27.	Religare Health Trust	Singapore	228,480	606,817	1.27
			2,275,702	4.76	
Properties					
28.	UOA Development Berhad	Malaysia	197,240	510,852	1.07
29.	LPN Development PCL-NVDR	Thailand	231,000	362,584	0.76
			873,436	1.83	
Financial					
30.	Syarikat Takaful Malaysia Berhad	Malaysia	100,440	381,672	0.80
			381,672	0.80	
			47,427,242	99.31	

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 global economy continues to strengthen with growth becoming more entrenched and synchronised across countries. Growth in global merchandise trade, which includes manufactured goods and commodities, has picked up since last year. In the advanced economies, both consumption and investment continue to improve. In Asia, growth is driven by sustained domestic activity and strong external demand. These developments point to sustained momentum in global growth.

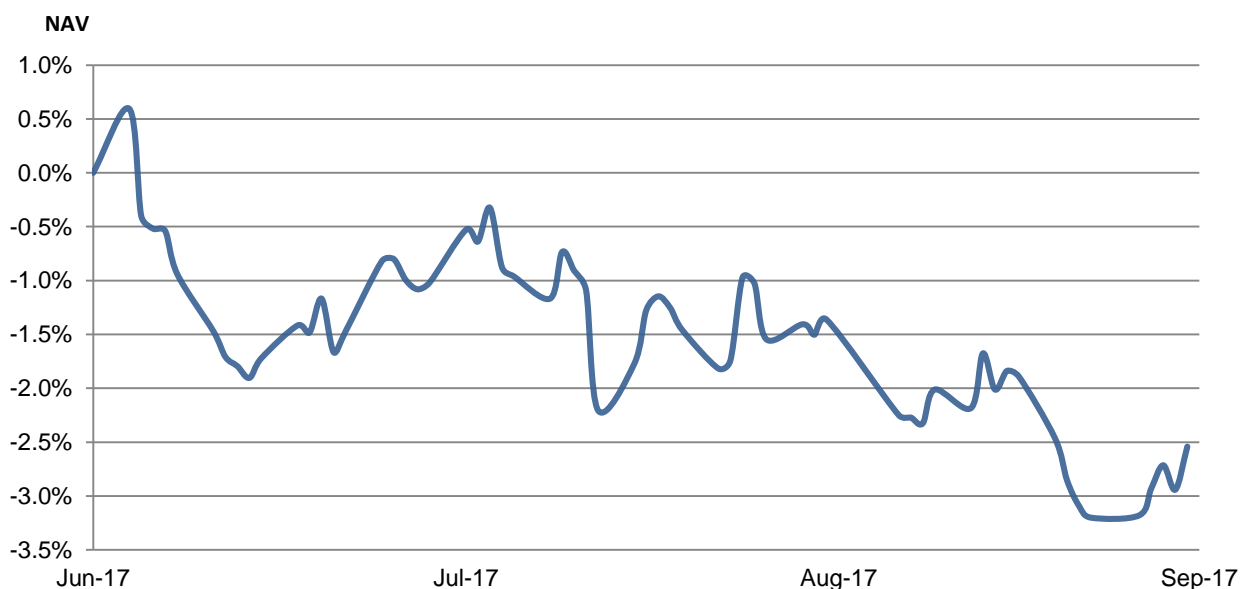
The global equity markets continued to rally in the third quarter 2017, in spite of ongoing geo-political tension between the US and North Korea. Equity markets were left undeterred as the Dow Jones and S&P 500 indices closed higher quarter-on-quarter at 22,405.09 points (+4.94% q-o-q) and 2,519.36 points (+3.96% q-o-q), respectively. Similarly, China and Tokyo's Nikkei also ended stronger at 3,348.94 (+4.90% q-o-q) points and 20,356.30 points (+1.61% q-o-q) respectively,

despite the ongoing geopolitical tensions. Steady growth in these markets have also underpinned economic growth stability within Asia.

Most ASEAN economies continued to show growth resiliency, which have seen growth speed up as an upturn in global demand. The Philippines remains one of the fastest-growing economies in the ASEAN region in the second quarter of 2017 after posting a GDP growth of 6.5%, benefiting from an improvement in global demand, with its exports up nearly 14% in the first six months. Other countries that also reported strong GDP growth in 2Q2017 were Malaysia, Indonesia and Thailand with 5.8%, 5.01% and 3.7% respectively driven by stronger domestic demand, particularly private sector spending. Meanwhile, growth in manufacturing and services helped Singapore’s economy to grow by 2.5 per cent in the second quarter from a year ago, the same pace of growth in the previous quarter

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.

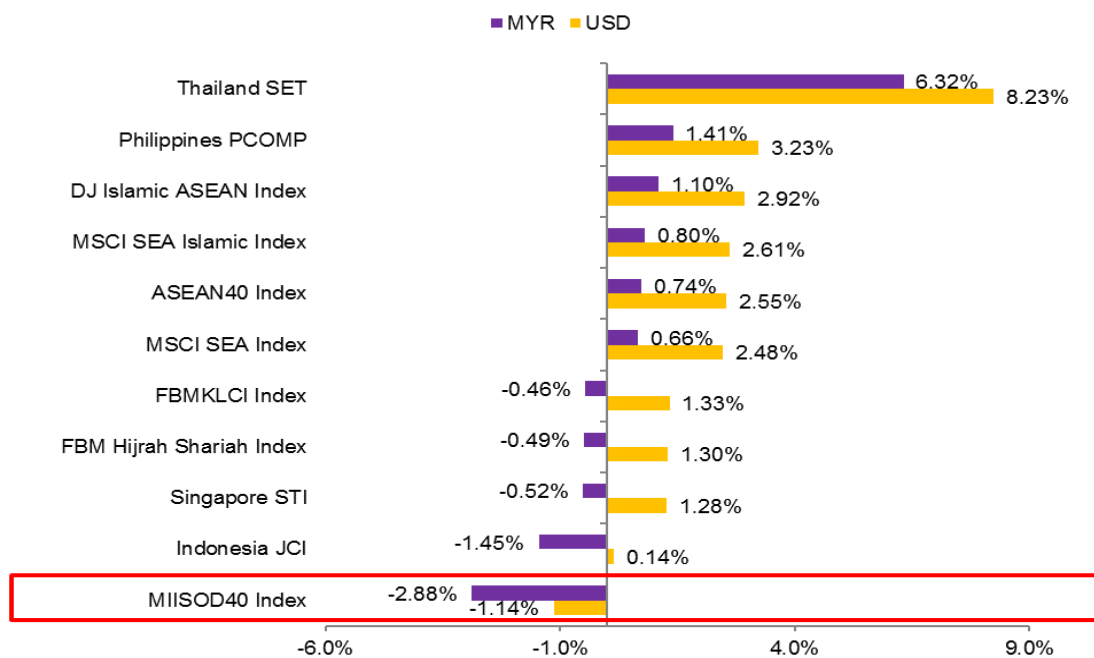
Chart 4: Performance of MIISOD40 Index in 3Q2017



Sources: Bloomberg, i-VCAP

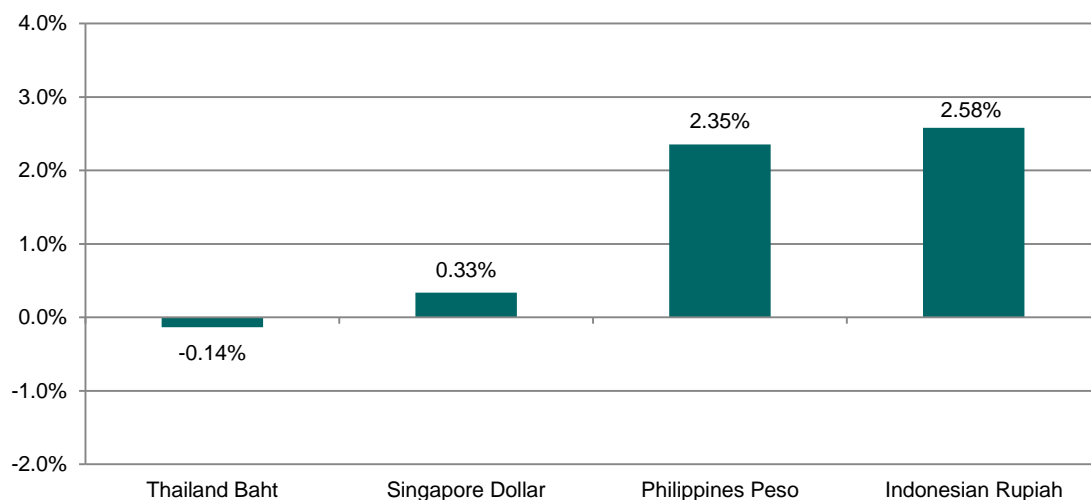
The MIISOD40 Index went down for most part of the quarter and closed the third quarter at 2,195.95 points, translating to a decrease of 2.95% quarter-on-quarter. The negative performance of MIISOD40 Index was largely attributed to the lacklustre performance of its heavyweights, particularly Singapore stocks during the quarter. The weaker performance can also be attributed to the continued strengthening of Ringgit against regional currencies. Meanwhile, on regional comparison, MIISOD40 Index which has priced in Ringgit lagged most of other big-cap ASEAN indices.

Chart 5: Comparative Performance of MIISOD40 Index vs Regional Indices in 3Q2017



Sources: Bloomberg, i-VCAP

Chart 6: Performance of Ringgit against ASEAN-5 Currencies in 3Q2017



Sources: Bloomberg, i-VCAP

Global monetary policy is expected to remain divergent at least in the near term with most economies continuing with their supportive policy stance. Meanwhile, strong broad-based recovery in global trade and improved labour market conditions may help to sustain the growth momentum. It is estimated that synchronized recovery in the global economy observed in the last three quarters of 2017 to persist in the medium term supported by stabilizing commodity prices, improvement in manufacturing, pickup in trade activities and strengthening consumer confidence.

Global fund flows are expected to continue channeling into emerging markets particularly ASEAN given the growing economies and the strengthening currencies against US dollar. Investors are projected to turn to ASEAN equity markets due to its growth resilience on the back of favourable demographics and expanding trade linkages. MyETF-MSEAD may provide a good proxy for investors who have ASEAN 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.