

INTERIM REPORT

For the Financial Period 1 January to 30 June 2020

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.

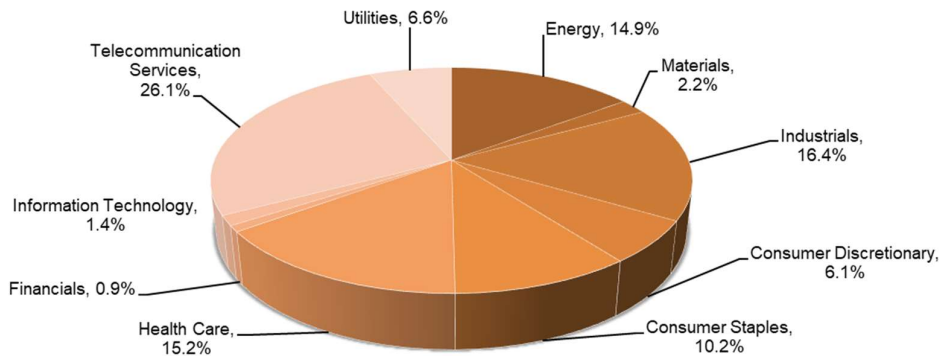
The Benchmark Index shall comprise up to 30 Shariah-compliant companies listed on the stock exchanges in South East Asia countries with dividend yields that are at least 30% higher than the Parent Index yield that are deemed both sustainable and persistent by MSCI.

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.

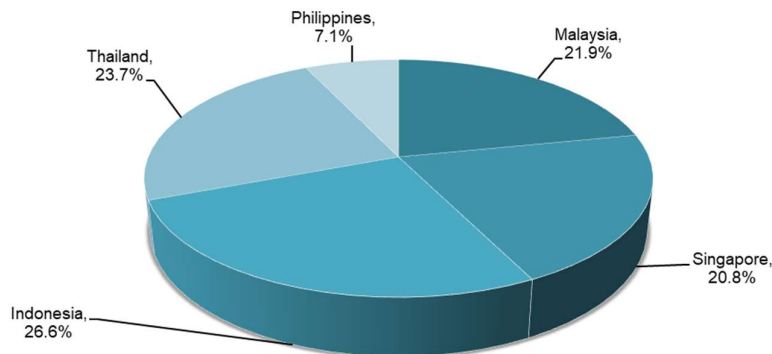
Based on the latest quarterly review (as at 29 May 2020), the sector allocation of MIISOD40 Index based on MSCI sector classifications are as follows:

Chart 1(a): Sector Classification – MSCI



Source: MSCI

Chart 1(b): Country Exposure - MSCI



Source: 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 largely 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

For the period under review, the Fund has met its investment objective of closely replicating the performance of the underlying benchmark, MIISOD40 Index. As at 30 June 2020, the 3-year rolling tracking errors¹ between the NAV per unit of the Fund and the Benchmark Index both Price Return and Total Return basis were both 0.19%.

The Fund's NAV per unit decreased by 15.7% to RM0.6968 from RM0.8264 in 1H2020, tracking the poor performance of the underlying regional stock markets during the period. The Benchmark Index and Benchmark's Total Return Index decreased 10.2% and 7.5% respectively over the same period. The variance between the Fund's NAV and Benchmark Index were mainly due to the Fund's operational costs as well as the adjustment to the Fund's NAV following the Fund's income distribution of 2.17 sen per unit (for Financial Year ended 31 December 2019) which was declared and paid during the period.

The Fund's total NAV declined 42.9% to RM42.51 million from RM74.45 million, mainly attributed to the net redemption of unit in circulation as well as the weak stock markets due to Covid-19 pandemic. As at end of June 2020, total units in circulation for the Fund decreased to 61 million from 88 million on a net redemption of 27 million units.

The Fund's price per unit traded on Bursa Malaysia closed at RM0.66 as at 30 June 2020, recorded a year-to-date loss of 20.9%. The Fund's units generally traded at slight discount to the Fund's NAV per unit in 1H2020.

Key statistics of the Fund for 1H2019 (1 Jan 2019 – 30 June 2019) are summarized as follows:

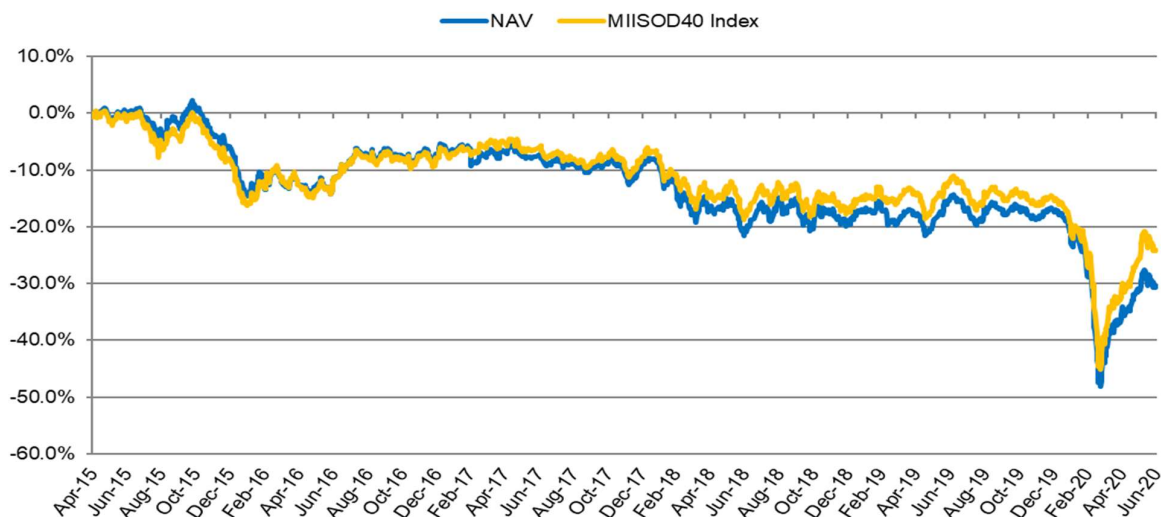
¹*Independently sourced from Novagni Analytics and Advisory Sdn. Bhd.*

Table 1: Key Statistics

	As at 30-Jun-20	As at 31-Dec-19	Change
NAV per unit (RM)	0.6968	0.8264	-15.7%
- Highest	0.8313 (3 Jan)	0.9269 (8 Jan)	
- Lowest	0.5181 (23 Mar)	0.7839 (28 Jun)	
<i>(During the period)</i>			
Price per unit (RM)	0.6600	0.8350	-21.0%
- Highest	0.8350 (2 Jan)	0.9220 (10 Jan)	
- Lowest	0.3750 (21 Apr)	0.7950 (22 Jun)	
<i>(During the period)</i>			
Units in Circulation	61,000,000	88,000,000	-30.7%
Total NAV (RM)	42,505,795	74,456,800	-42.9%
Market Capitalisation (RM)	40,260,000	73,480,000	-45.2%
MIISOD40 Index	1,832.06	2,040.17	-10.2%
MIISOD40 Total Return	3,491.94	3,772.96	-7.4%
Tracking Error vs. Price Return MIISOD40 Index (%)*	0.19	0.14	
Tracking Error vs. Total Return MIISOD40 Index (%)*	0.19	0.14	
Management Expense Ratio (%)	0.48	0.63	

Sources: Bloomberg, i-VCAP

* Based on 3-year rolling tracking error. The calculation was independently sourced from Novagni Analytics and Advisory Sdn. Bhd.

Chart 2: 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): Annual Returns

	YTD	2019	2018	2017	2016
	(%)	(%)	(%)	(%)	(%)
MyETF- MSEAD - NAV Price Return ^(a)	(15.68)	2.66	(11.44)	(2.02)	(1.11)
MIISOD40 - Price Return Index	(10.17)	2.36	(10.52)	0.24	0.38
MyETF- MSEAD - NAV Total Return ^(a)	(15.68)	5.20	(9.88)	0.51	1.32
MIISOD40 - Total Return Index	(7.45)	6.69	(6.66)	3.47	4.44

Sources: Bloomberg, i-VCAP

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

Table 2(b): Cumulative Returns

	Cumulative Returns ^(b)				
	YTD	1-Year	3-Year	5-Year	Since Inception [^]
	(%)	(%)	(%)	(%)	(%)
MyETF- MSEAD - NAV Price Return ^(a)	(15.68)	(17.65)	(24.65)	(30.12)	(30.32)
MIISOD40 - Price Return Index	(10.17)	(13.77)	(19.00)	(23.30)	(24.05)
MyETF- MSEAD - NAV Total Return ^(a)	(15.68)	(17.65)	(21.42)	(23.42)	(23.64)
MIISOD40 - Total Return Index	(7.45)	(9.39)	(8.23)	(5.29)	(5.20)

Sources: Bloomberg, i-VCAP

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

(b) Cumulative returns are up to 30 June 2020.

[^] Performance from inception date on 29 April 2015.

Table 2(c): Average Returns (Annualised)

	Average Returns ^(b)				
	YTD	1-Year	3-Year	5-Year	Since Inception [^]
	(%)	(%)	(%)	(%)	(%)
MyETF- MSEAD - NAV Price Return ^(a)	(29.11)	(17.65)	(8.99)	(6.91)	(6.74)
MIISOD40 - Price Return Index	(20.50)	(13.77)	(6.33)	(4.66)	(4.65)
MyETF- MSEAD - NAV Total Return ^(a)	(29.11)	(17.65)	(7.71)	(5.19)	(5.08)
MIISOD40 - Total Return Index	(15.01)	(9.39)	(2.74)	(1.06)	(1.00)

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.

[^] Performance from inception date on 29 April 2015.

The Benchmark Index is reviewed quarterly and rebalanced semi-annually and any changes to the constituents of Benchmark Index will be implemented at the close of the last business day of May and November. Meanwhile, the Parent Index of MIMYDY40 Index, the MSCI Malaysia IMI Islamic Index is reviewed quarterly (in February, May, August and November) and does not result in any change in the Benchmark Index except for inclusion or deletion of companies due to corporate events or any change in Shariah status, and changes in the weighting of the Benchmark Index's constituents. During the year, nineteen stocks were included while nineteen stocks were removed from the Fund. The rebalancing exercises undertaken during the year led to significant changes in both Fund's sectoral and country allocations. Details of the Fund's latest top holdings and the key changes for the quarter are as follows:

Table 3: Top Ten Holdings of the Fund as at 30 June 2020

Stock	% of NAV
1. Bangkok Dusit Medical Services PCL-NVDR	9.71
2. PTT Public Company Limited	9.28
3. PT Telekomunikasi Indonesia Persero TBK	8.54
4. Singapore Telecommunications Ltd.	8.18
5. Home Product Center PCL - NVDR	4.86
6. Maxis Bhd	4.56
7. PT Unilever Indonesia TBK	4.47
8. Petronas Gas Bhd	4.45
9. PT Indofood Sukses Makmur TBK	4.36
10. SATS Limited	4.28
Total	62.69

Table 4: List of Stock Inclusion and Exclusion

	Stock Inclusions	Country	Stock Exclusions	Country
1Q20	Airasia Group Bhd	Malaysia	Robinson PCL-NVDR	Thailand
2Q20	Bangkok Dusit Medical Services PCL-NVDR	Thailand	Manila Electric Co.	Philippines
	PT Indofood Sukses Makmur TBK	Indonesia	Jasmine International PCL-NVDR	Thailand
	Bumrungrad Hospital PCL-NVDR	Thailand	Sheng Siong Group Ltd	Singapore
	Megaworld Corporation	Philippines	PT Matahari Department Store TBK	Indonesia
	PT Bukit Asam TBK	Indonesia	PTT Global Chemical PCL-NVDR	Thailand
	KCE Electronics PCL-NVDR	Thailand	Airasia Group Bhd	Malaysia
	TPI Polene Power PCL-NVDR	Thailand	Thai Vegetable Oil PCL-NVDR	Thailand
	Syarikat Takaful Malaysia Keluarga Bhd	Malaysia	Mega Lifesciences PCL-NVDR	Thailand
	SPCG PCL-NVDR	Thailand	Supermax Corp Bhd	Malaysia
	Matrix Concepts Holdings Bhd	Malaysia	Cahaya Mata Sarawak Bhd	Malaysia

Source: MSCI

Table 5: Fund's Sector Allocation*

	As at 30-Jun-20	As at 30-Jun-19	Change (%)
Telecommunication Services	23.83%	28.67%	-4.84%
Industrials	15.57%	17.47%	-1.90%
Energy	14.86%	11.83%	3.03%
Health Care	15.11%	2.85%	12.26%
Consumer Staples	9.62%	11.96%	-2.34%
Consumer Discretionary	6.40%	8.58%	-2.18%
Utilities	6.27%	9.14%	-2.87%
Real Estate	2.58%	0.89%	1.69%
Materials	2.17%	6.19%	-4.02%
Information Technology	1.86%	1.42%	0.44%
Financials	0.73%	0.00%	0.73%
Cash & Others	1.00%	1.00%	0.00%

Sources: MSCI, i-VCAP

* Based on MSCI classification.

Table 6: Fund's Country Exposure

Country	As at 30-Jun-20	As at 30-Jun-19	Change (%)
Malaysia	20.93%	13.20%	7.73%
Singapore	16.16%	20.80%	-4.64%
Indonesia	23.90%	22.70%	1.20%
Thailand	34.47%	35.80%	-1.33%
Philippines	3.54%	7.60%	-4.06%

Sources: MSCI, i-VCAP

Details of the Fund's quoted Investments as at 30 June 2020 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>Consumer Discretionary</u>				
Com7 Public Company Limited	Thailand	166,800	652,640	1.54
Home Product Center PCL - NVDR	Thailand	968,300	2,065,332	4.86
			2,717,972	6.40
<u>Consumer Staples</u>				
PT Indofood Sukses Makmur TBK	Indonesia	950,000	1,852,187	4.36
PT Industri Jamu Dan Farmasi Sido Muncul TBK	Indonesia	922,100	334,761	0.79
PT Unilever Indonesia TBK	Indonesia	805,200	1,900,691	4.47
			4,087,638	9.62

<u>Energy</u>				
PT Adaro Energy TBK	Indonesia	4,448,800	1,322,655	3.11
PT Bukit Asam TBK	Indonesia	1,148,000	692,905	1.63
PTT Public Company Limited	Thailand	754,400	3,944,372	9.28
Semirara Mining Corporation	Philippines	329,700	358,791	0.84
			6,318,723	14.86
<u>Financials</u>				
Syarikat Takaful Malaysia Keluarga Bhd	Malaysia	70,000	311,500	0.73
			311,500	0.73
<u>Health Care</u>				
Bangkok Dusit Medical Services PCL-NVDR	Thailand	1,325,000	4,129,121	9.71
Bumrungrad Hospital PCL-NVDR	Thailand	110,000	1,774,916	4.18
Chularat Hospital PCL	Thailand	1,521,100	518,265	1.22
			6,422,302	15.11
<u>Industrials</u>				
PT Akr Corporindo TBK	Indonesia	558,700	424,026	1.00
SATS Limited	Singapore	207,500	1,818,687	4.28
Sime Darby Berhad	Malaysia	837,600	1,800,840	4.24
Singapore Airlines Ltd.	Singapore	137,400	1,570,614	3.70
Westports Holdings Bhd	Malaysia	263,300	1,000,540	2.35
			6,614,707	15.57
<u>Information Technology</u>				
KCE Electronics PCL-NVDR	Thailand	250,000	789,467	1.86
			789,467	1.86
<u>Materials</u>				
D&L Industries Inc.	Philippines	659,500	283,001	0.67
Scientex Bhd	Malaysia	71,600	637,240	1.50
			920,241	2.17
<u>Real Estate</u>				
Matrix Concepts Holdings Bhd	Malaysia	130,000	235,300	0.55
Megaworld Corporation	Philippines	3,298,000	863,285	2.03
			1,098,585	2.58
<u>Telecommunication Services</u>				
Maxis Bhd	Malaysia	360,900	1,938,033	4.56
PT Telekomunikasi Indonesia Persero TBK	Indonesia	3,982,200	3,629,138	8.54
Singapore Telecommunications Ltd.	Singapore	461,100	3,476,194	8.18
Time DotCom Bhd	Malaysia	99,500	1,082,560	2.55
			10,125,925	23.83
<u>Utilities</u>				
Petronas Gas Bhd	Malaysia	112,000	1,890,560	4.45
SPCG PCL-NVDR	Thailand	152,900	345,187	0.81
TPI Polene Power PCL-NVDR	Thailand	770,000	428,722	1.01
			2,664,469	6.27
			42,071,530	99.00

Sources: MSCI, 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) are expected to 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.

In April 2020, the Fund paid an income distribution amounted to RM1,345,400 in relation to the first and final distribution of 2.17 sen per unit for the Financial Year 2019 (declared in February 2020). The first and final income distribution amount is derived from the dividend income that the Fund received from its stocks investment holding and the profit income during the year.

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 quarter under review. There is also no other material information that will adversely affect the Fund's valuation and the interest of unit holders.

7. Cross Trade

It is the Manager's policy not to perform any cross trade transaction.

8. Soft Dollar Commissions

It is the Manager's policy not to receive any goods or services by way of soft commission.

9. Market Review and Outlook

Global stock markets suffered steep declines on coronavirus fear and its detrimental effects on global economy in the first quarter of 2020. Covid-19 pandemic triggered massive panic sell-off across global equities in March 2020 as the virus spread beyond China to the rest of the world. stock markets had sunk further as oil market crashed, after Saudi Arabia and Russia failed to reach an agreement on production cuts during the OPEC+ meeting.

Stock markets across the ASEAN countries dropped 15%-32% despite various support measures were announced by the respective governments. In the first quarter of 2020, Philippine stock market declined the most at 32%, followed by Thailand's 29% drop. Indonesia and Singapore plunged 28% and 23% respectively. Malaysia stood as one of the least affected stock markets within the ASEAN region, fell 15% during the quarter.

Despite gloomy economic outlook and Covid-19 continues to spread around the world, stock markets rebounded sharply in the second quarter 2020. Investors were encouraged by the largest-ever stimulus programs, supportive monetary policy and the easing of lockdown restrictions. Market sentiment was further boosted by the strong recover in oil prices after the world's largest oil producers reached an agreement to a historic production cut.

On the economy front, global economy was badly hit in the first half 2020 as Covid-19 pandemic halted the global economy, shuttering business and putting ten of millions out of work. In ASEAN, the pandemic brought significant disruptions in economic activities as tourism flows declined, export fell and weakening in consumer and business spending.

Singapore GDP contracted 7% in 1Q2020 and 42% in 2Q2020, the worst in its 55-year history. Large parts of the Singapore economy were shut in early April as the country entered a partial lockdown. Singapore government rolled out stimulus measures amounting to SGD100 billion or almost 20% of the country's GDP as Singapore is as one of the most vulnerable economies in the pandemic given its reliance on trade for growth.

The Philippines economy dropped 16.5% in the second quarter of 2020, the lowest recorded quarterly growth since 1981, bringing the country to a technical recession. Philippines was among Asia's fastest-growing economies before the pandemic. However, the country is facing record-high unemployment and the government expects its GDP to shrink 5.5% in 2020. The Philippine central bank took aggressive move to cut its benchmark interest rate a record low during the year to support the domestic economy ravaged by the coronavirus. The government also allocated USD13.4 billion to help the people and businesses.

Similar to the other ASEAN countries, Indonesia reported one of its worst economic performance since 1999. Indonesia's economy contracted 5.3% in 2Q2020. Indonesian government cut interest rate four times during the year and announced stimulus measures of more than USD56 billion to maintain economic growth above zero percent. Investors were positive on supportive interest rate and stimulus measures as Jakarta Composite Index rebounded 15% in 2Q2020.

Thailand reported GDP contraction of 1.8% in 1Q2020 and the central bank of Thailand guided a worse contraction in 2Q2020. Thailand economy was badly hit by the global travel ban as tourism sector accounts for almost 14% of the country's economy and providing an estimated one in six job opportunities nationwide. The government approved a USD59.7 billion stimulus package to provide support to people and business adversely affected by the virus outbreak.

On the local front, the Malaysian economy decelerated sharply at 0.7% in 1Q2020, the weakest growth since 2009 due to the decrease in both public and private investments as well as net exports. Bank Negara Malaysia expects a double digit contraction in economy in 2Q2020.

In line with the weak stock markets across the ASEAN region, MIISOD40 Index posted a decline of 10% in the first half of the year. The Index hit the year low of 1,332.95 points on 23rd March 2020 before it rebounded and closed at 1,832.06 points on 30 June 2020.

Chart 3: MIISOD40 Index Performance in 1H2020



Sources: Bloomberg, i-VCAP

As economy reopening begins, ASEAN economy is expected to start recovering. Nonetheless, economic outlook in the near term remain uncertain as COVID-19 still not fully under control in the region. Furthermore, rising international trade tensions between the US and China could ruin the already fragile economy.

Going forward, we expect ASEAN equity markets to remain highly volatile. As the supportive monetary policy could potentially drive risky assets such as equities higher in the near term, the abundant liquidity is also likely to cause more volatilities. We expect MyETF-MSEAD to be less volatile and could potentially provide downside support in the current low interest rate environment, backed by the dividend yielding feature of its constituent stocks.