

Manager's Report

For the Financial Period 1 April to 30 June 2012

Name of Fund : MyETF Dow Jones Islamic Market Malaysia Titans 25

("MyETF- DJIM25" or "the Fund")

Type of Fund : Exchange Traded Fund

Fund Category : Shariah Equity

Commencement Date : 22 January 2008

Benchmark Index : Dow Jones Islamic Market Malaysia Titans 25 Index

("DJIM25 Index")

Manager : *i*-VCAP Management Sdn. Bhd. ("*i*-VCAP")

1. Investment Objective

MyETF-DJIM25 is designed to provide investment results that closely correspond to the performance of the Benchmark Index. The Manager attempts to achieve an absolute value of tracking error of less than 3% between the Net Asset Value ("NAV") of the Fund and the Benchmark Index.

2. Benchmark Index

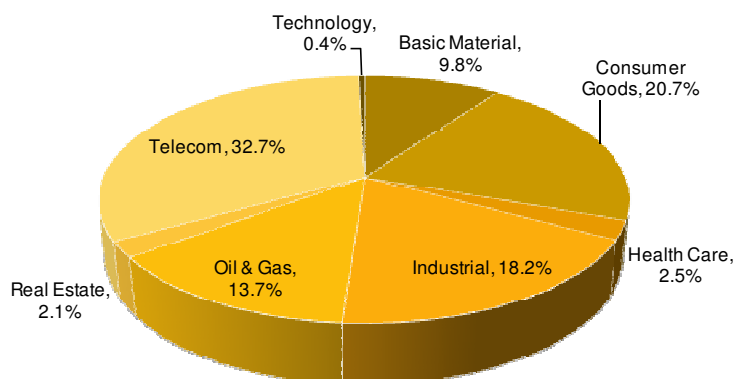
The Benchmark Index is a market capitalisation weighted and free-float adjusted index provided by Dow Jones Indexes ("Dow Jones").

The Benchmark Index was created on 18 January 2008 and constructed based on a reference value of 1,000 as of 17 January 2008. The Benchmark Index consists of 25 Shariah-Compliant securities of companies listed on Bursa Malaysia Securities Berhad ("Bursa Securities").

The universe for selection of the DJIM25 Index components includes all equities in the Dow Jones Islamic Market Malaysia Index, an index comprised of Malaysia-based companies that conform to the methodology established by Dow Jones to screen stocks for compliance with the Shariah.

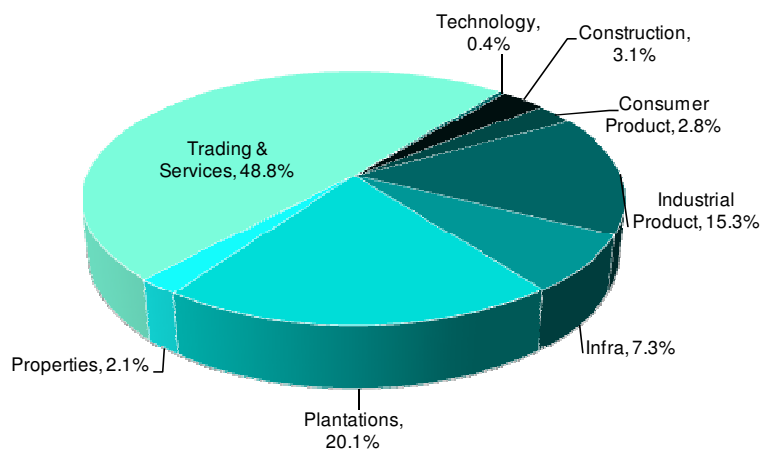
Based on the latest quarterly review (as at 7 June 2012), the sector allocation of DJIM25 Index based on Dow Jones and Bursa Securities sector classifications are as follows:

Chart 1(a): Sector Classification - Dow Jones



Source: Dow Jones

Chart 1(b): Sector Classification - Bursa Securities



Sources: Bursa Malaysia, Dow Jones

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 achieved its investment objective which is to track closely the underlying benchmark, i.e. DJIM25 Index. As at 30 June 2012, the tracking error (calculated since inception and on daily basis) between the NAV per unit of the Fund and the Benchmark

Index on Price Return and Total Return basis were 1.50% and 1.20% respectively, which were within the 3% limit stipulated under the Fund's investment objective.

The second quarter was a landmark quarter as the Fund's NAV per unit hit an all time high of RM1.0645 on 22 June 2012. In line with the market, the NAV per unit however, eased to end the quarter at RM1.0618, representing a 2.23% gain for the quarter. The increase in NAV per unit was slightly higher when compared to the underlying benchmark, i.e. DJIM25 Index, which gained 1.32% to close at 936.71 points at the end of the quarter. The variance was a result of the dividend income received by the Fund during the quarter. The Fund's unit price, traded on Bursa Securities meanwhile, closed at its year high of RM1.05/unit, up 0.96% for the same period. Meanwhile, total NAV of the Fund increased to RM309.95 million from RM303.17 million while the Fund's units in circulation remained unchanged at 291.9 million.

The key statistics and performance of the Fund for the first and second quarter of 2012 and the last financial year ending 31 December 2011 are summarized as follows:

Table 1: Key Statistics

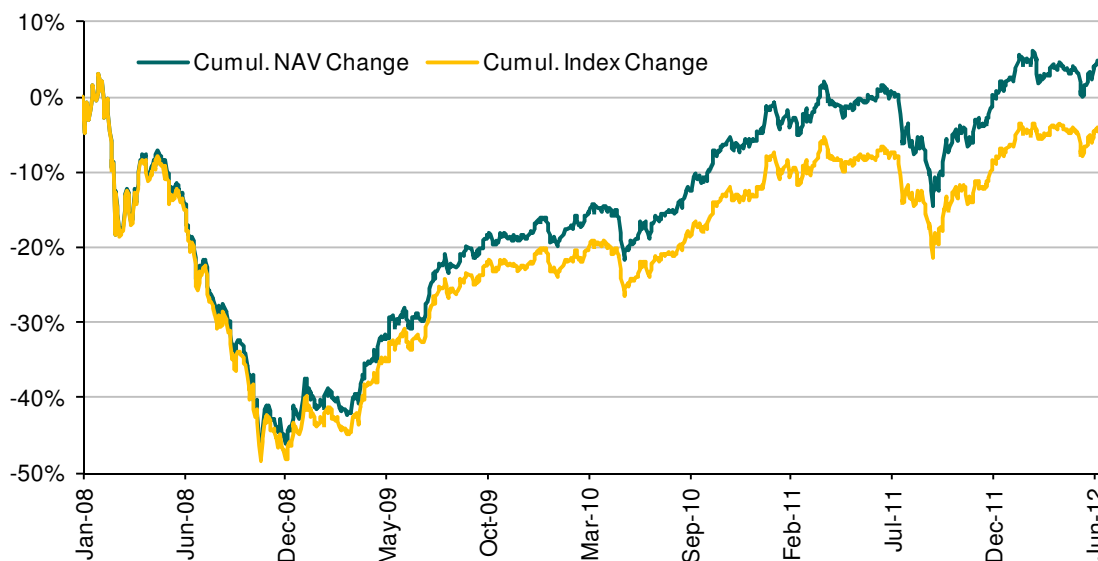
	As at 30-Jun-12	As at 31-Mar-12	QoQ Change	As at 31-Dec-11	YTD Change
NAV per unit (RM)	1.0618	1.0386 [#]	2.23%	1.0024 [#]	5.93%
- Highest	1.0645	1.0601		1.0024	
- Lowest	0.9990	0.9966		0.8763	
<i>(During the period)</i>					
Price per unit (RM)	1.05	1.04 [#]	0.96%	0.99 [#]	6.06%
- Highest	1.05	1.05		0.99	
- Lowest	1.01	0.9800		0.875	
<i>(During the period)</i>					
Units in Circulation	291,900,000	291,900,000	-	410,300,000	-28.86%
Total NAV (RM)	309,949,854	303,170,823	2.24%	411,303,163	-24.64%
Market Capitalisation (RM)	306,495,000	303,576,000	0.96%	406,197,000	-24.55%
DJIM25 Index	936.71	924.55	1.32%	883.19	6.06%
DJIM25 Total Return Index	1,128.91	1,100.76	2.56%	1043.21	8.22%
Tracking Error vs. Price Return DJIM25 Index (%) [*]	1.50	1.53		1.30	
Tracking Error vs. Total Return DJIM25 Index (%) [*]	1.20	1.24		0.93	
Management Expense Ratio (%)	0.24	0.12		0.49	

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

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 2a: Average Total Return – Annualized

	YTD (%)	1-Year (%)	3-Year (%)	Since Inception (%)
MyETF-DJIM25 - NAV Per Unit ^(a)	+12.20	+5.73	+14.46	+1.36
DJIM25 Index	+12.49	+5.03	+12.67	-0.65

Sources: Bloomberg, i-VCAP

(a) Independently verified by Perkasa Normandy Advisers Sdn. Bhd.

Average total returns for both MyETF-DJIM25 and DJIM25 Index are annualized figures computed based on the absolute returns for the respective period.

Table 2b: Cumulative Returns

	YTD (%)	1-Year (%)	3-Year (%)	Since Inception (%)
MyETF-DJIM25 - NAV Per Unit ^(a)	+5.93	+5.73	+49.97	+6.18
DJIM25 Index	+6.06	+5.03	+43.04	-2.86

Sources: Bloomberg, i-VCAP

(a) Independently verified by Perkasa Normandy Advisers Sdn. Bhd.

During the period under review, Dow Jones performed its Second Quarter 2012 Review (quarterly review) of the DJIM25 Index in accordance with its index methodology. The quarterly review resulted in changes to the component and weightings of the stocks in the DJIM25 Index. Three stocks were deleted from the DJIM25 Index, namely KNM Group Bhd, MISC Bhd and Star Publications (M) Bhd, and were replaced by JCY International Bhd, KPJ Healthcare Bhd and United Plantations Bhd. Pursuant to the quarterly review, the Manager had undertaken rebalancing exercise for the Fund to align with the changes in the Benchmark Index. In terms of weightings, notable changes to the Fund's sector composition arising from the quarterly review were the increase in Consumer Products from 2.44% to 3.06% and the decrease in the Industrial Products sector to 15.00% from 17.72% at the end of the first quarter. In addition to the quarterly review, other changes to the component of the stocks during the quarter was the removal of Kencana Petroleum Bhd from the DJIM25 Index due to its merger exercise and the inclusion of Bumi Armada Bhd as a replacement. Details of the changes for the second quarter are as follows:

Table 4: Change in Fund's Sector Allocation*

	As at 30 Jun 2012	As at 31 Mar 2012	Change (percentage points)
Trading/Services	47.76%	47.92%	-0.16
Plantation	19.62%	19.10%	0.52
Industrial Products	15.00%	17.72%	-2.72
Infrastructure	7.51%	7.15%	0.36
Construction	3.09%	3.20%	-0.11
Consumer Products	3.06%	2.44%	0.62
Properties	2.02%	2.08%	-0.06
Technology	0.42%	-	0.42
Cash & Others	1.52%	0.39%	1.13

Sources: Bursa Malaysia, i-VCAP

* Based on Bursa Securities classification

Table 5: Top Ten Holdings of the Fund as at 30 June 2012

Stock	% of NAV	Q-o-Q Δ (% holdings)
1. Sime Darby Bhd	13.25	0.23
2. Axiata Group Bhd	10.42	0.25
3. IOI Corporation Bhd	9.14	(0.74)
4. Maxis Bhd	8.77	(0.61)
5. Petronas Chemicals Group Bhd	7.26	(1.08)
6. Digi.Com Bhd	7.09	0.33
7. Kuala Lumpur Kepong Bhd	5.63	(0.39)
8. Telekom Malaysia Bhd	5.55	0.34
9. Petronas Gas Bhd	4.56	0.30
10. Gamuda Bhd	3.09	(0.11)
Top Ten Holdings' Total	74.76	(1.48)

Sources: Bursa Malaysia, i-VCAP

Details of the Fund's quoted Investments as at 30 June 2012 are as follows:

Table 6: MyETF-DJIM25's Investment in Listed Equities

	Quantity	Market Value	Market Value as a percentage of Net Asset Value (%)
	(Units)	(RM)	
<u>Trading/Services</u>			
Sime Darby Bhd	4,153,000	41,073,170	13.25
Axiata Group Bhd	5,906,400	32,308,008	10.42
Maxis Bhd	4,253,000	27,176,670	8.77
Telekom Malaysia Bhd	3,043,000	17,192,950	5.55
Petronas Dagangan Bhd	437,200	9,224,920	2.98
Bumi Armada Bhd	1,660,600	6,642,400	2.14
Dialog Group Bhd	2,635,097	6,192,478	2.00
Malaysia Marine & Heavy Engineering Bhd	1,028,300	5,449,990	1.76
KPJ Healthcare Bhd	467,600	2,744,812	0.89
		148,005,398	47.76
<u>Plantation</u>			
IOI Corporation Bhd	5,459,039	28,332,412	9.14
Kuala Lumpur Kepong Bhd	760,800	17,452,752	5.63
Batu Kawan Bhd	371,100	6,820,818	2.20
Genting Plantations Bhd	480,200	4,465,860	1.44
United Plantations Bhd	144,800	3,750,320	1.21
		60,822,162	19.62
<u>Industrial Products</u>			
Petronas Chemicals Group Bhd	3,478,000	22,502,660	7.26
Petronas Gas Bhd	785,500	14,139,000	4.56
Lafarge Malayan Cement Bhd	642,400	4,689,520	1.51
Top Glove Corp Bhd	703,400	3,657,680	1.18
Supermax Corp Bhd	732,800	1,516,896	0.49
		46,505,756	15.00
<u>Infrastructure</u>			
Digi.Com Bhd	5,171,700	21,979,725	7.09
Time Dotcom Bhd	363,540	1,305,109	0.42
		23,284,834	7.51
<u>Construction</u>			
Gamuda Bhd	2,733,400	9,566,900	3.09
		9,566,900	3.09
<u>Consumer Products</u>			
UMW Holdings Bhd	1,037,900	9,476,027	3.06
		9,476,027	3.06
<u>Properties</u>			
SP Setia Bhd	1,676,150	6,268,801	2.02
		6,268,801	2.02
<u>Technology</u>			
JCY International Bhd	837,200	1,289,288	0.42
		1,289,288	0.42
		305,219,166	98.48

Sources: Bursa Malaysia, i-VCAP

5. Distribution Policy

The Fund may distribute amongst the unitholders all, or substantially all of the net income (after the income purification process and deduction of relevant fees, expenses and taxes) received by the Fund, 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 semi-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.

During the quarter, the Fund paid an income distribution amounting to RM5.25 million in April in relation to the final distribution of 1.80 sen per unit for Financial Year 2011 (declared in February 2012). The Fund has announced an interim income distribution for Financial Year 2012 of 1.25 sen per unit which will be paid in October 2012.

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.

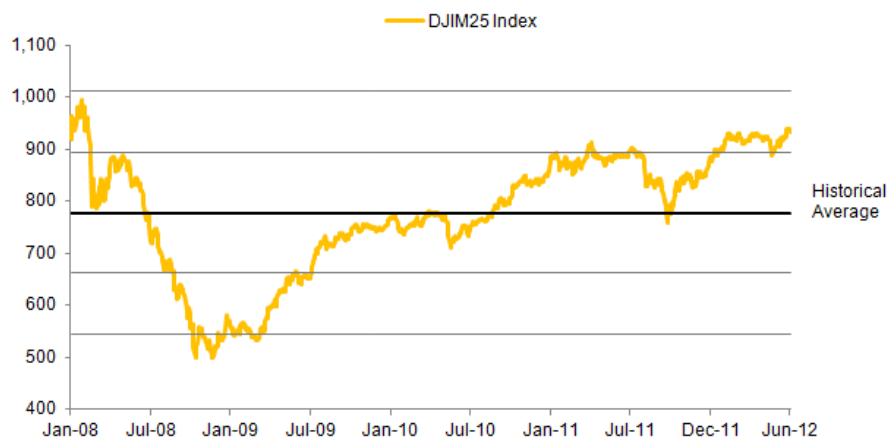
8. Market Review and Outlook

Global equity markets remained stable at the start of the 2Q before concerns over the sovereign debt issue in the Eurozone and a sharper than expected economic slowdown in China and India triggered a sell-off in May. The last month of the quarter saw equity markets rebound from the low recorded in May on the positive outcome of the EU summit as well as positive economic data from the US that indicated the economy remained resilient. The encouraging external news coupled with the excitement of mega IPO listings (i.e. Felda Global Ventures and Gas Malaysia) provided the catalyst for the domestic equity market and sparked a late rally at the end of the quarter.

During the period under review (1 April 2012 to 30 June 2012), DJIM25 Index gained 12.16 points or 1.32% to end the quarter at 936.71 points. After a marginal positive start, the DJIM25 Index retraced to its lowest level during the quarter to 887.68 points on 18 May 2012. The Index however, rebounded sharply to regain lost ground and hit a 4-year high of 939.31 points on 25

June 2012. The performance of the DJIM25 Index during the quarter was largely supported by the Trading / Services (Telecommunications), Consumer Products and Infrastructure sectors comprising high yield blue chip stocks. A key laggard during the quarter was the plantation stocks that underperformed the broad market due to the weak commodity performance as palm oil prices sank 11.75% during the quarter.

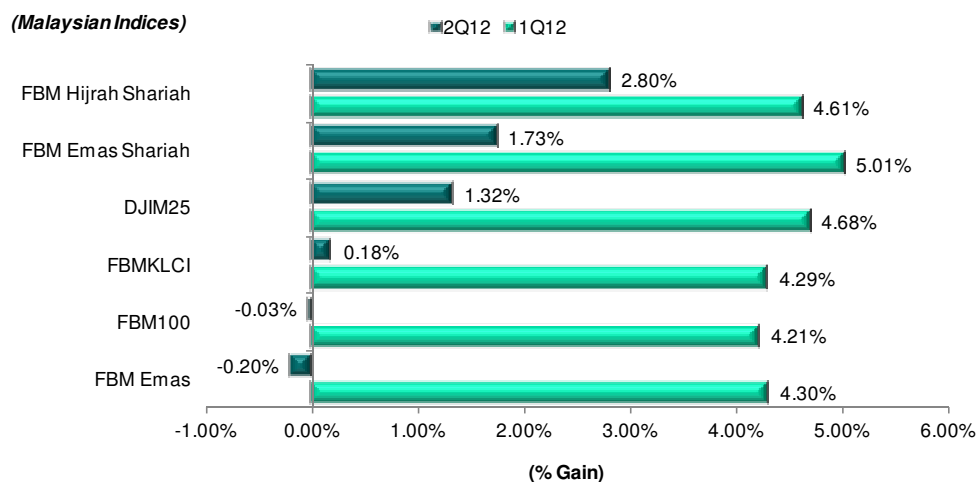
Chart 3: DJIM25 Index (since inception)



Sources: Bloomberg

Comparatively, the DJIM25 Index performed better than the major conventional local benchmarks but lagged other Shariah indices during the second quarter. The DJIM25 Index outperformed the FTSE Bursa Malaysia KLCI Index (+0.18% for the quarter) and the FTSE Bursa Malaysia 100 Index (-0.03%). Meanwhile, the DJIM25 Index's 1.32% gain for the quarter underperformed the FTSE Bursa Malaysia Hijrah Shariah Index (+2.80%) and the broader FTSE Bursa Malaysia EMAS Shariah Index (+1.73%). DJIM25 Index's performance against the other domestic indices is depicted in the following chart:

Chart 4: DJIM25 Index performance against domestic indices



Heading into the second half of 2012, global growth is expected to moderate as slower economic activities and unresolved policy issues in the Eurozone may provide further downside risks. Other key issues include US economic stagnation and China's moderating slowdown. Nonetheless, the search for stable economic growth may keep investors' focus on emerging markets, which are expected to remain relatively resilient anchored by domestic demand. As valuations appear fair and equity markets are still awash with liquidity, the Malaysian equity market is expected to be range bound in the medium term due to its defensive characteristics.