

INTERIM REPORT

For the Financial Period 1 January to 30 June 2019

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.

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.

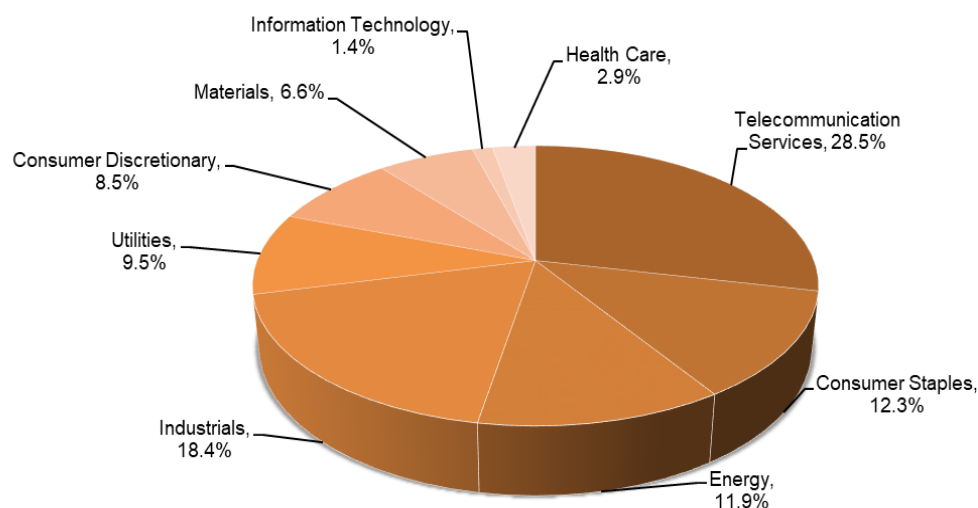
The Benchmark Index shall comprise up to 30 Shariah-compliant companies listed on the stock exchanges in South East Asia countries with dividend yields that are at least 30% higher than the Parent Index yield that are deemed both sustainable and persistent by MSCI.

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.

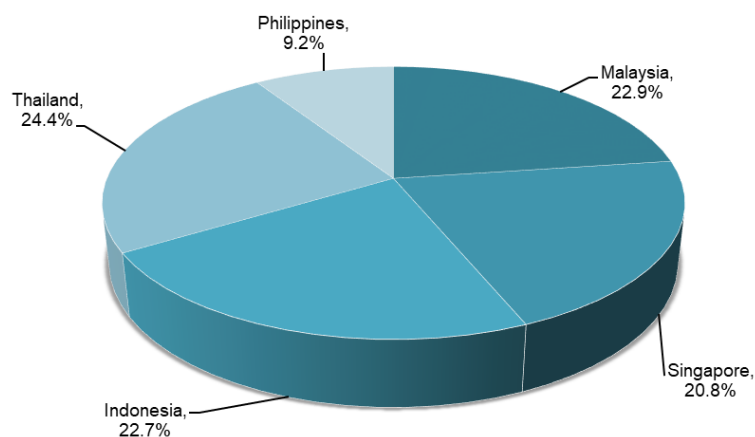
The Parent Index and Benchmark Index consist only of Shariah-compliant securities which are approved by the MSCI Shariah Supervisory Committee based on the MSCI Islamic Index Series Methodology. The MSCI Shariah Supervisory Committee will review and audit the Benchmark Index, the Parent Index as well 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 May 2019), 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, i.e. MIISOD40 Index. As at 30 June 2019, the 3-year rolling tracking errors¹ between the NAV per unit of the Fund and the Benchmark Index on Price Return and Total Return basis were 0.12% and 0.12% respectively.

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

The Fund's NAV per unit increased by 5.11% to RM0.8461 from RM0.8050 in 1H2019. The Benchmark Index and Benchmark's Total Return Index increased 6.23% and 8.97% respectively over the same period. The variance between the Fund's NAV and Benchmark Index was largely due to the adjustment to the Fund's NAV following the Fund's income distribution of 1.99 sen per unit (for Financial Year ended 31 December 2018) which was declared and paid during the period.

The Fund's price per unit traded on Bursa Malaysia closed at RM1.000 as at 30 June 2019, recorded a year-to-date gain of 23.61%. The Fund's units generally traded at slight discount to the Fund's NAV per unit in 1H2019.

The Fund's NAV increased 5.1% to RM74.45 million from RM70.84 million, consistent with the underlying regional stock markets' performance during the period.

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

Table 1: Key Statistics

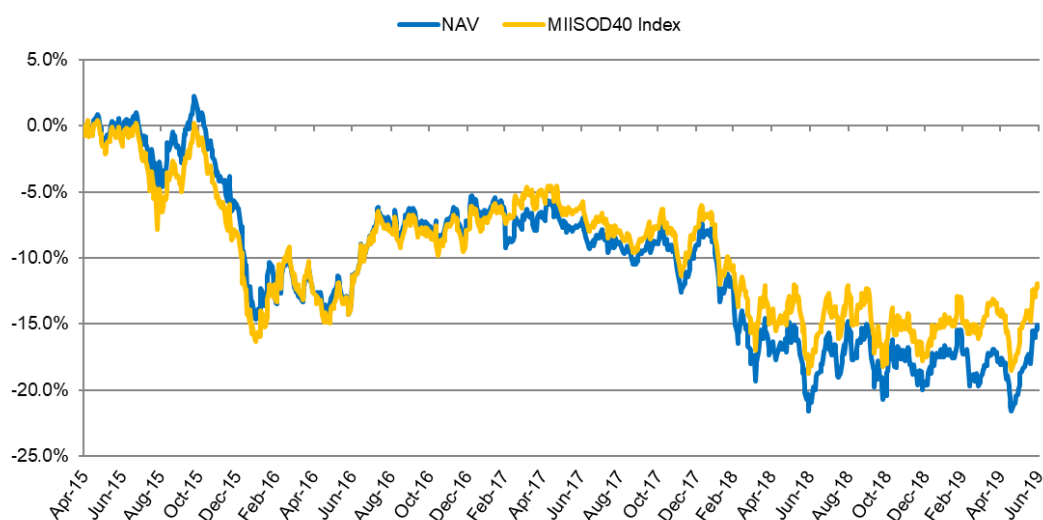
	As at 30-Jun-19	As at 31-Dec-18	HoH Change
NAV per unit (RM)	0.8461	0.8050	5.11%
- Highest	0.8488 (27 Jun)	0.8450 (29 Aug)	
- Lowest	0.7837 (17 May)	0.7839 (28 Jun)	
<i>(During the period)</i>			
Price per unit (RM)	1.0000	0.8090	23.61
- Highest	1.0000 (28 Jun)	0.9220 (29 Aug)	
- Lowest	0.7950 (23 May)	0.7950 (22 Jun)	
<i>(During the period)</i>			
Units in Circulation	88,000,000	88,000,000	-
Total NAV (RM)	74,456,800	70,842,465	5.10%
Market Capitalisation (RM)	88,000,000	71,192,000	23.61%
MIISOD40 Index	2,117.32	1,993.13	6.23%
MIISOD40 Total Return	3,853.74	3,536.45	8.97%
Tracking Error vs. Price Return MIISOD40 Index (%) [*]	0.12	0.10	
Tracking Error vs. Total Return MIISOD40 Index (%) [*]	0.12	0.10	
Management Expense Ratio (%)	0.42	0.45	

Sources: Bloomberg, i-VCAP

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

[^] The Fund was initially created at RM1.00 per unit based on the close of 29 April 2015. The Fund had its listing debut on 7 May 2015.

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 (%)	2018 (%)	2017 (%)	2016 (%)	2015 [^] (%)
MyETF- MSEAD - NAV Price Return ^(a)	5.11	(11.44)	(2.02)	(1.11)	(6.19)
MIISOD40 - Price Return Index	6.63	(10.52)	0.24	0.38	(8.26)
MyETF- MSEAD - NAV Total Return ^(a)	7.71	(9.88)	0.51	1.32	(6.19)
MIISOD40 - Total Return Index	8.97	(6.66)	3.47	4.44	(4.81)

Sources: Bloomberg, i-VCAP

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

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

Table 2(b): Cumulative Returns

	Cumulative Returns ^(b)			
	YTD (%)	1-Year (%)	3-Year (%)	Since Inception [^] (%)
MyETF- MSEAD - NAV Price Return ^(a)	5.11	6.45	(4.60)	(15.39)
MIISOD40 - Price Return Index	6.63	7.05	(0.61)	(11.92)
MyETF- MSEAD - NAV Total Return ^(a)	7.71	9.09	2.05	(7.27)
MIISOD40 - Total Return Index	8.97	11.63	11.39	4.63

Sources: Bloomberg, i-VCAP

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

(b) Cumulative returns are up to 31 December 2018.

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

Table 2(c): Average Returns (Annualised)

	Average Returns (b)			
	YTD (%)	1-Year (%)	3-Year (%)	Since Inception (%)
MyETF- MSEAD - NAV Price Return ^(a)	10.62	6.45	(1.56)	(3.93)
MIISOD40 - Price Return Index	13.45	7.05	(0.20)	(2.86)
MyETF- MSEAD - NAV Total Return ^(a)	16.25	9.09	0.68	(1.79)
MIISOD40 - Total Return Index	18.20	11.63	3.79	1.11

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.

Table 2(d): Historical Income Distribution

	For Financial Year Ended		
	2018	2017	2016
	Final	Final	Final
Income Distribution Per Unit (Sen)	1.99	1.51	2.34
Income Distribution Yield (%) [*]	1.79	1.73	2.47
Declaration Date	21-Feb-19	12-Feb-18	13-Feb-17
Ex-Date	11-Mar-19	1-Mar-18	1-Mar-17
Payment Date	8-Apr-19	29-Mar-18	30-Mar-17
NAV Per Unit Before Ex-Date (RM)	0.8232	0.8761	0.9349
NAV Per Unit On Ex-Date (RM)	0.8030	0.8593	0.9076

^{*} Based on NAV on income distribution declared date.

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 period, there were five inclusions and 5 exclusions for the Fund. The rebalancing exercises undertaken during the year led to changes in both Fund's sectoral and country allocations. Summary of the stocks movements and the corresponding changes in Fund's allocation are as follows:

Table 3: List of Stock Inclusion and Exclusion

	Stock Inclusions	Country	Stock Exclusions	Country
1Q19	Lingkaran Trans Kota Holdings Bhd	Malaysia	Unisem (Malaysia) Bhd	Malaysia
2Q19	PTT Public Company Limited-NVDR	Thailand	Petronas Chemicals Group Bhd	Malaysia
	Sime Darby Bhd	Malaysia	Comfortdelgro Corporation Ltd	Singapore
	COM7 PCL-NVDR	Thailand	Globetronics Technology Bhd	Malaysia
	Pilipinas Shell Petroleum Corporation	Philippines	Lingkaran Trans Kota Holdings Bhd	Malaysia

Source: MSCI

Table 4: Fund's Sector Allocation*

	As at 30-Jun-19	As at 30-Jun-18	Change (%)
Telecommunication Services	28.67%	26.39%	2.28%
Consumer Staples	11.96%	8.17%	3.79%
Energy	11.83%	3.62%	8.21%
Industrials	17.47%	19.86%	-2.39%
Utilities	9.14%	9.57%	-0.43%
Consumer Discretionary	8.58%	7.91%	0.67%
Materials	6.19%	17.44%	-11.25%
Information Technology	1.42%	1.97%	-0.55%
Health Care	2.85%	2.71%	0.14%
Real Estate	0.89%	0.83%	0.06%
Financial	-	-	
Cash & Others	1.00%	1.53%	-0.53%

Sources: MSCI, i-VCAP

* Based on MSCI classification.

Table 5: Fund's Country Exposure

Country	As at 30-Jun-19	As at 30-June-18	Change (%)
Malaysia	13.2%	28.33%	-15.13%
Singapore	20.8%	24.47%	-3.67%
Indonesia	22.7%	17.29%	5.41%
Thailand	35.8%	21.62%	14.18%
Philippines	7.6%	8.30%	-0.70%

Sources: MSCI, i-VCAP

Details of the Fund's quoted Investments as at 30 June 2019 are as follows:

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

	Country	Quantity (Units)	Market Value (RM)	Market Value as a percentage of Net Asset Value (%)
Telecommunication Services				
Jasmine International PCL-NVDR	Thailand	1,792,200	1,737,050	2.33
Maxis Bhd.	Malaysia	602,700	3,357,039	4.51
Singapore Telecommunications	Singapore	705,200	7,532,946	10.12
PT Telekomunikasi Indonesia Persero	Indonesia	5,918,000	7,161,502	9.62
Time Dotcom Bhd.	Malaysia	173,800	1,558,986	2.09
			21,347,524	28.67
Consumer Staples				
Sheng Siong Group Ltd,	Singapore	329,600	1,106,533	1.49
Thai Vegetable Oil PCL-NVDR	Thailand	208,000	783,998	1.05
PT Unilever Indonesia TBK	Indonesia	533,200	7,013,446	9.42
			8,903,977	11.96
Energy				
PT Adaro Energy TBK	Indonesia	6,476,500	2,574,590	3.46
Pilipinas Shell Petroleum Corporation	Philippines	163,500	509,973	0.69
PTT PCL-NVDR	Thailand	871,200	5,717,234	7.68
			8,801,797	11.83
Industrial				
DMCI Holdings Inc,	Philippines	1,878,200	1,557,174	2.09
SATS Ltd	Singapore	220,700	3,516,069	4.72
Sime Darby Bhd.	Malaysia	1,311,100	2,963,086	3.98
Singapore Airlines Ltd,	Singapore	120,900	3,420,508	4.59
Westports Holdings Bhd.	Malaysia	395,200	1,557,088	2.09
			13,013,925	17.47
Utilities				
Manila Electric Company	Philippines	107,100	3,336,250	4.48
Petronas Gas Bhd.	Malaysia	200,000	3,472,000	4.66
			6,808,250	9.14
Consumer Discretionary				
Com7 PCL-NVDR	Thailand	314,300	922,347	1.24
Home Product Center PCL-NVDR	Thailand	1,539,800	3,627,403	4.87
Robinson PCL-NVDR	Thailand	243,100	1,840,776	2.47
			6,390,526	8.58
Materials				
Cahaya Mata Sarawak Bhd.	Malaysia	305,900	923,818	1.24
D&L Industries Inc.	Philippines	1,427,600	1,201,978	1.61
PTT Global Chemical PCL-NVDR	Thailand	172,600	1,487,011	2.00
Scientex Bhd.	Malaysia	115,600	998,784	1.34
			4,611,591	6.19
Information Technology				
KCE Electronics PCL-NVDR	Thailand	414,300	1,059,649	1.42
			1,059,649	1.42
Health Care				
Chularat Hospital PCL-NVDR	Thailand	2,148,200	653,547	0.88
Mega Lifesciences PCL-NVDR	Thailand	170,700	804,257	1.08
Supermax Corporation Bhd.	Malaysia	396,600	662,322	0.89
			2,120,126	2.85
Real Estate				
UOA Development Bhd.	Malaysia	277,400	665,760	0.89
			665,760	0.89
			73,723,124	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.

During the period, the Fund has announced and paid the first and final income distribution of 1.99 cent per unit for Financial Year ended 31 December 2018. The income distribution is derived from the dividend income that the Fund received 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 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. 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

In the first half of 2019, most global stock markets advanced after suffering their worst year in a decade in 2018. Several key market indexes hit record highs in 1H2019 as investor sentiments improved after the US Federal Reserve and the European Central Bank clearly indicated that interest rate cuts or other stimulus measures could be on the way. Easing of trade tensions near the end of the second quarter also contributed to market gains after the meeting between US President Donald Trump and Chinese President Xi at G20 summit. MSCI World Index and S&P 500 Index registered year-to-date (YTD) return of 17% and 18.5% respectively as of end June 2019.

On the economic front, global economy recorded positive growth in the first half of 2019. However, leading economic indicators continue to point to slowing growth momentum in most major economies against the backdrop of intensified US-China trade war and prolonged uncertainty on Brexit. In June, World Bank cut its 2019 global growth forecast to 2.6% from 2.9%, citing a drop in global investment and a slowdown in trade growth.

On the local front, Malaysia's GDP growth weakened to 4.5% yoy in 1Q2019, dragged down by weak investments and export. Poor business sentiment weighed on machinery and equipment capex while weak property market and public sector project reviews impacted construction sector. In May 2019, Bank Negara Malaysia cut the Overnight Policy Rate (OPR) by 25bp to 3.00% to stimulate growth. Despite the strong rally in global equities, Malaysia's equity market finished the first half of 2019 as one of the worst performing stock markets in the world. The poor performance was attributed to the intensifying US-China trade war and weak corporate earnings. In 2H2019, economic growth is expected to be contributed by domestic demand as consumer spending would be supported by the stable labour market while capital spending would be supported by capacity expansions in sectors such as manufacturing and services.

Singapore's economy grew 1.2% yoy in the first quarter of 2019, the slowest growth in a decade. Singapore's economy which is heavily dependent on foreign trade was significantly impacted by the escalation in the trade war between the US and China. On the other hand, Straits Times Index has surged 9.8% in the first quarter, among the best performers in Southeast Asia. The stock market sentiment was positive as more than half of the STI members generate 50% or more of their revenues outside Singapore, hence are less influenced by the domestic economy slow down. Market expects corporate earnings to remain positive in the second half, barring any escalation in global trade tension.

Indonesia reported a stable GDP growth of 5.1% in the first quarter of 2019. Inflation of 2.6% was

the lowest in nearly a decade supported by stable exchange rate, subdued oil prices, and stable domestic energy prices. Jakarta Composite Index (JCI) rallied in April post general election, where Jokowi emerged victorious. However, the gains were largely reversed in May due to trade tensions escalation. Growth outlook in Indonesia remains robust as the market expect accommodative monetary policy and post-election fiscal spending to boost the economy in the near term.

Similar to other ASEAN countries, Thailand reported its 1Q2019 GDP growth of 2.8%, the lowest in four years. The economic slowdown was attributed to the weak exports as US-China trade war escalated, lower public investment and a fall in Chinese tourists. Despite challenging economic environment, Thai equity market performed fairly well in 1H2019. Thai stocks rallied in June after Prime Minister Prayut reclaimed the premiership. The local stock market has garnered a boost of confidence as political risk subsided and economic policies are expected to continue.

Philippines' GDP growth for the 1st quarter of 2019 plunged to a 4-year low of 5.6%, below the government's target of 6% to 7% for the year. The government has in plan to implement a expedite on government investments to boost the economy. Amid challenges in the economy in the first half of the year, stock market registered a gain of 7.4%. In the second half, Philippines' stock market is expected to be well supported by its high corporate earnings of 10%-15%.

MIISOD40 Index posted an increase of 6.23% in the first half of the year. The Index hit the year low of 1,985.65 points on 17th May 2019 before it rebounded and closed at 2,125.28 points in June 2019.

Chart 3(a): MIISOD40 Index Performance in 1H2019



Sources: Bloomberg, i-VCAP

Going forward, uncertainties on trade war escalation and global economic slowdown is expected to continue hurting the sentiment of investors. ASEAN equity markets are expected to be volatile

in the near term. We expect MyETF-MSEAD to be less volatile and could potentially provide downside support during any uncertain market environment, backed by the dividend yielding feature of its constituent stocks.