

Manager's Report

For the Financial Period 1 July to 30 September 2014

Name of Fund	: MyETF MSCI Malaysia Islamic Dividend ("MyETF-MMID" or "the Fund")
Type of Fund	: Exchange Traded Fund
Fund Category	: Shariah-Compliant Equity
Commencement Date	: 17 March 2014
Listing Date	: 21 March 2014
Benchmark Index	: MSCI Malaysia IMI Islamic High Dividend Yield 10/40 Index ("MIMYDY40 Index" or "Benchmark Index")
Manager	: <i>i</i> -VCAP Management Sdn. Bhd. (" <i>i</i> -VCAP")

1. Investment Objective

MyETF-MMID 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

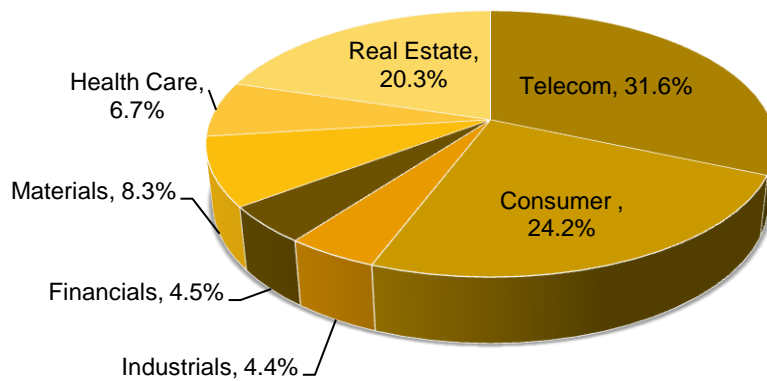
The Benchmark Index is a market capitalisation weighted and free-float adjusted index provided by MSCI Inc ("MSCI"). The Benchmark Index is designed as a performance benchmark for the high dividend-yielding companies of its Parent Index, i.e. the MSCI Malaysia IMI Islamic Index. The Benchmark Index shall consist between 16 to 30 Shariah-Compliant companies listed on Bursa Malaysia Securities Berhad ("Bursa Securities") with higher than the average dividend yield of the Parent Index and are deemed both sustainable and persistent by MSCI.

The weight of any single group or entity in the Benchmark Index is capped at 10% of the Index total market capitalisation and the sum of weights of all groups or entities representing more than 5% of the Index is capped at 40% of the Index total market capitalisation.

The Parent Index is a free-float adjusted market capitalisation weighted index that is designed to measure the equity market performance of Malaysia. The Parent Index and Benchmark Index consist only of Shariah-compliant securities which are approved by the MSCI Shariah Supervisory Committee (“MSSC”) based on the MSCI Islamic Index Series Methodology. The MSSC 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.

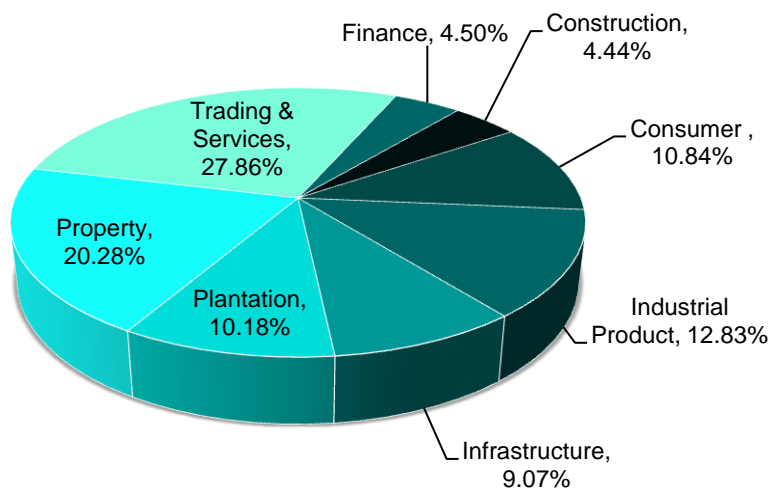
Based on the Fund’s quoted Investments as at 30 September 2014, the sector allocation of MIMYDY40 Index based on MSCI and Bursa Securities sector classifications are as follows:

Chart 1(a): Sector Classification – MSCI



Source: MSCI

Chart 1(b): Sector Classification - Bursa Securities



Sources: Bursa Malaysia, 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 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. MIMYDY40 Index. As at 30 September 2014, 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 Gross Return basis was 1.18% and 1.00% respectively, which were within the 3% limit stipulated under the Fund's investment objective.

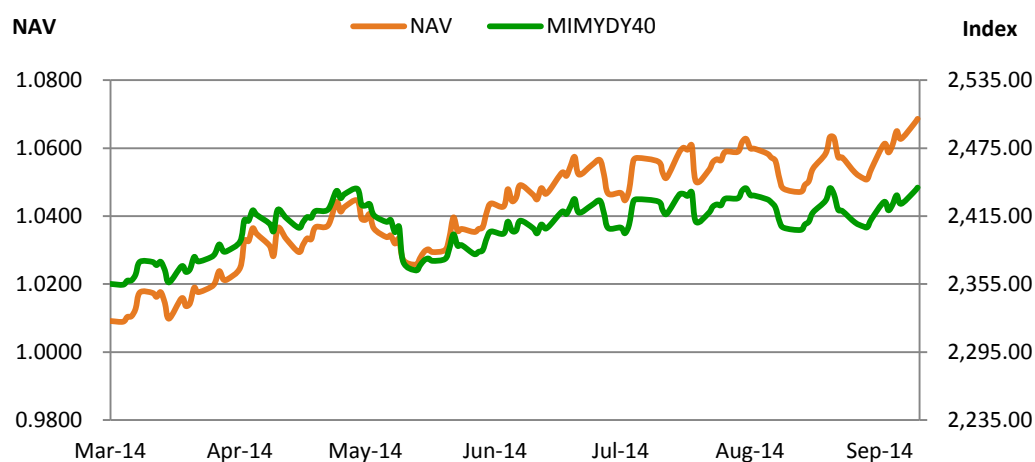
In terms of NAV movement, the Fund's NAV per unit increased by 2.13% to RM1.0686 from RM1.0463 at the end of the previous quarter, in line with its underlying benchmark, the MIMYDY40 Index which increased by 1.48% for the same period. The variance was largely due to the dividends that the Fund received during the quarter. 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 RM1.0600. As at end of September, total NAV of the Fund increased to RM23.08 million from RM22.60 million as at end of June with the Fund's units in circulation stood at 21.6 million. The key statistics and comparative performance of the Fund for the third quarter against the second quarter of 2014 are summarized as follows:

Table 1: Key Statistics

	As at 30-Sept-14	As at 30-Jun-14	Changes
NAV per unit (RM)	1.0686	1.0463	2.13%
- Highest	1.0686 (30 Sep)	1.0491 (27 Jun)	
- Lowest	1.0446 (22 Jul)	1.0098 (4 Apr)	
<i>(During the period)</i>			
Price per unit (RM)	1.0600	1.0400	1.92%
- Highest	1.0600 (11 Sep)	1.0400 (16 May)	
- Lowest	1.0250 (2 Jul)	1.0100 (4 Apr)	
<i>(During the period)</i>			
Units in Circulation	21,600,000	21,600,000	0.00%
Total NAV (RM)	23,081,923	22,599,189	2.14%
Market Capitalisation (RM)	22,896,000	22,464,000	1.92%
MIIMYD40 Index	2,440.11	2,404.45	1.48%
Tracking Error vs. Price Return MIIMYD4P Index (%)*	1.18	1.49	
Tracking Error vs. Gross Return MIIMYD4G Index (%)*	1.00	1.34	
Management Expense Ratio (%)	0.44	0.24	

Sources: Bloomberg, i-VCAP

* The tracking error (calculated since inception and on daily basis) between the NAV per unit of the Fund and the Price Return and Gross 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 2(a): Cumulative Returns*

	Cumulative Returns ^(b)		
	1-Month (%)	3-Month (%)	Since Inception (%)
MyETF- MMID - NAV Price Return ^(a)	1.97	2.13	6.86
MIMYDY40P - Price Return Index	1.47	1.48	4.49
MyETF- MMID - NAV Total Return ^(a)	1.97	2.13	6.86
MIMYDY40G - Gross Return Index	2.09	2.51	7.05

Sources: Bloomberg, i-VCAP

(a) Independently verified by Novagni Analytics and Advisory Sdn. Bhd.

(b) Cumulative returns are up to 30 September 2014

*Listing date was on 21 March 2014

Table 2(b): Average Returns (Annualised)*

	Average Returns ^(b)		
	1-Month (%)	3-Month (%)	Since Inception (%)
MyETF- MMID - NAV Price Return ^(a)	26.31	8.80	13.08
MIMYDY40P - Price Return Index	19.17	6.07	8.47
MyETF- MMID - NAV Total Return ^(a)	26.31	8.80	13.08
MIMYDY40G - Gross Return Index	28.21	10.45	13.45

Sources: Bloomberg, i-VCAP

(a) Independently verified by Novagni Analytics and Advisory Sdn. Bhd.

(b) Average returns for MIMYDY40P Index and MIMYDY40G Index are annualized figures computed based on the price and total returns for the respective period.

* Listing date was on 21 March 2014

During the period under review, the MSCI Malaysia IMI Islamic Index, which is the Parent Index of MIMYDY40 Index performed its quarterly review. As a result of the review, the weightings of the stocks in the Benchmark Index have changed. The Manager had undertaken a rebalancing exercise to align the Fund with the changes in the weightings of the Benchmark Index. The quarterly review which was implemented after the close of trading on 29 August 2014 resulted in changes to the weightings of the component stocks in the Benchmark Index whilst there was no change in the index constituents. The rebalancing exercise saw 10 stocks had their weightings decreased whilst 11 stocks saw an increase.

Notable changes to the Fund's sector composition arising from the quarterly review were the increase in Consumer Products sector from 6.12% to 10.47% and Property sector from 19.18% to 20.69%. On the other hand, the Trading and Services sector decreased from 32.25% to 27.42% and Plantation sector from 10.41% to 9.58% at the end of the third quarter. Details of the key changes for the quarter are as follows:

Table 3: Top Ten Holdings of the Fund as at 30 September 2014

Stock	% of NAV	Q-o-Q Δ (% holdings)
1. DiGi.Com Berhad	9.22	0.02
2. Axiata Group Berhad	9.00	0.15
3. Maxis Berhad	8.83	(0.04)
4. UMW Holdings Berhad	8.80	4.70
5. Sunway Berhad	4.91	0.49
6. Telekom Malaysia Berhad	4.64	(4.31)
7. Top Glove Corporation Berhad	4.63	0.40
8. UOA Development Berhad	4.47	0.28
9. Scientex Berhad	4.43	0.77
10. Mah Sing Group Berhad	4.42	(0.05)
Total	63.35	2.41

Sources: Bloomberg, i-VCAP

Table 4: Fund's Sector Allocation *

	As at 30-Sept-14	As at 30-Jun-14	Change (%)
Trading/Services	27.42%	32.25%	(4.83)
Property	20.69%	19.18%	1.51
Industrial Products	13.45%	12.51%	0.94
Consumer Products	10.47%	6.12%	4.35
Plantation	9.58%	10.41%	(0.86)
Infrastructure	9.22%	9.20%	0.02
Finance	4.35%	4.46%	(0.11)
Construction	4.16%	4.47%	(0.31)
Cash & Others	0.66%	1.40%	(0.74)

Sources: Bursa Malaysia, i-VCAP

* Based on Bursa Securities classification

Details of the Fund's quoted Investments as at 30 September 2014 are as follows:

Table 5: MyETF-MMID's Investment in Listed Equities

	Quantity (Units)	Market Value (RM)	Market Value as a percentage of Net Asset Value (%)
<u>Trading/Services</u>			
1. Axiata Group Berhad	296,900	2,078,300	9.00
2. Maxis Berhad	314,600	2,038,608	8.83
3. Telekom Malaysia Berhad	162,300	1,071,180	4.64
4. Oldtown Berhad	357,200	635,816	2.75
5. Pharmaniaga Berhad	109,800	508,374	2.20
		6,332,278	27.42
<u>Property</u>			
6. Sunway Berhad	329,600	1,133,824	4.91
7. UOA Development Berhad	489,000	1,031,790	4.47
8. Mah Sing Group Berhad	419,400	1,019,142	4.42
9. Matrix Concepts Holdings Berhad	311,750	1,013,188	4.39
10. Glomac Berhad	505,600	576,384	2.50
		4,774,328	20.69
<u>Industrial Products</u>			
11. Top Glove Corporation Berhad	215,900	1,068,705	4.63
12. Scientex Berhad	137,400	1,022,256	4.43
13. Lafarge Malaysia Berhad	98,300	1,012,490	4.39
		3,103,451	13.45
<u>Consumer Products</u>			
14. UMW Holdings Berhad	165,600	2,030,256	8.80
15. Zhulian Corporation Berhad	159,600	386,232	1.67
		2,416,488	10.47
<u>Plantation</u>			
16. Felda Global Ventures Holdings Berhad	265,900	938,627	4.07
17. TDM Berhad	884,700	827,195	3.58
18. Kim Loong Resources Berhad	158,400	445,104	1.93
		2,210,926	9.58
<u>Infrastructure</u>			
19. DiGi.Com Berhad	363,900	2,128,815	9.22
		2,128,815	9.22
<u>Finance</u>			
20. Syarikat Takaful Malaysia Berhad	81,000	1,004,400	4.35
		1,004,400	4.35
<u>Construction</u>			
21. WCT Holdings Berhad	444,804	960,777	4.16
		960,777	4.16
		22,931,462	99.34

Sources: Bursa Malaysia, 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 quarter, 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

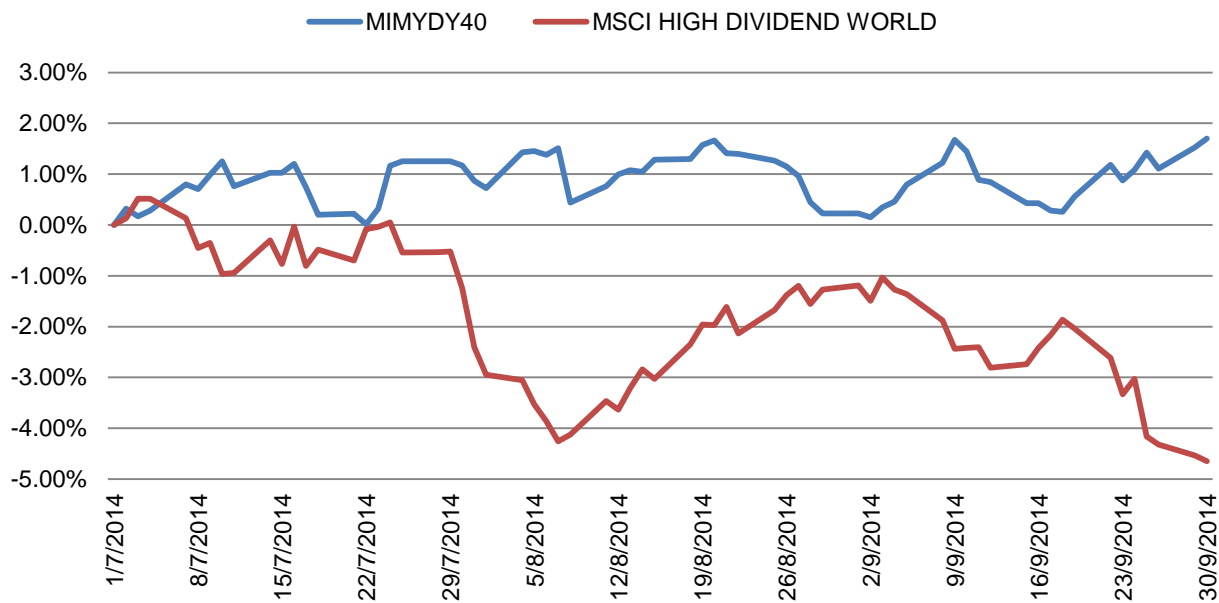
It is the Manager's policy to not receive any goods or services by way of soft commission.

8. Market Review and Outlook

Global equity markets continued their upward trend at the start of the third quarter with several markets registering new all time highs. However, the rally was short lived as lack of fresh leads coupled with mixed news on corporate earnings and disappointing economic numbers particularly in the Eurozone area pulled the market lower. Equity markets managed to stage a rebound in mid August but lost momentum towards quarter end due to the heightened geopolitical risks and concerns over how the end of the Federal Reserve's easy monetary policy might affect the markets.

The defensive local equity market started the quarter positively but retraced sharply till mid August largely due to lack of fresh leads as well as profit taking activities. The market however, rebounded following BNM's announcement of Malaysia's second quarter Growth Domestic Product (GDP) that grew by 6.4%, faster than widely expected due to strong export growth and robust private domestic demand. The rally was short lived in September in line with the unfavourable global equity market condition coupled with the softening of Ringgit against the US Dollar and weakening commodity prices.

Chart 3: MIMYDY40 Index Performance against MSCI World High Dividend Index in 3Q14

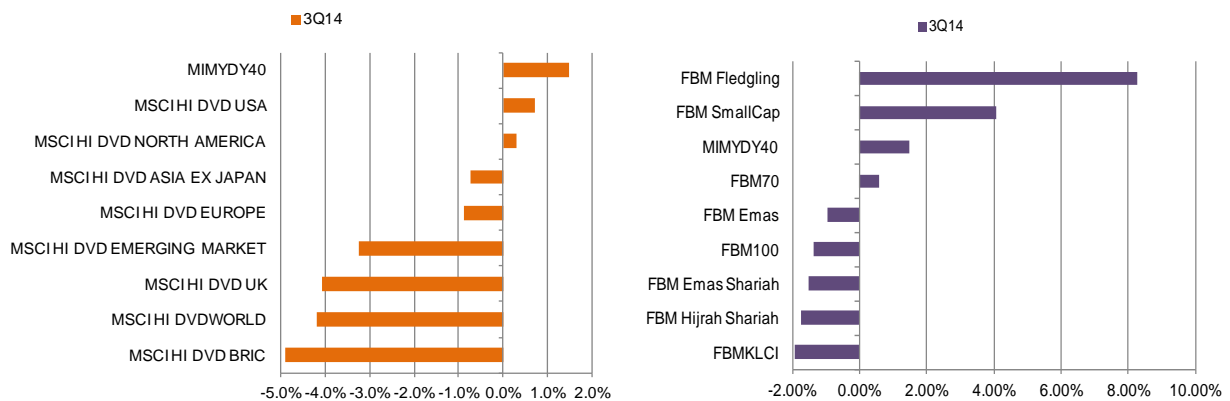


Sources: Bloomberg, i-VCAP

Despite the generally weak performance of the overall equity market, MIMYDY40 Index was resilient and performed relatively better in the third quarter. The Benchmark Index traded within a tight range of between 2,400 to 2,440 points level as investors preference for dividend yielding stocks as well as selective mid-cap stocks helped the index to weather through the volatility during the period. The MIMYDY40 Index closed the quarter at 2,440.11 points, an increase of 1.48% quarter-on-quarter and was among the domestic index outperformers during the quarter.

On comparative performance within MSCI High Dividend Yield index series, the MIMYDY40 Index was the best index performer amongst the major global equity benchmark indices during the period under review. On the domestic front, the MIMYDY40 Index outperformed most big to mid-cap indices but trailed the broader FBM Small Cap and FBM Fledgling indices.

Chart 4: Comparative Performance of MSCI High Dividend Yield Indices and Domestic Indices (3Q 2014)



Sources: Bloomberg, i-VCAP

Moving forward, despite a softer economic performance in most major countries, the outlook for the global economy suggested a cautiously positive undertone for fourth quarter 2014. Whilst global economic condition may improve following positive signs on U.S economic growth, the moderating growth in China and stalled economies in Eurozone may dampen the outlook.

On the local front, Malaysian equity market is expected to remain positive given the ample liquidity and stable economic condition. The strength in export goods and moderate growth in private sector consumption will be the key support to the economic activities which could lead to the achievement of GDP growth forecast of around 5.0% in 2015. Given the cautious positive outlook for domestic equity market, MIMYDY40 Index should ride on any uptrend in the medium term. Investors' preference for dividend yielding stocks may also keep the MIMYDY40 Index to remain resilient during market volatilities.