

Manager's Report

For the Financial Period 1 July to 30 September 2017

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-Compliant Equity
Commencement Date	: 22 January 2008
Benchmark Index	: Dow Jones Islamic Market Malaysia Titans 25 Index (“DJIM25 Index”)
Manager	: <i>i</i> -VCAP Management Sdn. Bhd. (“ <i>i</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

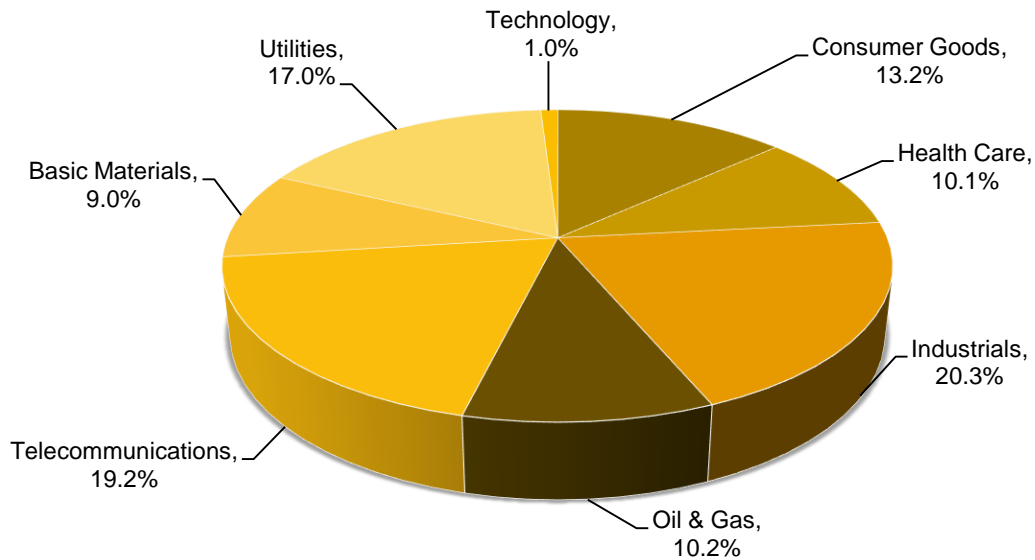
The Benchmark Index is a market capitalisation weighted and free-float adjusted index provided by S&P Dow Jones Indices (“S&P Dow Jones”).

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 S&P Dow Jones to screen stocks for compliance with the Shariah.

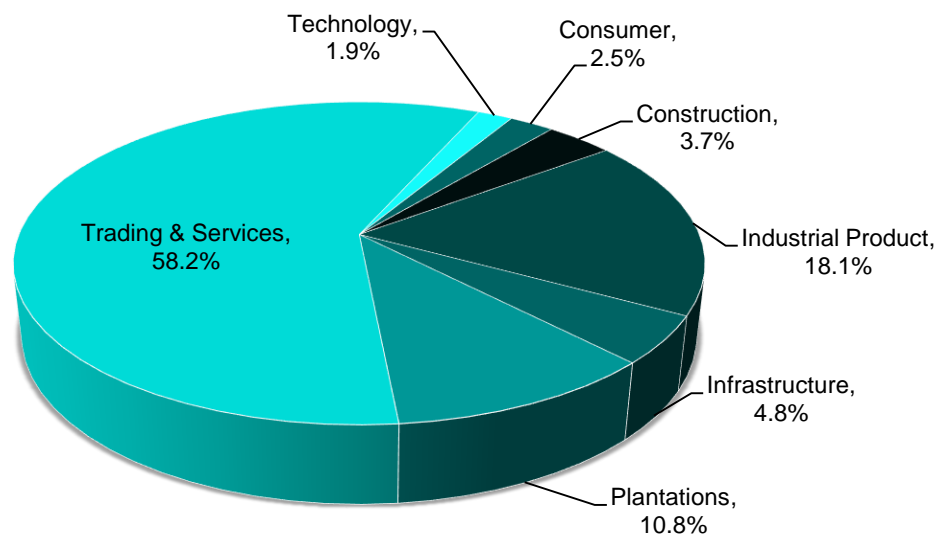
Based on the latest quarterly review (as at 15 September 2017), the sector allocation of DJIM25 Index based on S&P Dow Jones and Bursa Securities sector classifications are as follows:

Chart 1(a): Sector Classification – S&P Dow Jones



Source: S&P Dow Jones

Chart 1(b): Sector Classification - Bursa Securities



Sources: Bursa Malaysia, S&P 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 continued to achieve its investment objective which is to track closely the underlying Benchmark Index, i.e. DJIM25 Index. As at 30 September 2017, the 3-year rolling tracking error¹ between the NAV per unit of the Fund and the Benchmark Index on Price Return and Total Return basis was 0.66% and 0.38% 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 marginally by 0.66% to RM1.1059 from RM1.0987 at the end of the previous quarter. Meanwhile, the Benchmark Index increased by 0.30% while Benchmark's Total Return Index (DJIM25T Index) increased by 0.83% for the same period. The Fund had a volatile start with its NAV and price per unit retraced to its low for the quarter of RM1.0891 and RM1.0700 on 11 Aug and 7 Aug respectively. The Fund however, managed to regain some lost ground to close the quarter at RM1.1059 per unit. For the period, 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 RM1.1000.

As at end of September, total units in circulation for the Fund remains at 277.9 million. The Fund's total NAV increased to RM307.32 million from RM305.32 million as at end of June. The key statistics and comparative performance of the Fund as compared to the previous quarter are summarised as follows:

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

Table 1: Key Statistics

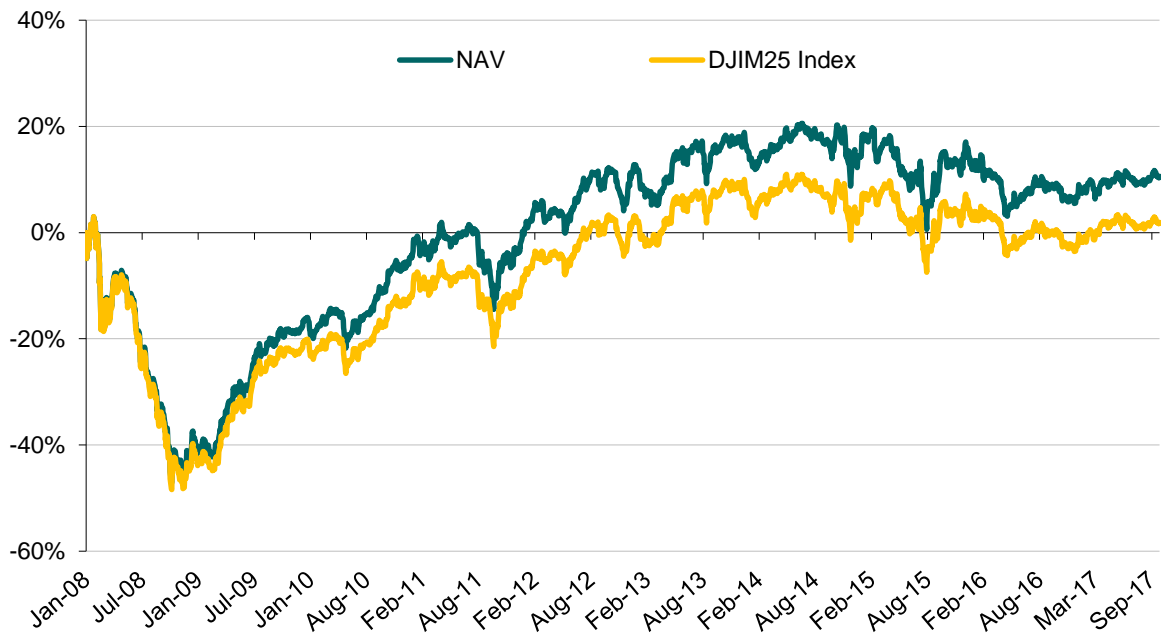
	As at 30-Sep-17	As at 30-Jun-17	QoQ Change
NAV per unit (RM) [#]	1.1059	1.0987	0.66%
- Highest	1.1171 (12 Sep)	1.1165 (9 Jun)	
- Lowest	1.0891 (11 Aug)	1.0858 (14 Apr)	
<i>(During the period)</i>			
Price per unit (RM) [#]	1.1000	1.1050	-0.45%
- Highest	1.1100 (10 Jul)	1.1050 (16 May)	
- Lowest	1.0700 (7 Aug)	1.0800 (6 Apr)	
<i>(During the period)</i>			
Units in Circulation	277,900,000	277,900,000	0.00%
Total NAV (RM)	307,320,418	305,316,375	0.66%
Market Capitalisation (RM)	305,690,000	307,079,500	-0.45%
DJIM25 Index	982.78	979.88	0.30%
DJIM25T Index	1,382.40	1,371.00	0.83%
Tracking Error vs. Price Return DJIM25 Index (%) [*]	0.66	0.60	
Tracking Error vs. Total Return DJIM25 Index (%) [*]	0.38	0.25	
Management Expense Ratio (%)	0.16	0.14	

Sources: Bloomberg, i-VCAP

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

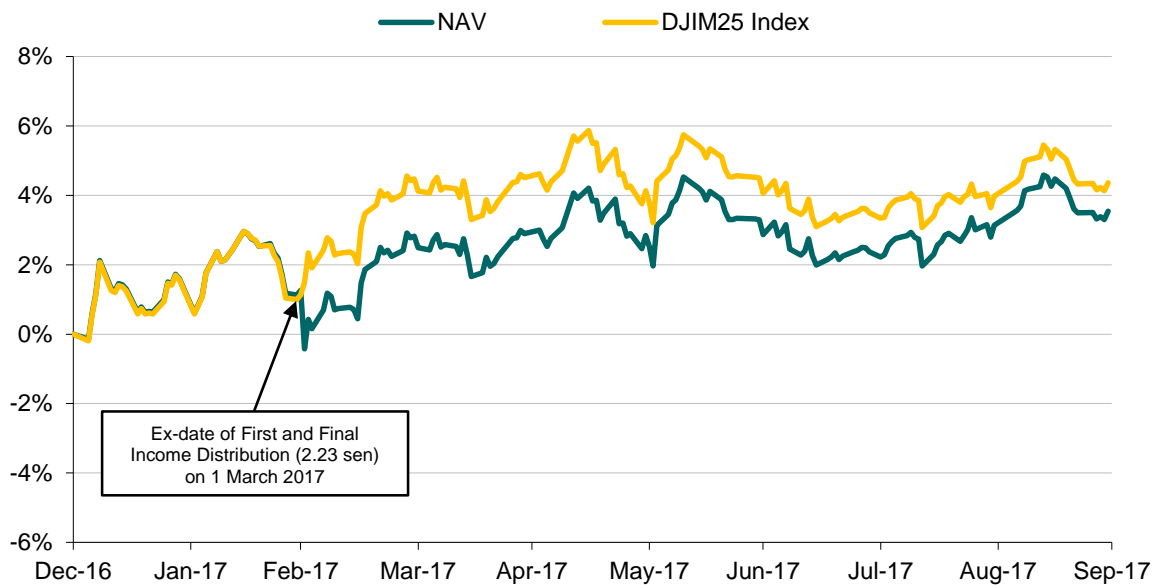
^{*} The 3-year rolling tracking error between the NAV per unit of the Fund and the Price Return and Total Return Benchmark Index. The calculation was independently sourced from Novagni Analytics and Advisory Sdn. Bhd.

Chart 2 (a): Fund NAV Per Unit vs. Benchmark Index – Performance Since Inception



Sources: Bloomberg, i-VCAP

Chart 2(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 (%)	2014 (%)	2013 (%)
MyETF-DJIM25 - NAV Price Return ^(a)	3.54	(8.78)	1.78	(2.95)	5.13
DJIM25 - Price Return Index	4.37	(8.91)	2.79	(4.90)	6.39
MyETF-DJIM25 - NAV Total Return ^(a)	5.71	(6.82)	4.69	(1.52)	8.82
DJIM25 - Total Return Index	6.19	(6.30)	5.63	(1.62)	9.82

Sources: Bloomberg, i-VCAP

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

Table 2(b): Cumulative Returns

	Cumulative Returns ^(b)			
	1-Year (%)	3-Year (%)	5-Year (%)	Since Inception (%)
MyETF-DJIM25 - NAV Price Return ^(a)	2.32	(5.93)	(0.03)	10.59
DJIM25 - Price Return Index	2.51	(5.04)	0.14	1.92
MyETF-DJIM25 - NAV Total Return ^(a)	4.47	0.91	12.64	31.95
DJIM25 - Total Return Index	5.13	2.96	15.92	43.37

Sources: Bloomberg, i-VCAP

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

(b) Cumulative returns are up to 30 September 2017.

Table 2(c): Average Returns (Annualised)

	Average Returns ^(b)			
	1-Year (%)	3-Year (%)	5-Year (%)	Since Inception (%)
MyETF-DJIM25 - NAV Price Return ^(a)	2.32	(1.97)	-0.01	1.09
DJIM25 - Price Return Index	2.51	(1.68)	0.03	0.20
MyETF-DJIM25 - NAV Total Return ^(a)	4.47	(0.30)	2.53	3.29
DJIM25 - Total Return Index	5.13	0.99	3.18	4.46

Sources: Bloomberg, i-VCAP

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

(b) Average returns for both DJIM25 Price Return Index and DJIM25 Total Return Index are annualized figures computed based on the price and total returns for the respective period.

During the period under review, S&P Dow Jones performed its Third Quarter 2017 Review (quarterly review) in September and rebalanced the composition of the Benchmark Index in accordance with its index methodology. The review 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, Nestle Malaysia Berhad and Unisem Malaysia Berhad were included while Kossan Rubber Industries Berhad and Bermaz Auto Berhad were removed from the Fund.

In terms of sectoral weightings, there were no major changes after the rebalancing. Trading/Services maintained the top sector exposure with 58.11% (from 59.61% in 2Q2017) followed by Industrial Products increased to 18.22 from 16.77% as at end-June. Details of the key changes for the quarter are as follows:

Table 3: Top Ten Holdings of the Fund as at 30 September 2017

Stock	% of NAV
1. Tenaga Nasional Berhad	16.83%
2. Sime Darby Berhad	10.02%
3. Axiata Group Berhad	9.03%
4. IHH Healthcare Berhad	7.23%
5. Petronas Chemicals Group Berhad	6.06%
6. IOI Corporation Berhad	5.28%
7. Digi.Com Berhad	4.84%
8. Kuala Lumpur Kepong Berhad	4.54%
9. Telekom Malaysia Berhad	4.22%
10. Gamuda Berhad	3.70%
Total	71.75%

Sources: Bloomberg, i-VCAP

Table 4: Change in Fund's Sector Allocation*

	As at 30-Sep-17	As at 30-Jun-17	Change (%)
Trading/Services	58.11%	59.61%	-1.50%
Industrial Products	18.22%	16.77%	1.45%
Plantation	10.63%	12.31%	-1.68%
Infrastructure	4.84%	5.65%	-0.81%
Construction	3.70%	3.77%	-0.07%
Consumer Products	2.48%	0.90%	1.58%
Technology	1.91%	0.82%	1.09%
Cash & Others	0.11%	0.17%	-0.06%

Sources: Bursa Malaysia, i-VCAP

* Based on Bursa Securities classification

Details of the Fund's quoted Investments as at 30 September 2017 are as follows:

Table 5: MyETF-DJIM25's Investment in Listed Equities

	Quantity (Units)	Market Value (RM)	Market Value as a percentage of Net Asset Value (%)
<u>Trading/Services</u>			
1. Tenaga Nasional Berhad	3,611,400	51,715,248	16.83
2. Sime Darby Berhad	3,413,000	30,785,260	10.02
3. Axiata Group Berhad	4,238,500	22,209,740	7.23
4. IHH Healthcare Berhad	3,239,900	18,629,425	6.06
5. Telekom Malaysia Berhad	2,144,200	13,937,300	4.54
6. Dialog Group Berhad	5,379,100	10,758,200	3.50
7. Maxis Berhad	1,630,800	9,458,640	3.08
8. Petronas Dagangan Berhad	386,500	9,399,680	3.06
9. My E.G Services Berhad	2,880,600	5,905,230	1.92
10. Westports Holdings Berhad	1,509,800	5,752,338	1.87
		178,551,061	58.11
<u>Industrial Products</u>			
11. Petronas Chemicals Group Berhad	3,807,000	27,753,030	9.03
12. Petronas Gas Berhad	604,200	10,815,180	3.52
13. Hartalega Holdings Berhad	1,001,600	6,971,136	2.27
14. Top Glove Corporation Berhad	957,400	5,313,570	1.73
15. Lafarge Malaysia Berhad	399,200	2,698,592	0.88
16. Cahya Mata Sarawak Berhad	607,200	2,434,872	0.79
		55,986,380	18.22
<u>Plantation</u>			
17. IOI Corporation Berhad	3,576,200	16,235,948	5.28
18. Kuala Lumpur Kepong Berhad	528,200	12,972,592	4.22
19. Genting Plantations Berhad	338,400	3,485,520	1.13
		32,694,060	10.63
<u>Infrastructure</u>			
20. Digi.Com Berhad	3,035,700	14,874,930	4.84
		14,874,930	4.84
<u>Construction</u>			
21. Gamuda Berhad	2,152,900	11,367,312	3.70
		11,367,312	3.70
<u>Consumer Products</u>			
22. Nestle (Malaysia) Berhad	56,900	4,825,120	1.57
23. Fraser & Neave Holdings Berhad	113,400	2,796,444	0.91
		7,621,564	2.48
<u>Technology</u>			
24. Inari Amertron Berhad	1,219,300	3,097,022	1.01
25. Unisem (M) Berhad	730,300	2,753,231	0.90
		5,850,253	1.91
		306,945,560	99.89

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) shall be made semi-annually 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

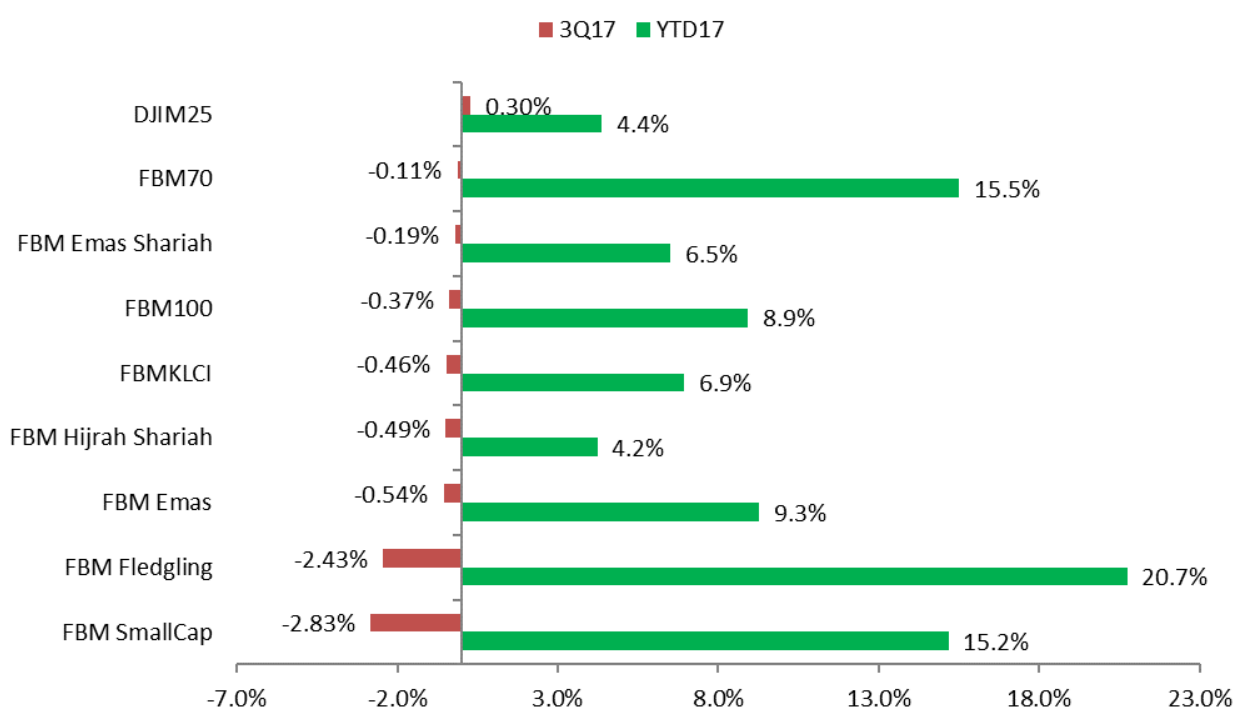
The global economy continues to strengthen with growth becoming more entrenched and synchronised across countries. Growth in global merchandise trade, which includes manufactured goods and commodities, has picked up since last year. In the advanced economies, both consumption and investment continue 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 geopolitical 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.

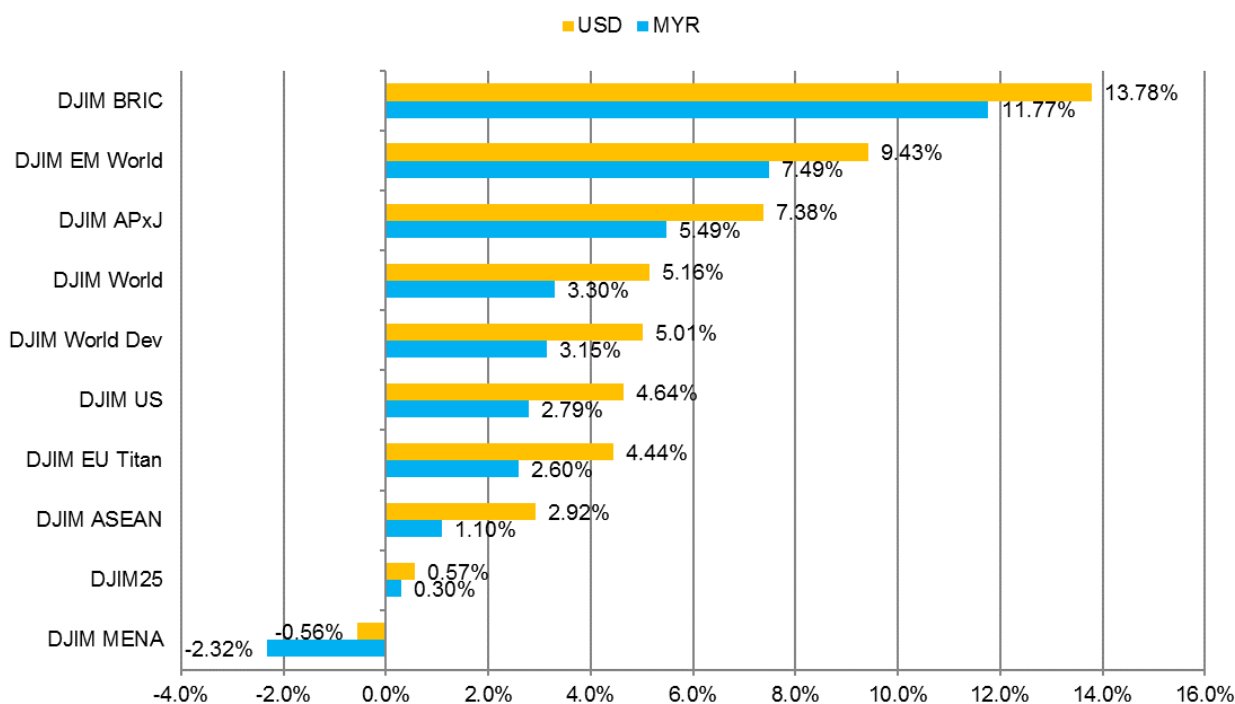
Despite positive performances in most ASEAN equity markets, the domestic equity market continued to consolidate in the third quarter. Sentiment nonetheless improved on the back of positive economic data with real gross domestic product (GDP) accelerating further in 2Q2017 to 5.8% (1Q2017: 5.6%) attributed to strong private consumption and net exports growth. Growth in private consumption during the quarter was underpinned by robust demand in staple items i.e. F&B, communication and restaurants & hotels. Meanwhile, investment growth moderated back to single digit growth, largely due to contraction in public investment.

The DJIM25 Index had a volatile start to the third quarter before reaching a high of 992.96 points on 12 September. The Benchmark Index however, retraced thereafter to close the quarter at 982.78 points, translating to an increase of 0.30% q-o-q. The DJIM25 Index was the top performer against other local benchmark indices in 3Q2017 attributed to the positive performance of telecommunication, utility and technology stocks in the Benchmark Index. Meanwhile, on comparative performance within Dow Jones Islamic Market (“DJIM”) index series (based in MYR), the DJIM25 Index lagged most of the other major regional Islamic equity benchmark indices.

Chart 3: DJIM25 Index Performance in 3Q2017 against Local Indices



Sources: Bloomberg, i-VCAP

Chart 4: DJIM25 Index Performance in 3Q2017 against DJIM Index Series

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.

Domestic equity market is projected to ride on a sustained economic growth path of 4.5-5.5% in 2017, on the back of improving macroeconomic data, especially domestic consumption recovery, robust export growth and continued government spending on infrastructure. In addition, Budget 2018 has lived up to expectations with a number of wide ranging initiatives which will support the nascent recovery in consumer sentiment and consumption such as personal income tax cuts, various cash handouts and increase in civil servants' overall emoluments. The sustainable and balanced economic growth may help to support the outlook for Malaysia's sovereign ratings which in turn should improve sentiment in the equity market going forward. With positive sentiment coming back into key sectors that drive domestic economic growth, MyETF-DJIM25 should provide a good proxy for investors who may want exposure into Malaysia's big-cap stocks.