

Manager's Report

For the Financial Period 1 January to 31 March 2013

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

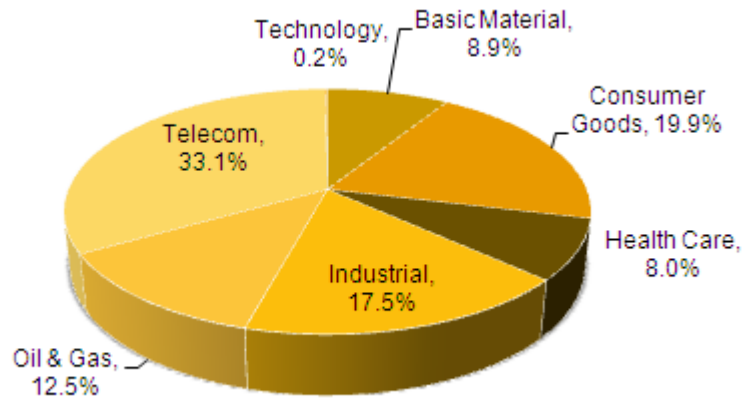
The Benchmark Index is a market capitalisation weighted and free-float adjusted index provided by S&P Dow Jones Indices (“S&P Dow Jones”).

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.

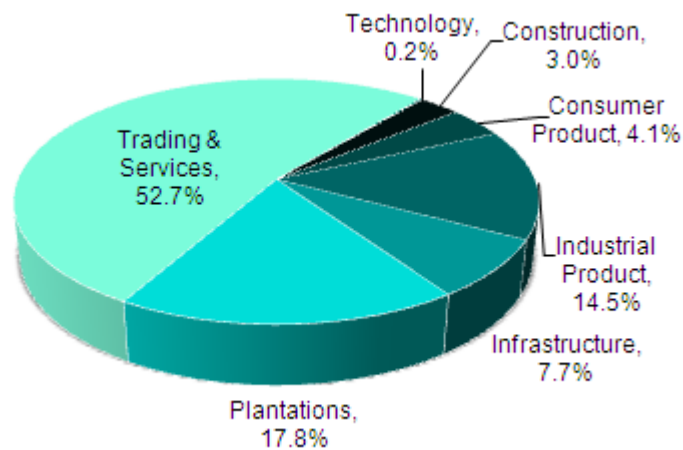
Based on the latest quarterly review (as at 7 March 2013), the sector allocation of DJIM25 Index based on S&P Dow Jones and Bursa Securities sector classifications are as follows:

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, i.e. DJIM25 Index. As at 31 March 2013, 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 was 1.76% and 1.55% 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 had decreased by 4.57% to RM1.0761 from RM1.1276 at the end of the previous quarter. Correspondingly, the DJIM25 Index had depreciated by 3.01% for the same period. The variance between the DJIM25 Index and Fund's NAV movement was largely due to the adjustment to the Fund's NAV following the Fund's income distribution, which was declared and paid during the quarter. The Fund's NAV per unit hit a high of RM1.1279 on 3 January 2013 before retracing to reach its low of RM1.0516 for the quarter on 18 March 2013. Meanwhile, the Fund's unit price traded on Bursa Malaysia Securities moved in tandem with the NAV before closing the quarter at RM1.08. In early February, the Fund had announced a final income distribution for FY2012 of 2.3 sen per unit with the ex-date on 27 February 2013 and payable on 26 March 2013. In line with the weak performance of the broad local equity markets for the period, the Fund's total NAV decreased by 4.71% to RM278.82 million from RM292.61 million. Details of the Fund's key statistics and performance are as follows:

Table 1: Key Statistics

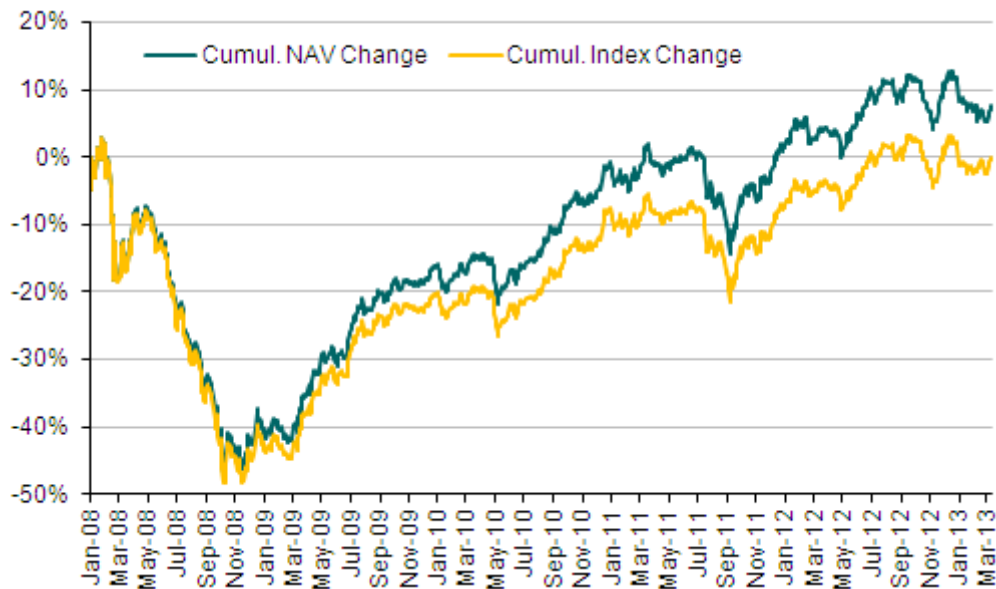
	As at 31-Mar-13	As at 31-Dec-12	QoQ Change (%)
NAV per unit (RM)	1.0761	1.1276	-4.57
- Highest	1.1279 (3 Jan)	1.1276 (31 Dec)	
- Lowest	1.0516 (18 Mar)	1.041 (27 Nov)	
<i>(During the period)</i>			
Price per unit (RM)	1.080	1.120	-3.57
- Highest	1.13 (7 Jan)	1.120 (31 Dec)	
- Lowest	1.06 (7 Feb)	1.04 (27 Nov)	
<i>(During the period)</i>			
Units in Circulation	259,100,000	259,500,000	-0.15
Total NAV (RM)	278,826,132	292,616,889	-4.71
Market Capitalisation (RM)	279,828,000	290,640,000	-3.72
DJIM25 Index	964.20	994.11	-3.01
Tracking Error vs. Price Return DJIM25 Index (%)*	1.76	1.51	
Tracking Error vs. Total Return DJIM25 Index (%)*	1.55	1.26	
Management Expense Ratio (%)	0.13	0.12	

Sources: Bloomberg, i-VCAP

Unit price and net asset value per unit are shown as ex-income distribution

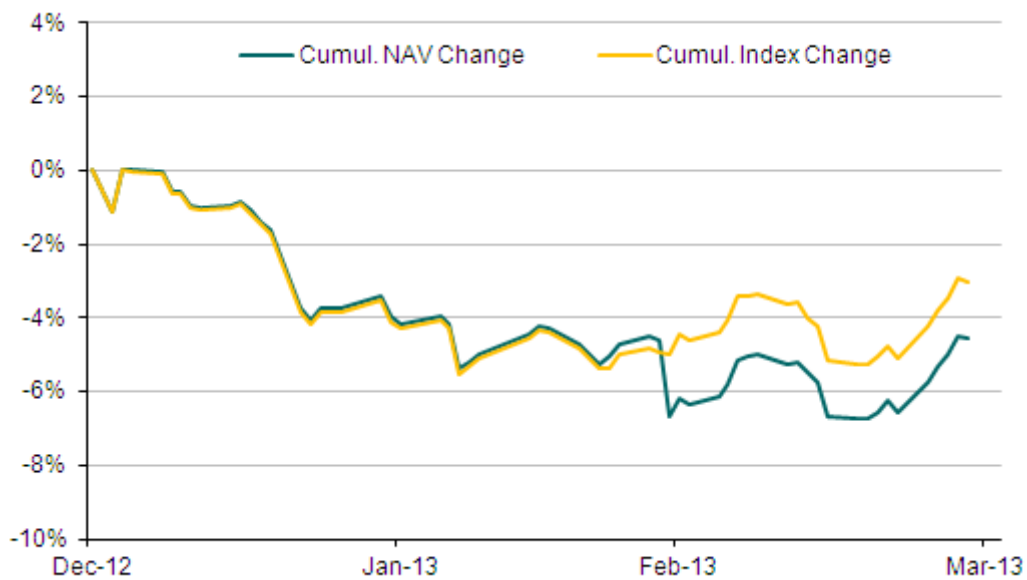
* The tracking error (calculated since inception and on daily basis) between the NAV per unit of the Fund and the Price Return and Total Return Benchmark Index

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



*Price Return Index
Sources: Bloomberg, i-VCAP

Chart 2(b): Fund NAV Per Unit vs. Benchmark Index – Performance in 2013



*Price Return Index
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 31 Mar 13 (%)	2012 (%)	2011 (%)	2010 (%)	2009 (%)
MyETF-DJIM25 - NAV Price Return ^(a)	(4.57)	12.49	5.27	16.29	40.95
DJIM25 - Price Return Index	(3.01)	12.56	4.26	12.81	39.46
MyETF-DJIM25 - NAV Total Return ^(a)	(2.48)	15.78	7.48	16.29	42.05
DJIM25 – Total Return Index	(2.40)	16.70	8.04	17.33	45.03

Sources: Bloomberg, i-VCAP

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

Table 2(b): Cumulative Returns

	Cumulative Returns ^(b)			
	1-Year (%)	3-Year (%)	5-Year (%)	Since Inception (%)
MyETF-DJIM25 - NAV Price Return ^(a)	3.61	27.26	23.32	7.61
DJIM25 - Price Return Index	4.29	25.28	15.00	(0.01)
MyETF-DJIM25 - NAV Total Return ^(a)	7.10	36.65	33.45	16.45
DJIM25 – Total Return Index	7.94	39.44	40.85	23.22

Sources: Bloomberg, i-VCAP

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

(b) Cumulative returns are up to 31 March 2013.

Table 2(c): Average Returns (Annualised)

	Average Returns ^(b)			
	1-Year (%)	3-Year (%)	5-Year (%)	Since Inception (%)
MyETF-DJIM25 - NAV Price Return ^(a)	3.61	8.37	4.28	1.42
DJIM25 - Price Return Index	4.29	7.80	2.84	-
MyETF-DJIM25 - NAV Total Return ^(a)	7.10	10.97	5.94	2.98
DJIM25 – Total Return Index	7.94	11.72	7.09	4.11

Sources: Bloomberg, i-VCAP

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

(b) Average returns for both MyETF-DJIM25 and DJIM25 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 First Quarter 2013 Review (quarterly review) 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 Benchmark Index. The Manager had undertaken the rebalancing exercise to align the Fund with the changes in the Benchmark Index. The latest rebalancing exercise saw the removal of one stock from the DJIM25 Index, i.e. SP Setia Bhd which was subsequently replaced by IHH Healthcare Bhd. In terms of sectoral weightings, notable changes to the Fund's sector composition arising from the quarterly review were the increase in Trading/Services to 52.72% from 48.53% and the decline in Plantation from 19.00% to 17.41%. The removal of SP Setia Bhd from the Benchmark Index also resulted in the property sector no longer being represented in the Benchmark Index. Details of the changes for the quarter are as follows:

Table 3: Top Ten Holdings of the Fund as at 31 March 2013

Stock	% of NAV	Q-o-Q Δ (% holdings)
1. Sime Darby Bhd	12.70	(0.40)
2. Axiata Group Bhd	11.75	(0.03)
3. Maxis Bhd	8.37	(0.19)
4. IOI Corporation Bhd	7.71	(0.73)
5. Digi. Com Bhd	6.98	(1.03)
6. Petronas Chemicals Group Bhd	6.72	(0.02)
7. IHH Healthcare Bhd	5.84	5.84
8. Telekom Malaysia Bhd	5.38	(0.68)
9. Kuala Lumpur Kepong Bhd	5.22	(0.79)
10. Petronas Gas Bhd	4.50	(0.14)
Top Ten Holdings' Total	75.17	1.82

Sources: Bloomberg, i-VCAP

Table 4: Change in Fund's Sector Allocation*

	As at 31 Mar 2013	As at 31 Dec 2012	Change (%)
Trading/Services	52.72%	48.53%	4.19
Plantations	17.41%	19.00%	(1.59)
Industrial Products	14.34%	14.53%	(0.19)
Infrastructure	7.56%	8.59%	(1.02)
Construction	3.02%	2.73%	0.29
Consumer Products	4.00%	3.59%	0.40
Property	0.00%	1.49%	(1.49)
Technology	0.16%	0.19%	(0.03)
Cash & Others	0.80%	1.35%	(0.56)

Sources: Bursa Malaysia, i-VCAP

* Based on Bursa Securities classification

Details of the Fund's quoted Investments as at 31 March 2013 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. Sime Darby Bhd	3,819,900	35,410,473	12.70
2. Axiata Group Bhd	4,965,600	32,772,960	11.75
3. Maxis Bhd	3,575,500	23,348,015	8.37
4. IHH Healthcare Bhd	4,352,400	16,277,976	5.84
5. Telekom Malaysia Bhd	2,785,600	15,014,384	5.38
6. Petronas Dagangan Bhd	378,900	8,752,590	3.14
7. Bumi Armada Bhd	1,396,100	5,249,336	1.88
8. Dialog Group Bhd	2,232,697	5,269,165	1.89
9. Malaysia Marine & Heavy Engineering Bhd	635,700	2,396,589	0.86
10. KPJ Healthcare Bhd	419,900	2,494,206	0.89
		146,985,694	52.72
<u>Plantation</u>			
11. IOI Corporation Bhd	4,592,439	21,492,615	7.71
12. Kuala Lumpur Kepong Bhd	695,500	14,549,860	5.22
13. Batu Kawan Bhd	318,700	5,768,470	2.07
14. Genting Plantations Bhd	373,500	3,230,775	1.16
15. United Plantations Bhd	129,000	3,508,800	1.26
		48,550,520	17.41
<u>Industrial Products</u>			
16. Petronas Chemicals Group Bhd	2,924,000	18,742,840	6.72
17. Petronas Gas Bhd	660,300	12,545,700	4.50
18. Lafarge Malayan Cement Bhd	459,100	4,572,636	1.64
19. Top Glove Corp Bhd	558,800	3,017,520	1.08
20. Supermax Corp Bhd	604,200	1,099,644	0.39
		39,978,340	14.34
<u>Infrastructure</u>			
21. Digi.Com Bhd	4,200,900	19,450,167	6.98
22. Time Dotcom Bhd	409,140	1,636,560	0.59
		21,086,727	7.56
<u>Consumer Products</u>			
23. UMW Holdings Bhd	835,500	11,145,570	4.00
		11,145,570	4.00
<u>Construction</u>			
24. Gamuda Bhd	2,082,200	8,412,088	3.02
		8,412,088	3.02
<u>Technology</u>			
25. JCY International Bhd	844,900	443,573	0.16
		443,573	0.16
		276,602,511	99.20

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 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, a final income distribution for the Financial Year Ended 31 December 2012 of 2.30 sen per unit was declared on 8 February 2013 with the ex-date on 27 February 2013 and entitlement date on 1 March 2013. The final income distribution was paid on 26 March 2013. Based on the number of entitled unit holders, the Fund distributed a total amount of RM5,959,300.

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.

During the quarter, i-VCAP was notified on the upcoming name change of OSK Investment Bank Berhad ("OSK Investment Bank"), a Participating Dealer ("PD") of MyETF-DJIM25 to RHB Investment Bank Berhad ("RHB Investment Bank") following the merger of businesses between OSK Investment Bank and RHB Investment Bank. The merged entity would operate under the name of RHB Investment Bank with effect from 13 April 2013.

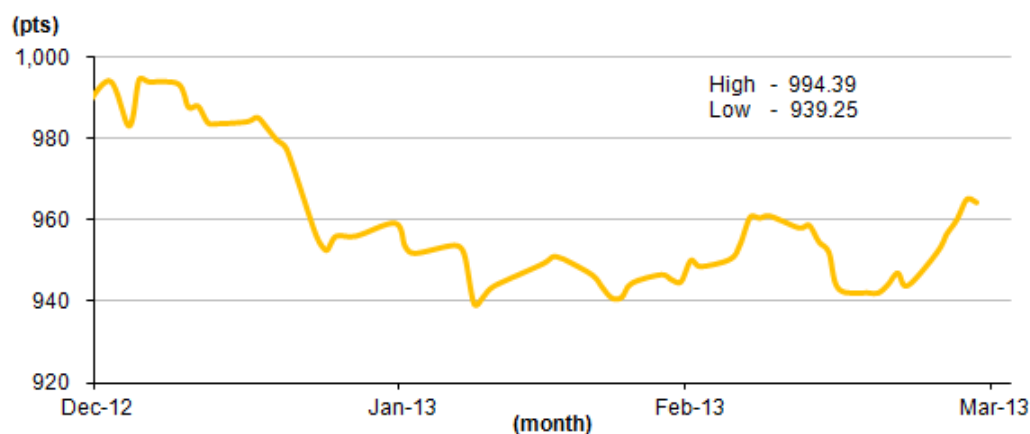
7. Soft Dollar Commissions

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 to rally at the start of the year as improved sentiment and risk appetite saw strong flows into equities. The improving macro-economic statistics in the U.S. such as the recovery in the housing market, stronger than expected retail sales and an improving labour market have lifted overall investor optimism and confidence. This, coupled with the Federal Reserve's continuous efforts to boost economic growth have lifted the Dow Jones Industrial Average to a new all time high. However, compared to global equity markets, Malaysia has been a key laggard with a negative performance year-to-date.

Chart 3: DJIM25 Index Performance in 1Q13

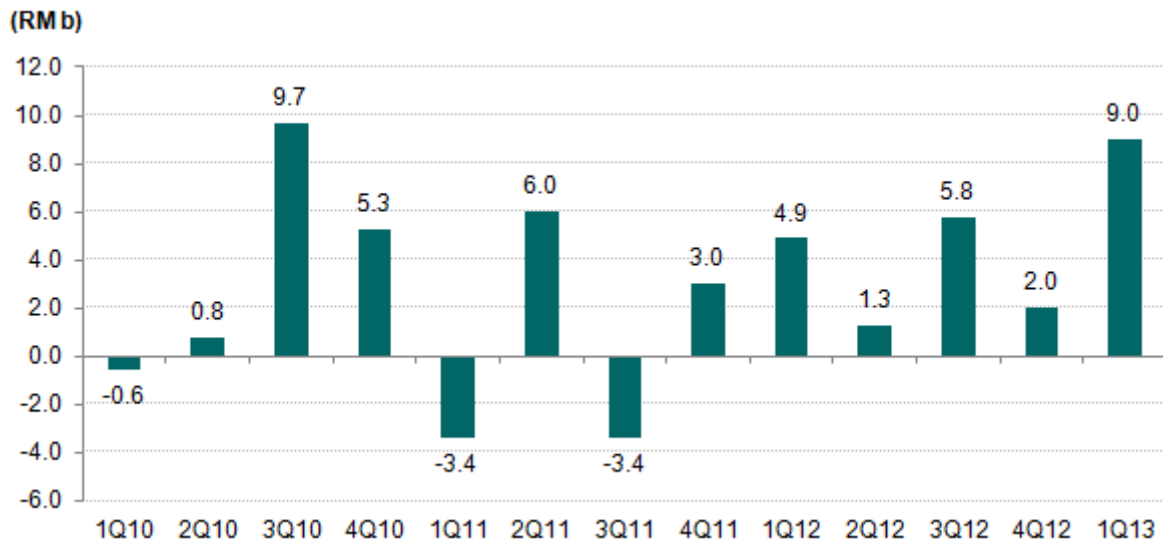


Sources: Bloomberg, i-VCAP

During the period under review (1 January 2013 to 31 March 2013), DJIM25 Index lost 29.91 points or 3.01% to end the quarter at 964.20 points. The DJIM25 Index began the year with a marginal gain and peaked at 993.89 points on 4 January before retracing to its lowest level during the quarter at 941.14 points on 7 February 2013. Since then, the Benchmark Index traded within a tight range in the second half of the quarter before rebounding to end the quarter at 964.20 points, supported by net foreign buying. Despite the decline, the first quarter of the year nonetheless, saw strong foreign in-flows that were last seen in the third quarter of 2010. Foreign investors were seen unperturbed by the domestic election overhang and had increased its holdings in Malaysian equities partly due to the stable economic growth and expectation of a turnaround given its underperformance vis-à-vis its regional peers.

The performance of the DJIM25 Index during the quarter was largely supported by cyclical sub-sectors of the Trading / Services as well as Construction, Healthcare and Consumer sectors that were supported by a buoyant domestic demand. A key laggard during the quarter was the defensive Telecommunication sub-sector which saw investors' interest wane after a strong performance over the last 2 years. Another laggard was the Plantation sector which saw further pressure on the back of the weakening crude palm oil prices during the quarter.

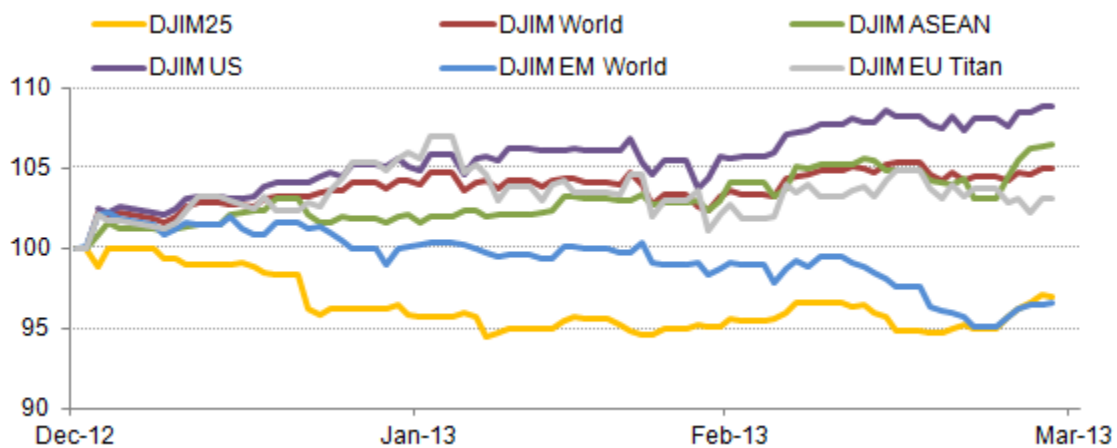
Chart 4: Foreign Net Flows into Bursa Malaysia Stock Exchange (Cumulative Quarterly)



Source: Bursa Malaysia

In line with other domestic indices, the DJIM25 Index underperformed in the first quarter of 2013 compared to the other global equity benchmarks i.e. DJIM ASEAN, DJIM World Index and DJIM European Titan 25 Index. Compared to other local benchmarks, the DJIM25 Index lagged its local peers due to its relatively higher weightings in the underperforming Telecommunication and Plantation sectors.

Chart 5: Dow Jones Islamic Market Indices Performance - 1st Quarter 2013



Sources: Bloomberg, i-VCAP

To date, much of the concerns on external risk seemed to have dissipated as investors gain optimism regarding the health of the global economy. The threat of China’s “hard landing” appears to be averted as growth in its export and manufacturing industries are stabilising. The U.S. economic recovery appears to be on a firmer footing and is further reinforced by the Federal Reserve’s commitment to continuously stimulate its economy. Meanwhile, the Euro debt crisis has yet to be fully resolved though investors appeared to have priced in the risk.

Table 6: Global Growth Forecast

	2013f	
	International Monetary Fund	World Bank
WORLD OUTPUT	3.3	2.4
Selected Countries		
US	1.9	1.7
UK	0.7	1.1
Euro	(0.3)	(0.1)
China	8.0	8.3
Japan	1.6	0.8
India	5.7	6.1
ASEAN-5		
Malaysia	5.1	5.1
Singapore	2.0	4.5
Thailand	5.9	5.3
Indonesia	6.3	6.2
Vietnam	5.2	5.2
Philippines	6.0	6.2

Sources: Bloomberg, i-VCAP, IMF, World Bank

As developed economies continue on the path of recovery, emerging Asian economies will continue to be the engine of growth and destination of investments. The macro economic outlook for Malaysia remains sound with Bank Negara Malaysia projecting a GDP growth rate of between 5.0-6.0% in 2013 and the International Monetary Fund revising upward its growth forecast for 2013 to 5.0% from 4.7%. The Malaysian economy is expected to benefit from a flow of foreign direct investments with the implementation of the Economic Transformation Programme (“ETP”) in domestic-oriented sectors such as the oil and gas industry and the on-going implementation of infrastructure projects. The supportive economic environment is expected to translate to stronger corporate earnings which may bode well for the equity market.

The Malaysian Shariah equity market is reasonably priced at Price Earnings (PE) valuations of 15.4x, comparable to its peers and historical valuations. Looking ahead, the Malaysian equity market is poised to benefit from the turnaround in risk appetite for equities as the low interest rate environment has resulted in the preference for equities in the medium term.