

Manager's Report

For the Financial Period 1 April to 30 June 2018

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 regardless of its performance.

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.

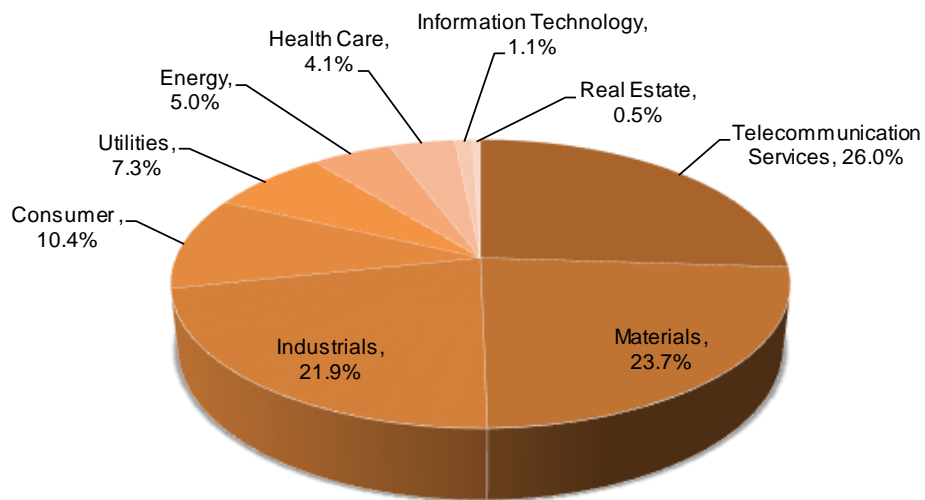
The Parent Index and Benchmark Index consist only of Shariah-compliant securities which are approved by the MSCI Shariah Supervisory Committee based on the MSCI Islamic Index Series Methodology. The MSCI Shariah Supervisory Committee will review and audit the Benchmark Index, the Parent Index as well as the MSCI Islamic Index Series Methodology on a regular basis to ensure compliance with Shariah.

In November 2017, S&P Dow Jones Indices, a leading provider of financial market indices, and MSCI Inc., a leading provider of research-based indexes and analytics, have announced a result of their annual review of the Global Industry Classification Standard (GICS®) structure in which the Telecommunication Services Sector is being broadened and renamed as Communication Services to include companies that facilitate communication and offer related content and information through various media. The renamed Sector would include the existing telecommunication companies, as well as companies selected from the Consumer Discretionary Sector currently classified under the Media Industry Group and the Internet & Direct Marketing Retail Sub-Industry, along with select companies currently classified in the Information Technology Sector.

Another important change being made to the GICS structure is the reclassification of online marketplaces for consumer products and services regardless of whether they hold inventory to the Internet & Direct Marketing Retail Sub-Industry under the Consumer Discretionary Sector. All of these e-commerce companies are dominant players in the Internet Retail Industry, targeting the same consumers and competing with one another. The changes to the GICS structure will be implemented after the close of business (ET) on Friday, September 28, 2018.

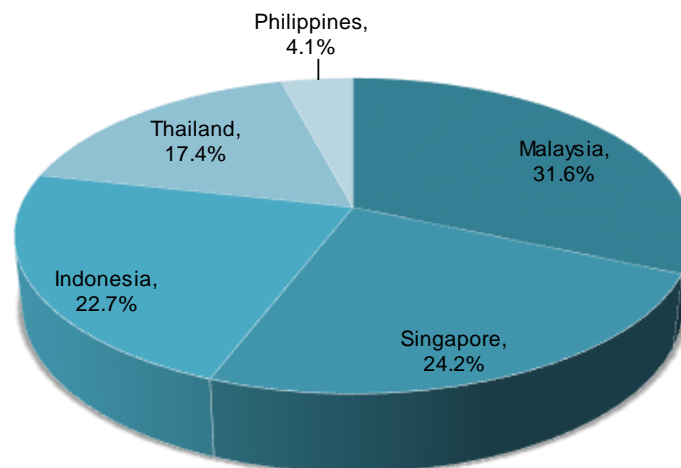
Based on the latest quarterly review (as at 30 May 2018), the sector allocation of MIISOD40 Index based on MSCI sector classifications are as follows:

Chart 1: Sector Classification – MSCI



Sources: MSCI, i-VCAP

Chart 2: Country Exposure



Sources: MSCI, i-VCAP

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 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 quarter under review, the Fund's NAV has met its investment objective of closely corresponding to the performance of the underlying benchmark, i.e. MIISOD40 Index. The 3-year rolling tracking error of the Fund and the Benchmark Index on Price Return and Total Return basis were 0.08% and 0.07% respectively. In terms of NAV movement, the Fund's NAV per unit decreased by 3.30% to RM0.7948 from RM0.8219 at the end of the previous quarter while the Benchmark Index and Benchmark's Total Return Index decreased by 2.63% and 1.39% respectively for the quarter.

The Fund's NAV for the quarter continued to descend lower, consistent with the underlying regional markets' performance. The negative external sentiment on Emerging Market in general due to policy tightening in the United States, amplified by trade disputes by the United States and China, further sapped the liquidity away from the regional markets leading to broad-based losses in the Benchmark Index's underlying markets. The Fund hit the quarter's high of RM0.8546 on 19 April before going lower in May towards the quarter-end. Similarly, the Fund's unit price traded on the Bursa Securities moved lower, in tandem with the NAV, closing the quarter at RM0.796 or 4.21% lower.

As at end of June, total NAV of the Fund stood at RM70.73 million with 89 million units in circulation. The key statistics and comparative performance of the Fund for the second quarter of 2018 and the prior quarter are summarized as follows:

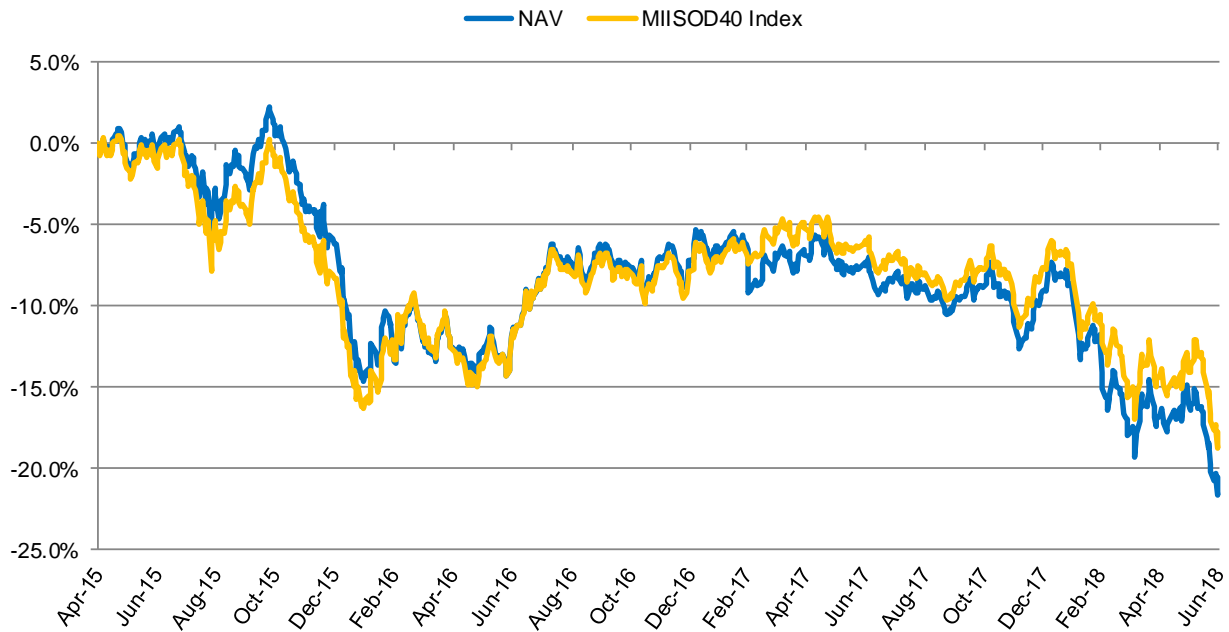
Table 1: Key Statistics

	As at 30-Jun-18	As at 31-Mar-18	QoQ Change
NAV per unit (RM)	0.7948	0.8219	(3.30%)
- Highest	0.8546 (19 Apr)	0.9269 (8 Jan)	
- Lowest	0.7839 (28 Jun)	0.8201 (28 Mar)	
<i>(During the quarter)</i>			
Price per unit (RM)	0.7960	0.8310	(4.21%)
- Highest	0.8400 (24 Apr)	0.9220 (10 Jan)	
- Lowest	0.7950 (22 Jun)	0.8310 (30 Mar)	
<i>(During the quarter)</i>			
Units in Circulation	89,000,000	53,000,000	67.92%
Total NAV (RM)	70,732,934	43,561,329	62.38%
Market Capitalisation (RM)	70,844,000	44,043,000	60.85%
MIISOD40 Index	1,985.30	2,038.90	(2.63%)
MIISOD40 Total Return	3,452.29	3,500.93	(1.39%)
Tracking Error vs. Price Return MIISOD40 Index (%)*	0.08	0.08	
Tracking Error vs. Total Return MIISOD40 Index (%)*	0.07	0.07	
Management Expense Ratio (%)	0.22	0.14	

Sources: Bloomberg, i-VCAP

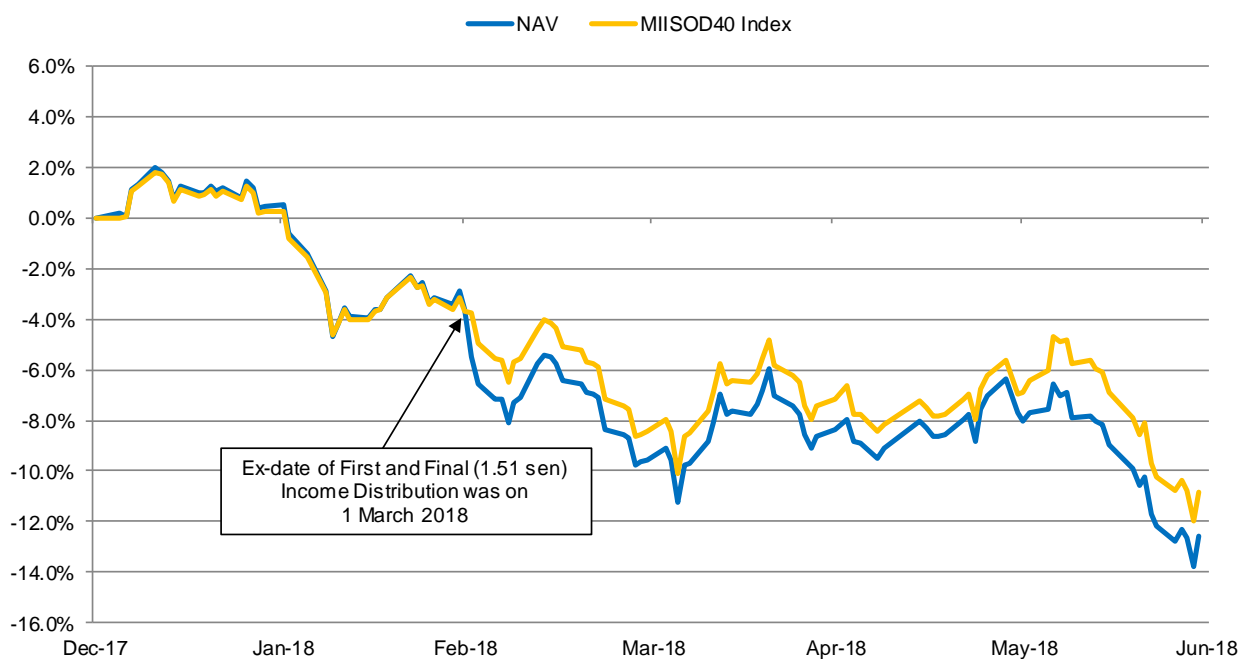
* The 3-year rolling tracking error between the NAV per unit of the Fund and the Price Return and Total Return Benchmark Index. The calculation was independently sourced from Novagni Analytics and Advisory Sdn. Bhd.

Chart 3(a): Fund NAV Per Unit vs. Benchmark Index – Performance Since Inception



Sources: Bloomberg, i-VCAP

Chart 3(b): Fund NAV Per Unit vs. Benchmark Index – Performance in 2Q2018



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 30-Jun-18 (%)	2017 (%)	2016 (%)	2015 (%)
MyETF- MSEAD - NAV Price Return ^(a)	(12.56)	(2.02)	(1.11)	(6.19)
MIISOD40 - Price Return Index	(10.87)	0.24	0.38	(8.26)
MyETF- MSEAD - NAV Total Return ^(a)	(11.03)	0.51	1.32	(6.19)
MIISOD40 - Total Return Index	(8.89)	3.47	4.44	(4.81)

Sources: Bloomberg, i-VCAP

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

Table 2(b): Cumulative Returns

	Cumulative Returns ^(b)				
	3-Month (%)	6-Month (%)	1-Year (%)	3-Year (%)	Since Inception (%)
MyETF- MSEAD - NAV Price Return ^(a)	(3.30)	(12.56)	(14.05)	(20.30)	(20.52)
MIISOD40 - Price Return Index	(2.63)	(10.87)	(12.26)	(16.91)	(17.72)
MyETF- MSEAD - NAV Total Return ^(a)	(3.30)	(11.03)	(12.54)	(14.76)	(15.00)
MIISOD40 - Total Return Index	(1.39)	(8.89)	(9.27)	(6.36)	(6.27)

Sources: Bloomberg, i-VCAP

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

(b) Cumulative returns are up to 30 June 2018.

Table 2(c): Average Returns (Annualised)

	Average Returns ^(b)				
	3-Month (%)	6-Month (%)	1-Year (%)	3-Year (%)	Since Inception (%)
MyETF- MSEAD - NAV Price Return ^(a)	(13.22)	(25.32)	(14.05)	(6.76)	(6.47)
MIISOD40 - Price Return Index	(10.54)	(21.90)	(12.26)	(5.64)	(5.59)
MyETF- MSEAD - NAV Total Return ^(a)	(13.22)	(22.22)	(12.54)	(4.92)	(4.73)
MIISOD40 - Total Return Index	(5.57)	(17.91)	(9.27)	(2.12)	(1.98)

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.

During the period under review, MSCI AC ASEAN IMI Islamic Index, which is the Parent Index of MIISOD40 Index performed its second quarterly review for 2018 and rebalanced the composition of the Benchmark Index in accordance with its index methodology. The review in May 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, nine stocks were included while nine stocks were removed from the Fund. The summary of the changes are as follows:

Table 3: List of Stock Inclusion and Exclusion

	Stock Inclusions	Country	Stock Exclusions	Country
2Q18	Singapore Telecom	Singapore	Unisem (Malaysia) Bhd	Malaysia
	Petronas Chemicals Group	Malaysia	Lingkaran Trans Kota Holdings Bhd	Malaysia
	PTT Global Chemical	Thailand	Eastern Polymer Group PCL-NVDR	Thailand
	Adaro Energy PT	Indonesia	Siam Future Development PCL-NVDR	Thailand
	MISC Bhd	Malaysia	Bangkok Aviation Fuel Services PCL-NVDR	Thailand
	Home Product Center	Thailand	Syarikat Takaful Malaysia Bhd	Malaysia
	Matahari Department	Indonesia	LPN Development PCL-NVDR	Thailand
	Manila Electric Co B	Philippines	Matrix Concepts Holdings Bhd	Malaysia
	Indo Tambangraya Megah	Indonesia	Hong Leong Industries Bhd	Malaysia

Sources: MSCI, i-VCAP

In terms of sectoral weightings, notable changes to the Fund's sector composition (MSCI) arising from the Benchmark Index's semi-annual review were the significant increase in Materials and Telecommunication Services sectors to 21.92% and 26.00% respectively. Meanwhile, two sectors – Financial and Properties – were removed during the latest semi-annual rebalancing exercise. Details of the Fund's key holdings, sector allocation as well as country exposure as at the end of 2Q2018 are as follows:

Table 4: Top Ten Holdings of the Fund as at 30 June 2018

Stock	Country	% of NAV
1. PT Telekomunikasi Indonesia Persero TBK	Indonesia	9.97
2. Petronas Chemicals Group	Malaysia	9.90
3. Singapore Telecom	Singapore	9.10
4. PTT Global Chemical	Thailand	7.48
5. Petronas Gas Bhd	Malaysia	4.83
6. Comfortdelgro Corporation Ltd	Singapore	4.82
7. Maxis Bhd	Malaysia	4.67
8. SATS Ltd	Singapore	4.65
9. Singapore Airlines Ltd	Singapore	4.55
10. Top Glove Corporation Bhd	Malaysia	4.37
Total		64.34

Sources: Bloomberg, i-VCAP

Table 5: Fund's Sector Allocation*

Sector	As at 30-Jun-18	As at 31-Mar-18	Change (%)
Telecommunication Services	26.00%	18.14%	7.86%
Materials	21.92%	5.52%	16.40%
Industrials	21.52%	39.35%	(17.83%)
Consumer	10.56%	10.86%	(0.30%)
Utilities	7.87%	9.80%	(1.93%)
Health Care	5.24%	5.96%	(0.72%)
Energy	4.40%	-	4.40%
Information Technology	1.25%	4.19%	(2.94%)
Real Estate	0.62%	-	0.62%
Properties	-	4.35%	(4.35%)
Financial	-	0.96%	(0.96%)
Cash	0.62%	0.87%	(0.25%)

Sources: MSCI, i-VCAP

* Based on MSCI classification

Table 6: Country Exposure

Country	As at 30-Jun-18	As at 31-Mar-18	Change (%)
Malaysia	31.65%	37.52%	(5.87%)
Singapore	24.16%	24.60%	(0.44%)
Indonesia	22.66%	17.38%	5.28%
Thailand	17.45%	15.92%	1.53%
Philippines	4.08%	4.59%	(0.51%)

Sources: MSCI, i-VCAP

Details of the Fund's quoted Investments as at 30 June 2018 are as follows:

Table 7: MyETF-MSEAD's Investment in Listed Equities

	Country	Quantity (Units)	Market Value (RM)	Market Value as a percentage of Net Asset Value (%)	
<u>Telecommunication Services</u>					
1.	PT Telekomunikasi Indonesia Persero TBK	Indonesia	6,677,100	7,053,522	9.97
2.	Singapore Telecom	Singapore	705,100	6,433,468	9.10
3.	Maxis Berhad	Malaysia	604,900	3,302,754	4.67
4.	Time Dotcom Berhad	Malaysia	126,200	964,168	1.36
5.	Jasmine International PCL-NVDR	Thailand	1,208,200	636,352	0.90
			18,390,263	26.00	
<u>Materials</u>					
6.	Petronas Chemicals Group Berhad	Malaysia	832,200	6,998,802	9.90
7.	PTT Global Chemical	Thailand	594,300	5,289,365	7.48
8.	PT Indocement Tungal Prakarsa TBK	Indonesia	685,350	2,635,311	3.73
9.	Scientex Berhad	Malaysia	79,500	573,195	0.81
			15,496,673	21.92	
<u>Industrials</u>					
10.	Comfordelgro Corporation Limited	Singapore	489,300	3,406,330	4.82
11.	SATS Limited	Singapore	221,900	3,286,783	4.65
12.	Singapore Airlines Limited	Singapore	101,700	3,220,641	4.55
13.	MISC Bhd	Malaysia	356,900	2,112,848	2.99
14.	Westports Holdings Berhad	Malaysia	370,100	1,254,639	1.77
15.	DMCI Holdings Inc	Philippines	1,441,600	1,145,508	1.62
16.	PT AKR Corporindo TBK	Indonesia	652,600	790,501	1.12
			15,217,250	21.52	
<u>Consumer</u>					
17.	Home Product Centre	Thailand	1,434,200	2,343,093	3.31
18.	Matahari Department	Indonesia	921,000	2,283,122	3.23
19.	Robinson PCL-NVDR	Thailand	180,800	1,234,416	1.75
20.	Sheng Siong Group Limited	Singapore	190,500	598,197	0.85
21.	Bermaz Auto Berhad	Malaysia	252,000	554,400	0.77
22.	Thai Vegetable Oil PCL-NVDR	Thailand	143,400	463,308	0.65
			7,476,536	10.56	
<u>Utilities</u>					
23.	Petronas Gas Berhad	Malaysia	197,600	3,418,480	4.83
24.	Manila Electric Co B	Philippines	79,800	2,147,477	3.04
			5,565,957	7.87	
<u>Health Care</u>					
25.	Top Glove Corporation Berhad	Malaysia	254,400	3,088,416	4.37
26.	Supermax Corporation Berhad	Malaysia	147,600	615,492	0.87
			3,703,908	5.24	
<u>Energy</u>					
27.	Adaro Energy PT	Indonesia	4,740,000	2,390,112	3.38
28.	Indo Tambangraya Megah	Indonesia	114,000	718,546	1.02
			3,108,658	4.40	
<u>Information Technology</u>					
29.	KCE Electronics PCL-NVDR	Thailand	191,000	884,895	1.25
			191,000	884,895	1.25
<u>Real Estate</u>					
30.	UOA Development Berhad	Malaysia	188,200	447,916	0.62
			188,200	447,916	0.62
			70,292,058	99.38	

Sources: MSCI, i-VCAP

5. Distribution Policy

The Fund may distribute to the Unit Holders all or a substantial portion of the Fund's Distributable Income, pro-rated based on the number of Units held by each Unit Holder as at the entitlement date of the income distribution.

Income distributions (if any) are expected to be made annually. The amount to be distributed will be at the discretion of the Manager. However, if the distribution available is too small or insignificant, any distribution may not be of benefit to the Unit Holders as the total cost to be incurred in any such distribution may be higher than the amount for distribution. No income distribution was declared or paid during the quarter.

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 quarter 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 not to receive any goods or services by way of soft commission.

8. Market Review and Outlook

Equity markets within Asia Pacific ex-Japan recorded a sharp fall in the second quarter 2018 with US dollar strength contributing significant challenge. Escalation in global trade tensions also contributed to risk aversion as US-China trade failed to deliver a sustainable agreement. Meanwhile, the US moved to extend steel and aluminium tariffs to the EU, Canada and Mexico, resulting in the announcement of retaliatory measures.

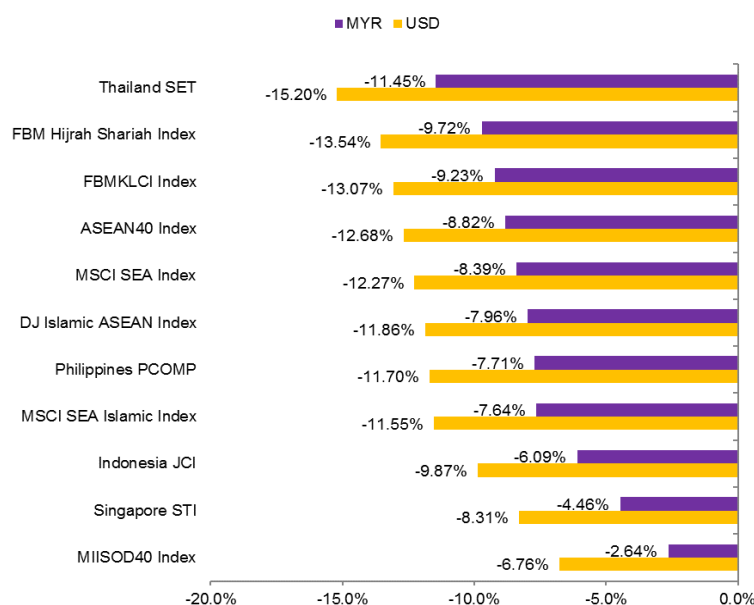
For Malaysia, the long-term growth outlook is still intact based on strong economic data. Investors are expected to remain in a holding position, pending clarity on longer term government's policy direction and re-assurance on the government's fiscal position especially beyond 2018. More clarity is expected in Budget 2019 on 2 November 2018.

In Indonesia, the rupiah has come under pressure in recent months, plagued by volatility of capital flows amid rising external pressures. The currency weakness prompted a shift in Bank Indonesia’s (BI) monetary policy stance to a hawkish bias, which was followed by a swift cumulative 100 bp rate hike in May and June, underscoring BI’s determination to arrest the slide of the rupiah. As the signs of external uncertainties abating are nowhere in sight, more rate increases could be on the table, depending on the rupiah’s movement.

In Singapore, growth trajectory remains strong, aided by the export-driven manufacturing, broadening gains in services and the bottoming of construction sector weakness. The Monetary Authority of Singapore (MAS) is adopting a prudent stance to head off risks from slowing external drivers, global trade tensions and tightening financial conditions. Government recently introduced measures to cool down property market by raising additional buyer’s stamp duty rates for some categories of residential property purchases. The loan-to-value limits on residential property purchases have also been lowered.

Thailand’s growth that anchored by both domestic and external demand is also challenged by greater concerns over the US-China trade spat. Markets may have to wait longer for domestic political uncertainty to clear, as the timeline for elections may be delayed again. In Philippines, equity markets are also facing strong headwinds due to accelerating inflation and desynchronised monetary policy.

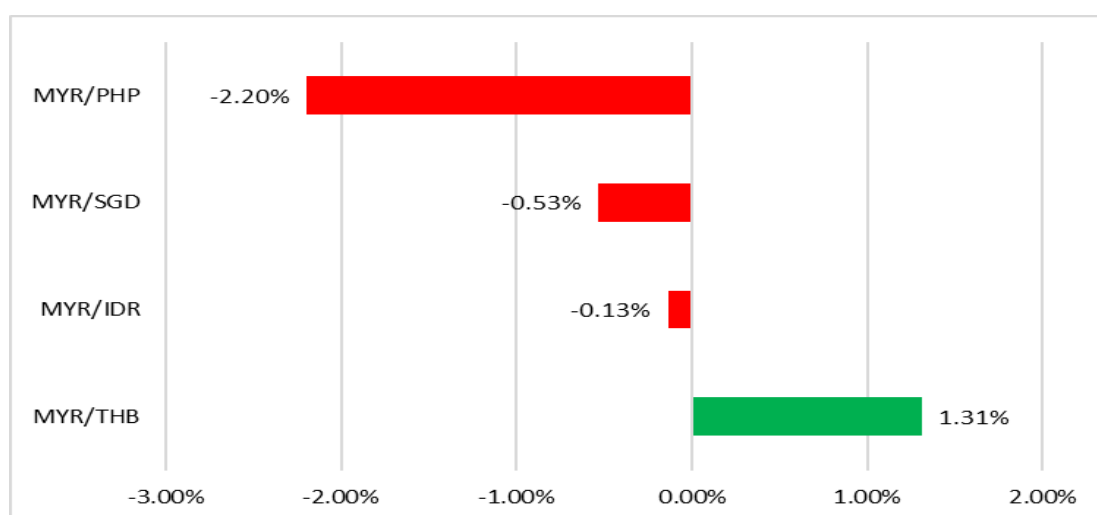
Chart 4: ASEAN Equity Market Performance in 2Q2018



Sources: i-VCAP, Bloomberg

Comparing to other regional indices, The MIISOD40 Index had proven to be the most resilient for the quarter. On the back of ongoing capital outflows from the region driven by expectation of a measured monetary policy tightening in the US and the US-China trade spat, regional indices both Islamic and conventional had seen a major pullback for the quarter. The MIISOD40 Index, backed by the dividend yielding feature of its stock constituents has proven to provide downside support during adverse market environment, only falling -2.64% for the quarter as compared to the other indices in **Chart 4**.

Chart 5: Performance of Ringgit against ASEAN-5 Currencies in 2Q2018



Sources: Bloomberg, i-VCAP

Going forward, the unpredictability of how the trade relationship between the US and China progresses forward is still a key risk to equity markets. The potential risks will weigh on technology stocks, and escalation fears are likely to be a drag on the market. Investors remain complacent on inflation and a gradual path of U.S policy normalization will help to ensure U.S. economic growth, while limiting undesirable spillovers abroad. As global interest rates and bond yields rise, investors should remain vigilant. The investment climate is expected to stay cautious, as investors adapt to challenges in positioning their books.