

Manager's Report

For the Financial Period 20 February to 31 March 2018

Name of Fund	: MyETF Dow Jones U.S. Titans 50 (“MyETF-US50” or “the Fund”)
Type of Fund	: Exchange Traded Fund
Fund Category	: Shariah-Compliant Equity
Commencement Date	: 20 February 2018
Benchmark Index	: Dow Jones Islamic Market U.S. Titans 50 Index (“DJUS50 Index”)
Manager	: <i>i</i> -VCAP Management Sdn. Bhd. (“ <i>i</i> -VCAP”)

1. Investment Objective

MyETF-US50 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 Dow Jones Islamic Market U.S. Titans 50 Index is a float-adjusted market capitalisation weighted, price return index calculated, maintained and published by S&P Dow Jones Indices.

The Benchmark Index was created with a base date of 29 December 1995 by S&P Dow Jones Indices and was constructed based on a reference value of 1000. The Benchmark Index is designed as a performance benchmark of blue-chip companies that are listed on primary stock exchanges in the U.S.. The Benchmark Index consists of the 50 largest companies by float-adjusted market capitalisation listed on the Relevant Exchanges which have passed rules-based screens for Shariah compliance.

During the reporting period, the constituent securities of the Benchmark Index are listed on the New York Stock Exchange (“NYSE”) and National Association of Securities Dealers Automated Quotation System (“Nasdaq”).

The universe for selection of the constituents of the Benchmark Index is the constituents of the Parent Index. The Parent Index, namely the Dow Jones Islamic Market World Index, is a float-adjusted market capitalisation weighted index that is designed to measure performance of the global universe of investable equities that pass screens for Shariah compliance.

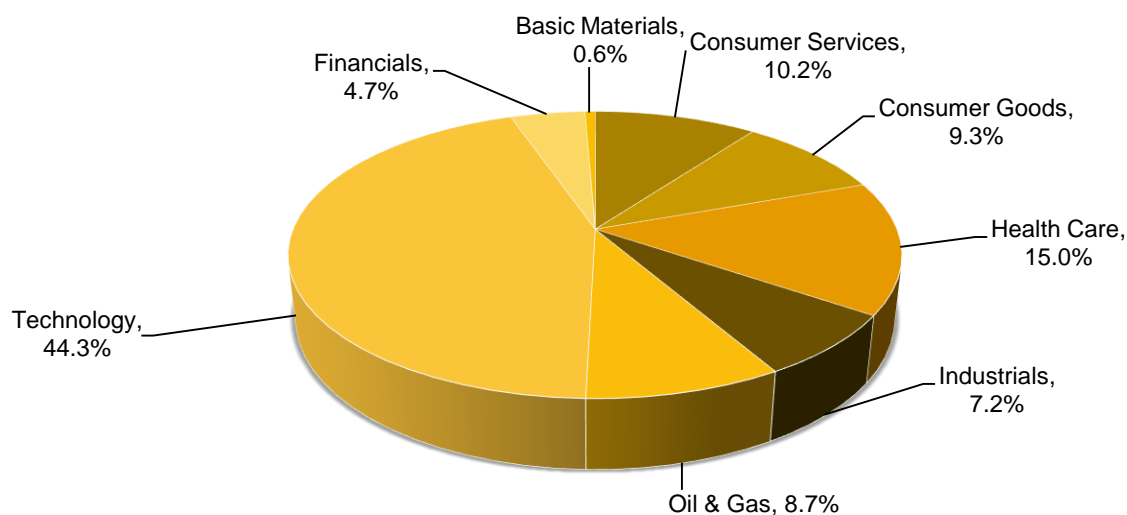
The Benchmark Index employs a modified market capitalization weighting scheme¹. The weight of each individual constituent is capped at 10% of the Benchmark Index. The Parent Index and Benchmark Index consist only of companies that passed the Shariah Compliance Screens published under the Dow Jones Islamic Market Indices Methodology. The Shariah Compliance Screens has been approved by the Shariah Supervisory Board of S&P Dow Jones Indices which consists of experienced Shariah scholars from around the world. The Shariah Supervisory Board determines the Shariah compliance framework of the Benchmark Index and shall review, propose or advise S&P Dow Jones Indices on matters relating to the said Shariah compliance framework.

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, 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 will 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 Fund's quoted Investments as at 31 March 2018, the sector allocation of DJUS50 Index based on S&P Dow Jones sector classifications are as follows:

¹ Maximum weights on the effective rebalancing dates are equal to the lesser of the companies' float-adjusted market capitalization weight or 10% of the Benchmark Index.

Chart 1: Sector Classification – S&P Dow Jones

Source: S&P Dow Jones

3. Investment Strategy

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 Investment Guidelines.

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.

4. Fund Performance

MyETF-US50 which had its prospectus launched on 15 January 2018, was initially created at USD1.00 per unit at the close of 20 February 2018. Subsequently, the Fund debut its listing on Bursa Securities on 28 February 2018 with total units in circulation of 11.8 million. For the period between the initial creation to the end of March, the Fund has commenced operations for 29 days and its units traded for 23 days. The Fund's NAV has tracked the performance of the underlying benchmark, i.e. DJUS50 Index, in line with Fund's objective to correspond closely to the performance of the Benchmark Index, regardless of its performance. As at end-March, the tracking error of the Fund and the Benchmark Index for both, on Price Return and Total Return basis were 0.16%.

In terms of NAV movement, the Fund's NAV per unit hit a high of USD1.0208 on 9 March 2018 before descending and reached its lowest level of USD0.9470 on 23 March 2018. The Fund however, managed to rebound to end the quarter at USD0.9686, translating to a decrease of 3.14% from its initial NAV of USD1.00. For the corresponding period, the DJUS50 Index also dropped almost similar with a decrease of 3.01% to close at 4,641.14 points. Meanwhile, the Fund's units which are traded on Bursa Securities closed at USD0.9700 at the end of March, representing a decrease of 3.00%.

As at end of March, total NAV of the Fund decreased to USD11.44 million from USD11.81 million on inception date with its units in circulation remained at 11.81 million. The key statistics and comparative performance of the Fund for the period between its initial creation at the close of 20 March 2018 against its position as at 31 March 2018 are summarized as follows:

Table 1: Key Statistics

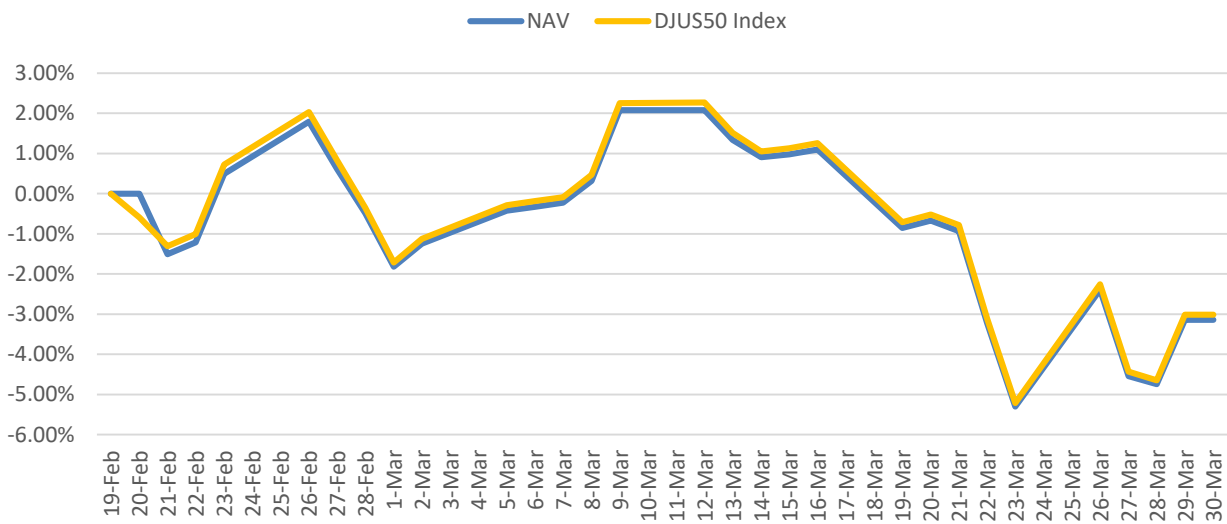
	As at 31-Mar-18	As at 20-Feb-18	Changes
NAV per unit (USD) [#]	0.9686	1.0000	(3.14%)
- Highest	1.0208 (9 Mar)		
- Lowest	0.9470 (23 Mar)		
<i>(During the period)</i>			
Price per unit (USD) [#]	0.9700	1.0000	(3.00%)
- Highest	1.0100 (19 Mar)		
- Lowest	0.9500 (23 Mar)		
<i>(During the period)</i>			
Units in Circulation	11,812,300	11,812,300	0.00%
Total NAV (USD)	11,441,562	11,812,300	(3.14%)
Market Capitalisation (USD)	11,457,931	11,812,300	(3.00%)
DJUS50 Index	4,641.14	4,785.16	(3.01%)
DJUS50T Index	6,463.07	6,655.86	(2.90%)
Tracking Error vs. Price Return DJUS50 Index (%) [*]	0.16		
Tracking Error vs. Total Return DJUS50 Index (%) [*]	0.16		
Management Expense Ratio (%)	0.46		

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

[^] The Fund was initially created at USD1.00 per unit based on the close of 20 February 2018. The Fund had its listing debut on 28 February 2018.

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.

During the period under review, S&P Dow Jones performed its First Quarter 2018 Review (quarterly review) and rebalanced the composition of the Benchmark Index in accordance with its index methodology. The review in March resulted in changes to the weightings of the component Shariah-compliant stocks and Shariah-compliant stock constituents in the Fund. The rebalancing exercise saw the removal of Amgen Incorporate while Federal Express Corporation was included in the Fund. The Manager had undertaken the rebalancing exercise to ensure that the Fund’s investment would be in line with the changes in the Benchmark Index.

In terms of sectoral weightings, there were no major changes after the rebalancing. Technology maintained the top sector exposure with 42.73% followed by Health Care sector of 14.87%. Details of the top 10 holdings as well as Fund’s sector exposure as at end-March are as follows:

Table 2: Top Ten Holdings of the Fund as at 31 March 2018

Stock	% of NAV
1. Apple Inc	9.77
2. Microsoft Corp	8.75
3. Facebook Inc	4.66
4. Johnson & Johnson	4.18
5. Alphabet Inc-C	3.97
6. Alphabet Inc-A	3.90
7. Exxon Mobil Corp	3.81
8. Intel Corp	3.02
9. Chevron Corp	2.69
10. Visa Inc	2.64
Total	47.40

Sources: Bloomberg, i-VCAP

Table 3: Fund's Sector Allocation *

	As at 31-Mar-18
Technology	42.73%
Health Care	14.87%
Consumer Services	10.30%
Consumer Goods	9.54%
Oil & Gas	9.01%
Industrials	7.01%
Financials	4.61%
Basic Materials	0.66%
Cash & Others	1.26%

Sources: S&P Dow Jones, i-VCAP

* Based on S&P Dow Jones classification

Details of the Fund's quoted Investments as at 31 March 2018 are as follows:

Table 4: MyETF-US50's Investment in Listed Equities

	Quantity (Units)	Market Value (USD)	Market Value as a percentage of Net Asset Value (%)
<u>Technology</u>			
Apple Inc	6,665	1,118,254	9.77
Microsoft Corp	10,970	1,001,232	8.75
Facebook Inc-A	3,340	533,699	4.66
Alphabet Inc C	440	453,988	3.97
Alphabet Inc A	430	445,970	3.90
Intel Corp	6,630	345,290	3.02
Nvidia Corp	830	192,220	1.68
Intl business Machines Corp	1,190	182,582	1.60
Adobe Systems Inc	670	144,774	1.27
Texas Instruments Inc	1,390	144,407	1.26
Broadcom Ltd	550	129,608	1.13
Salesforce.Com Inc	970	112,811	0.99
Applied Materials Inc	1,520	84,527	0.74
		4,889,360	42.73
<u>Health Care</u>			
Johnson & Johnson	3,736	478,768	4.18
Pfizer Inc	8,289	294,177	2.57
Merck & Co. Inc.	3,760	204,807	1.79
Medtronic PLC	1,930	154,825	1.35
Bristol-Myers Squibb Co	2,320	146,740	1.28
Gilead Sciences Inc	1,850	139,472	1.22
Eli Lilly & Co	1,348	104,295	0.91
Celgene Corp	1,080	96,347	0.84
Biogen Inc	300	82,146	0.72
		1,701,576	14.87
<u>Consumer Services</u>			
Home Depot Inc	1,660	295,878	2.59
Walmart Inc	2,010	178,830	1.56
Mcdonald's Corp	1,090	170,454	1.49
Booking Holdings Inc	70	145,627	1.27
Starbucks Corp	1,930	111,728	0.98
Lowe's Cos Inc	1,159	101,702	0.89
CVS Health Corp	1,490	92,693	0.81
Walgreens Boots Alliance Inc	1,240	81,183	0.71
		1,178,095	10.30

<u>Consumer Goods</u>			
Procter & Gamble Co	3,560	282,237	2.47
Coca-Cola Co	5,500	238,865	2.09
Pepsico Inc	2,000	218,300	1.91
Nike Inc - B	1,810	120,256	1.05
Colgate-Palmolive Co	1,250	89,600	0.78
Mondelez International Inc-A	2,120	88,468	0.77
Kraft Heinz Company	860	53,569	0.47
		1,091,295	9.54
<u>Oil & Gas</u>			
Exxon Mobil Corp	5,850	436,469	3.81
Chevron Corp	2,700	307,908	2.69
Schlumberger Ltd	2,010	130,208	1.14
EOG Resources Inc	830	87,374	0.76
Occidental Petroleum Corp	1,065	69,182	0.60
		1,031,141	9.01
<u>Industrials</u>			
3M Co	850	186,592	1.63
Honeywell International Inc	1,070	154,626	1.35
Union Pacific Corp	1,095	147,201	1.29
Accenture PLC-A	860	132,010	1.15
United Parcel Service Inc B	956	100,055	0.87
Fedex Corp	340	81,637	0.71
		802,121	7.01
<u>Financials</u>			
Visa Inc A	2,522	301,682	2.64
Mastercard Inc - A	1,292	226,307	1.98
		527,988	4.61
<u>Basic Materials</u>			
Monsanto Co	650	75,849	0.66
		75,849	0.66
		11,297,425.09	98.74

Sources: S&P Dow Jones, 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. During the quarter, there was no income distribution being declared.

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

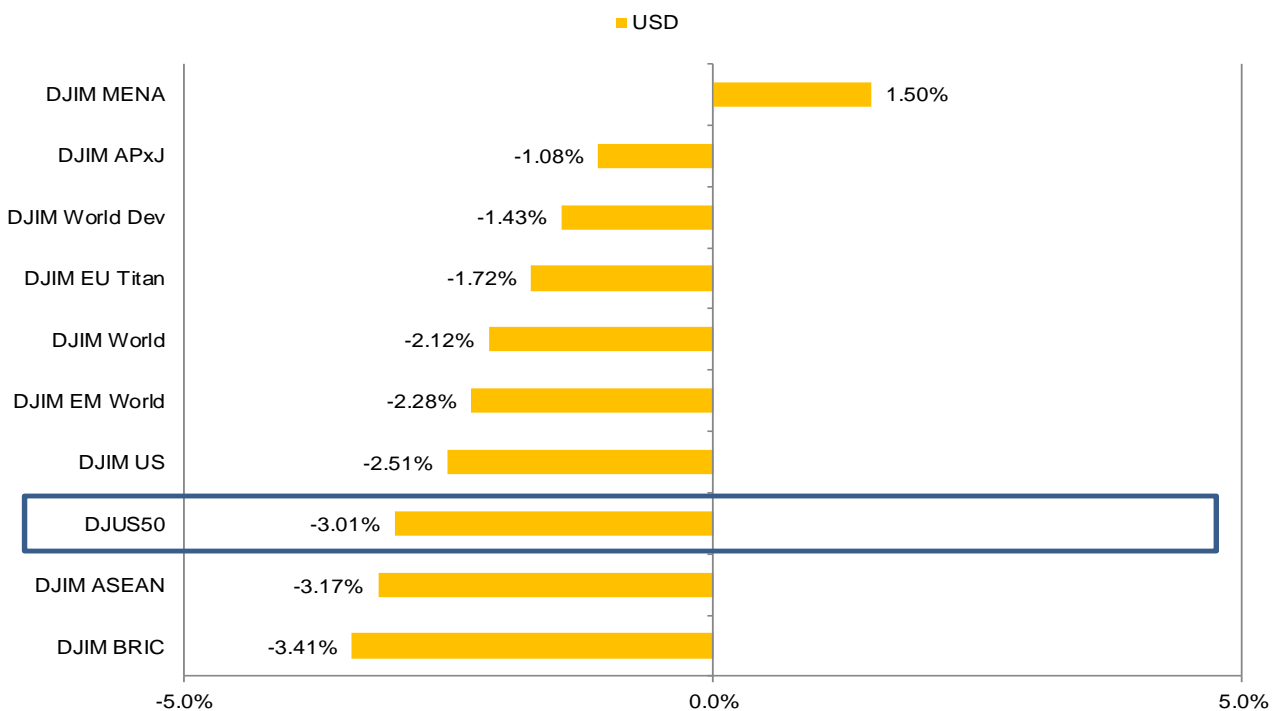
Global markets corrected in 1Q2018, on the back of the increasing fears of a trade war between the US and China. Donald Trump has decided to impose tariffs and quotas on imports of solar panels, washing machines, steel, aluminium, and USD50bn of Chinese exports, as part of his protectionist agenda. As investors feared a trade war, the S&P 500 and Dow Jones index ended the quarter at 2,640.9 (-1.22%) and 24,103.1 (-2.49%), respectively. Similarly, in Europe and Asia, markets also declined with the UK FTSE, Germany Dax, Nikkei and Shanghai dropping quarter-on-quarter by -8.21%, -7.63%, -25.76% and -24.18%, respectively.

On the economic front, the global economy grew at 3.8% in 2017 (2016: 3.2%), the fastest since 2011, supported by a recovery in global trade. The US economy grew faster at a revised annualised rate of 2.9% attributed to consumer spending which grew by 4.0%. Meanwhile, Fed officials raised their 2018 GDP growth forecast from 2.5% estimated in December 2017 to 2.7% (2017: 2.3%), indicating that growth momentum in the quarters ahead to improve as the fiscal stimulus kicks in.

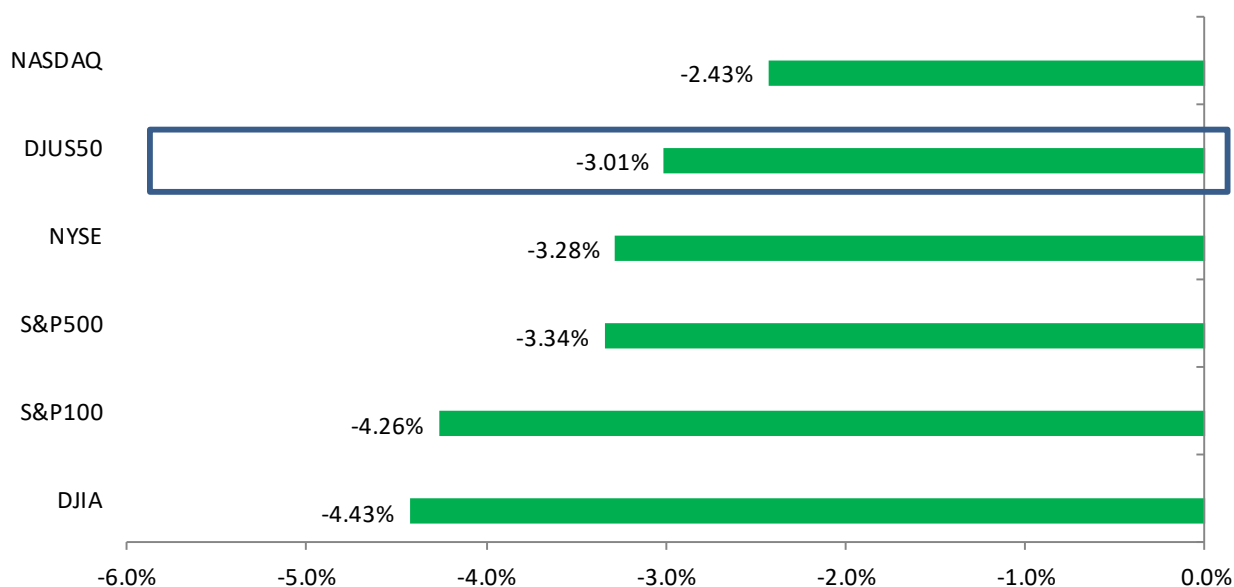
Given the short period since the Fund’s initial creation to the end of February, the DJUS50 Index moved in tandem with most of the local equity benchmark indices. The DJUS50 Index started the month of March positively attributable to the favorable economic data. Nonetheless, a sharp reversal in highly valued technology shares were seen at end-March due to controversy over the misuse of customer information, led to a sell-off in the shares of technology companies. In addition, the announcement by U.S administration on imposing tariffs amounting to USD \$50 billion to \$60 billion worth of imports from China, along with new restrictions on technology transfers and acquisitions of U.S. firms by Chinese competitors have increased concerns that growing trade tensions might undermine the healthy economic backdrop. DJUS50 Index closed end-March at 4,641.14 points, translating to a decrease of 3.01% since the Fund’s initial creation.

On comparative performance within Dow Jones Islamic Market (“DJIM”) index series (based on USD), the DJUS50 Index lagged most of the other major global Islamic equity benchmark indices during the period with the exception of DJIM ASEAN and BRIC indices. However, DJUS50 Index outperformed most local indices during the period of 20 February 2018 until 31 March 2018.

Chart 3: DJUS50 Index Performance against Other Shariah Indices (20 Feb to 31 March 2018)



Sources: Bloomberg, i-VCAP

Chart 4: DJUS50 Index Performance against Local Indices (20 Feb to 31 March 2018)

Sources: Bloomberg, i-VCAP

The unpredictability of how the trade relationship between the US and China unfolds ahead is now 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.

Looking ahead, the global economic recovery is expected to continue into 2018, with increasing growth driven by continuing recovery in the advanced economies and sustained growth in the developing economies. Based on International Monetary Fund (IMF)'s forecast, global growth is projected to rise to 3.9% in 2018 from the 3.8% in 2017. It is expected that the continued positive backdrop of low inflation and interest rates along with modest growth to remain in place and to be supportive of growth equities in the United States and globally.