

Manager's Report

For the Financial Period 1 July 2011 to 30 September 2011

Name of Fund	: MyETF Dow Jones Islamic Market Malaysia Titans 25 ("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>i</i> -VCAP Management Sdn. Bhd. (" <i>i</i> -VCAP")

1. Investment Objective

The Fund 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

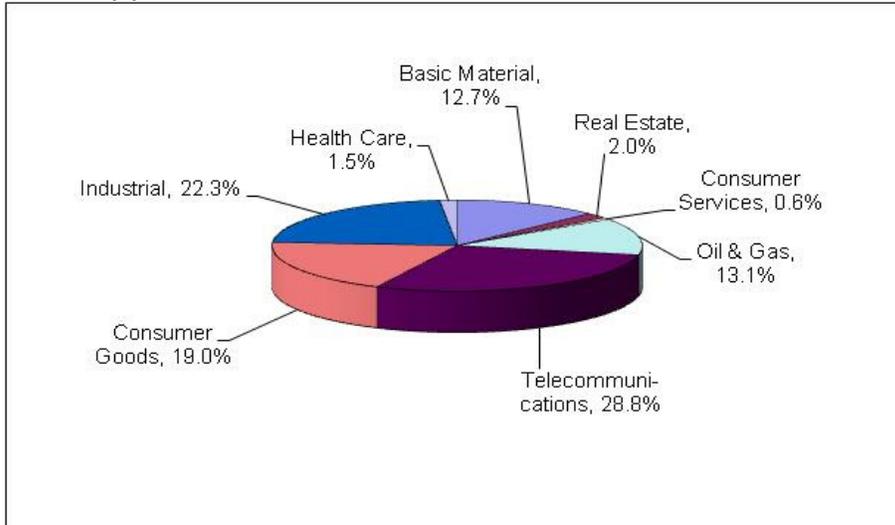
The Benchmark Index is a market capitalisation weighted and free-float adjusted index provided by Dow Jones Indexes ("Dow Jones").

The Benchmark Index was created on 18 January 2008 and constructed based on a reference value of 1000 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 Dow Jones to screen stocks for compliance with the Shariah.

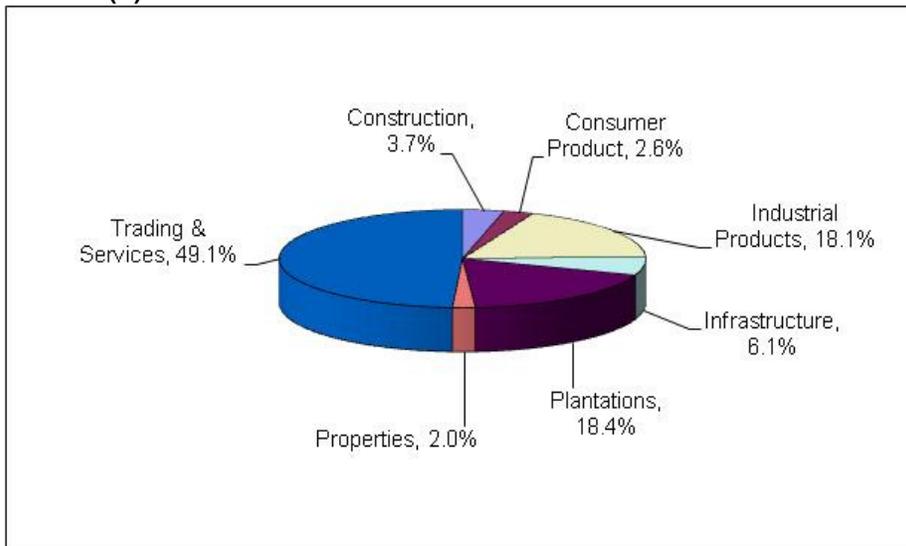
Based on the latest quarterly review (as at 8 September 2011), the sector allocation of DJIM25 Index based on Dow Jones and Bursa Securities sector classifications are as follows:

Chart 1(a): Sector Classification - Dow Jones



Source: Dow Jones

Chart 1(b): Sector Classification - Bursa Securities



Sources: Bursa Securities, 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 30 September 2011, 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 were 1.33% and 0.96% respectively, which were within the 3% limit stipulated under the Fund's investment objective. In terms of NAV movement, the NAV per unit of the Fund decreased by 11.1% to RM0.8931 from RM1.0043 (as at end of 2Q). The decrease in NAV per unit was in line with the DJIM25 Index which fell by 11.3% to close at 790.94 points at the end of the quarter. Meanwhile, the Fund's unit price traded on Bursa Securities ended the second quarter at RM0.890, representing a decline of 10.5% for the period.

In terms of year-to-date movement, the NAV per unit of the Fund after taking into consideration the dividend distribution, decreased by 6.21% while the DJIM25 Index retraced by 6.63%.

The key statistics and performance of the Fund for the third quarter 2011 and second quarter 2011 are summarized as follows:

Table 1: Key Statistics

	As at 30 September 2011	As at 30 June 2011	QoQ Change (%)
NAV per unit (RM)	0.8931	1.0043	-11.07
- Highest	1.0153 (6 Jul)	1.0196 (7 Apr)	
- Lowest	0.8557 (26 Sep)	0.9728 (6 May)	
Price per unit (RM)	0.890	0.994	-10.46
- Highest	0.994 (1 Jul)	0.994 (30 Jun)	
- Lowest	0.8470 (26 Sep)	0.9130 (3 May)	
DJIM25 Index	790.94	891.88	-11.32
DJIM25 Total Return Index	926.54	1031.64	-10.19
Units in Circulation	535,500,000	576,700,000	-7.14
Total NAV (RM)	478,258,788	579,170,422	-17.42
Market Capitalisation (RM)	476,595,000	573,239,800	-16.86
Tracking Error vs. Price Return DJIM25 Index (%)*	1.33	1.23	
Tracking Error vs. Total Return DJIM25 Index (%)*	0.96	0.82	

Sources: Bloomberg, iVCAP

*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: Fund NAV vs. Benchmark Index – Performance Since Inception



Sources: Bloomberg, iVCAP

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): Average Total Return

	YTD	1-Year	3-Year	Since Inception
MyETF-DJIM25 – NAV Per Unit (%)	-6.21	0.26	10.51	-3.01
DJIM25 – Price Return Index (%)	-6.63	-0.71	8.24	-5.22
DJIM25 – Total Return Index (%)	-4.04	2.64	12.89	-1.07

Source: i-VCAP

Average total returns are annualized figures computed based on the absolute returns for the respective period

Table 2(b): Historical Performance

	2010	2009	2008
MyETF-DJIM25 – NAV Per Unit (%)	16.29	40.95	-41.91
DJIM25 – Price Return Index (%)	12.81	39.46	-44.16
DJIM25 – Total Return Index (%)	17.33	45.03	-41.16
Tracking Error vs. Price Return Index (%)*	1.15	1.33	1.45
Tracking Error vs. Total Return Index (%)*	0.65	0.74	0.51
Management Expense Ratio (%)	0.52	0.54	0.51

Source: 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 Total Return Benchmark Index

During the period under review, Dow Jones performed its Third Quarter 2011 Review (quarterly review) of the DJIM25 Index in accordance with its index methodology. The quarterly review resulted in changes to the weightings of the stocks in the DJIM25 Index. Pursuant to the quarterly review, the Manager had undertaken rebalancing exercise for the Fund in order to be in line with the changes in the Benchmark Index. There were no changes in the stock constituents of the Index. The quarterly review however, involved minimal changes in the weighting of each stocks resulting in minor changes to the Fund's sector composition. Consumer Products saw an increase to 2.6% of the Index from 1.8% at the end of second quarter while Construction decreased from 4.5% to 3.6% of the Index. Details of the changes for the third quarter are as follows:

Table 3: Change in Fund's Sector Allocation*

	As at 30 Sep 2011	As at 30 Jun 2011	Change (percentage points)
Trading/Services	48.4%	47.7%	0.7
Plantations	18.7%	19.3%	-0.6
Industrial Products	17.0%	17.8%	-0.8
Consumer Products	2.6%	1.8%	0.8
Infrastructure	6.2%	5.6%	0.6
Construction	3.6%	4.5%	-0.9
Properties	2.2%	2.2%	0.0
Cash & Others	1.3%	1.1%	0.1

Source: i-VCAP

* Based on Bursa Securities classification

Table 4: Top Ten Holdings of the Fund

	Stock	% of NAV @30/09/2011	% of NAV @30/06/2011
1	Sime Darby Bhd	13.01	13.22
2	Axiata Group Bhd	10.09	8.52
3	Petronas Chemicals Group Bhd	9.68	11.46
4	IOI Corporation Bhd	9.42	9.98
5	Maxis Bhd	8.40	8.04
6	Kuala Lumpur Kepong Bhd	5.96	5.81
7	Digi.Com Bhd	5.84	5.18
8	Telekom Malaysia Bhd	4.62	4.14
9	Petronas Gas Bhd	3.78	2.10
10	MISC Bhd	3.68	4.28
	Top Ten Holdings' Total	74.48	75.11 #

Sources: Bloomberg, i-VCAP

Note: # Include Gamuda Bhd (4.48%) which was a top ten stock holdings of the Fund and exclude Petronas Gas as at 30 June 2011

5. Distribution Policy

The Fund may distribute amongst the unitholders all, or substantially all of the net income (after the income purification process and deduction of relevant fees, expenses and taxes) received by the Fund, 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 period under review, the Fund declared an interim income distribution for Financial Year End 31 December 2011 of 1 sen per unit on 29 July 2011 based on the financial position of the Fund as at 30 June 2011. The interim income distribution was paid on 19 September 2011.

6. Other Information

There was no material litigation involving the Fund and there were 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 interest of unitholders.

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

During the period under review (1 July 2011 to 30 September 2011), DJIM25 Index lost 100.94 points or 11.32% to end the quarter at 790.94 points. It was an eventful quarter for the global equity markets with negative economic news flow from the US and Europe dominating the headlines that weighed down the equity market.

The DJIM25 Index started off the third quarter positively following the favourable performance in the first half of the year. However, the trend started to reverse in August with the DJIM25 Index succumbing to selling pressure which erased the year's gain following concerns over stalled economic recovery in the US and the sovereign debt problem in Europe. The downgrade of US triple A credit rating for the first time in history also sparked selling pressure as investors were pricing in risks of a recession in the US.

Chart 3: DJIM25 Index – Year-to-date



Source: Bloomberg

On the local front, in addition to the negative news flow from the US and Europe, the weak corporate results also weighed down on local equities as several big-cap stocks such as Axiata, Petronas Chemicals, MISC and CIMB missed consensus estimates which triggered streetwide downgrades by analysts.

During the quarter, the DJIM25 Index outperformed other local major equity indices whilst in line with FTSE Bursa Malaysia Hijrah Index (“FBMHS Index”). The broader FTSE Bursa Malaysia EMAS Shariah Index (“FBMS Index”) and the closely tracked FTSE Bursa Malaysia KLCI Index (“FBMKLCI Index”) fell by 13.22% and 12.16% respectively while FBMHS Index lost 11.19%.

On year-to-date (“YTD”) basis, the DJIM25 Index fell by 6.63% following the sharp pullback in August (-6.7% m-o-m) and September (-4.3% m-o-m). Meanwhile, the FBMHS Index decreased by 6.61%, marginally lower than DJIM25 Index. The broader FBMS Index however, slumped by 9.26% while FBMKLCI Index fell by 8.68% YTD.

Looking forward, global economic growth is expected to be weaker than expected led by the US and Europe which are still struggling with its domestic spending and sovereign debt issue respectively. Malaysian economic growth is likely to be affected by the slowing global economic growth given that Malaysia’s economy is still dependent on exports. Nevertheless, domestic driven economic activities are expected to partially cushion the impact on the back of a sustained increase in consumer spending and implementation of projects planned under the Economic Transformation Program. Domestic equity market therefore is expected to remain choppy as market sentiment should largely be influenced by external events.