

Manager's Report

For the Financial Period 1 January to 31 March 2015

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-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

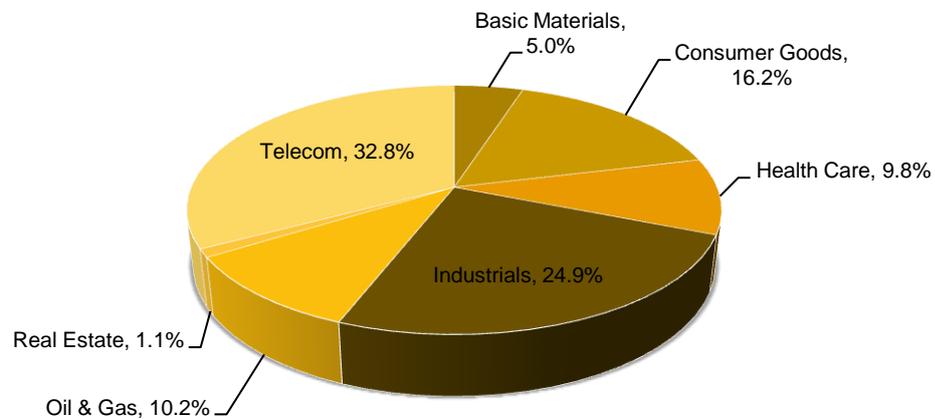
The Benchmark Index is a market capitalisation weighted and free-float adjusted index provided by S&P Dow Jones Indices (“S&P Dow Jones”).

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.

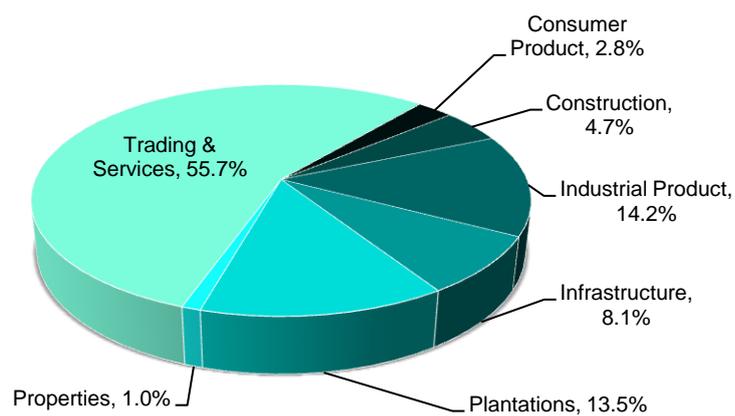
Based on the latest quarterly review (as at 20 March 2015), the sector allocation of DJIM25 Index based on S&P Dow Jones and Bursa Securities sector classifications are as follows:

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 31 March 2015, 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 2.01% and 1.86% 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 by 1.46% to RM1.1672 from RM1.1504 at the end of the previous quarter while the Benchmark Index and Benchmark's Total Return Index (DJIM25T Index) increased by 3.92% and 4.54% respectively for the quarter. 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 of 3.30 sen per unit (for Financial Year ended 31 December 2014) which was declared and paid during the quarter.

The Fund had a weak start with its NAV and price per unit retraced to its low for the quarter of RM1.1225 and RM1.1250 respectively on 8 January 2015. The Fund however, managed to regain some lost ground and reached its high of RM1.1981 on 26 February before ending the quarter at RM1.1672 per unit. Meanwhile, 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 RM1.1650.

As at end of March, total NAV of the Fund increased to RM294.02 million from RM289.79 million as at end of 2014 due to the positive market movement. The key statistics and comparative performance of the Fund for the first quarter of 2015 and the last financial year ended 31 December 2014 are summarized as follows:

Table 1: Key Statistics

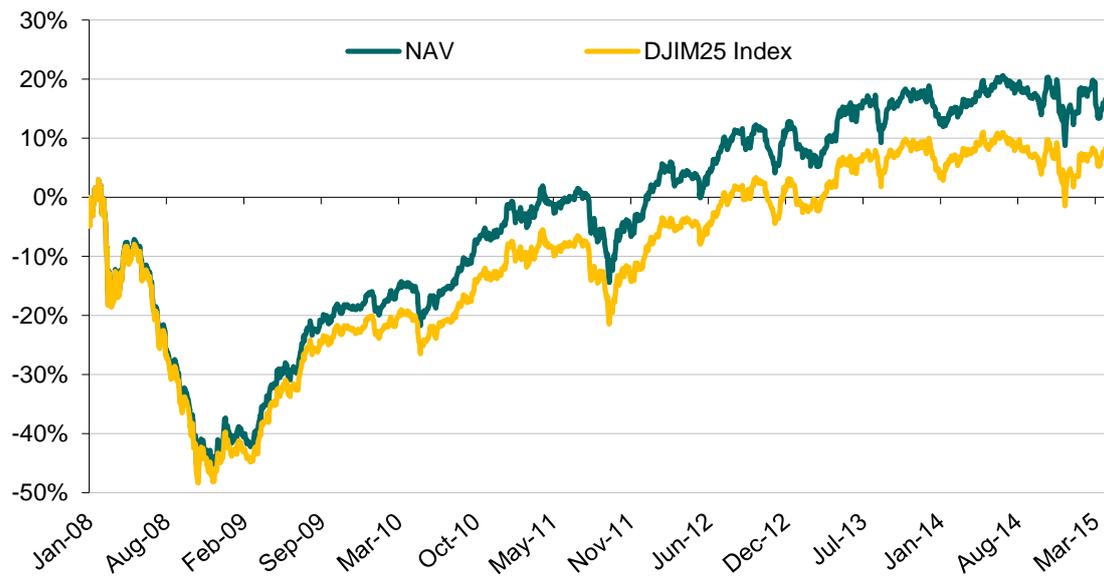
	As at 31-Mar-15	As at 31-Dec-14	QoQ Change
NAV per unit (RM) [#]	1.1672	1.1504	1.46%
- Highest	1.1981 (26 Feb)	1.2029 (3 Nov)	
- Lowest	1.1225 (8 Jan)	1.0874 (16 Dec)	
<i>(During the period)</i>			
Price per unit (RM) [#]	1.1650	1.1450	1.75%
- Highest	1.1900 (26 Feb)	1.1950 (3 Nov)	
- Lowest	1.1250 (8 Jan)	1.1100 (15 Dec)	
<i>(During the period)</i>			
Units in Circulation	251,900,000	251,900,000	0.00%
Total NAV (RM)	294,019,423	289,788,360	1.46%
Market Capitalisation (RM)	293,463,500	288,425,500	1.75%
DJIM25 Index	1,045.14	1,005.75	3.92%
DJIM25T Index	1,375.00	1,315.33	4.54%
Tracking Error vs. Price Return DJIM25 Index (%) [*]	2.01	1.77	
Tracking Error vs. Total Return DJIM25 Index (%) [*]	1.86	1.57	
Management Expense Ratio (%)	0.15	0.56	

Sources: Bloomberg, i-VCAP

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

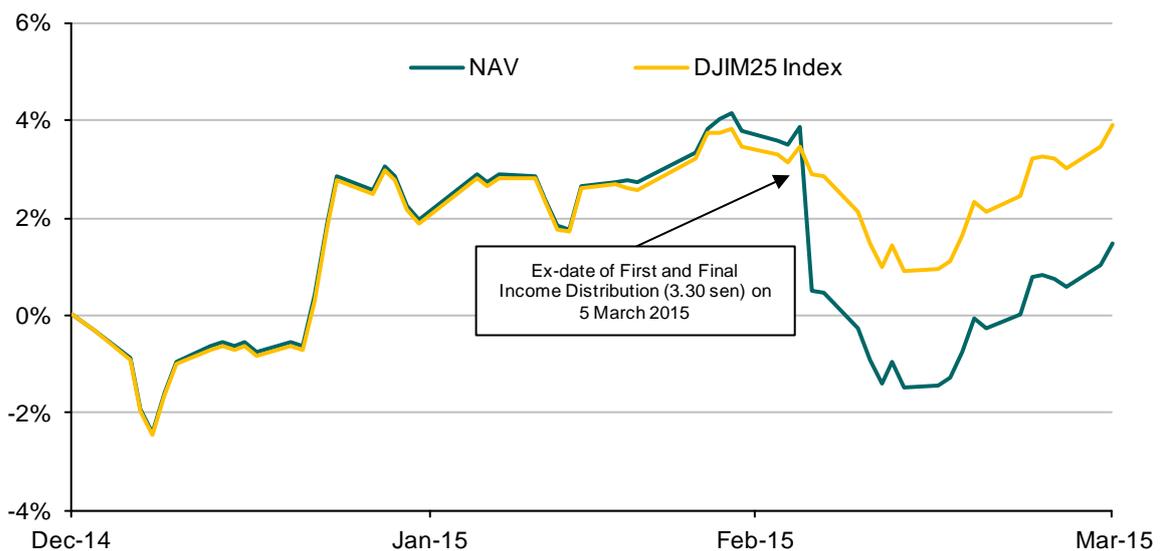
^{*} The tracking error (calculated since inception and on daily basis) between the NAV per unit of the Fund and the Price Return and Total Return Benchmark Index

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



Sources: Bloomberg, i-VCAP

Chart 2(b): Fund NAV Per Unit vs. Benchmark Index – Performance in 1Q15



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 15 (%)	2014 (%)	2013 (%)	2012 (%)	2011 (%)
MyETF-DJIM25 - NAV Price Return ^(a)	1.46	(2.95)	5.13	12.49	5.27
DJIM25 - Price Return Index	3.92	(4.90)	6.39	12.56	4.26
MyETF-DJIM25 - NAV Total Return ^(a)	4.36	(1.52)	8.82	15.78	7.48
DJIM25 - Total Return Index	4.54	(1.62)	9.82	16.70	8.04

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)	0.15	12.38	38.03	16.72
DJIM25 - Price Return Index	0.15	13.04	35.79	8.39
MyETF-DJIM25 - NAV Total Return ^(a)	3.00	22.82	56.70	33.54
DJIM25 - Total Return Index	3.47	24.91	61.36	42.60

Sources: Bloomberg, i-VCAP

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

(b) Cumulative returns are up to 31 March 2015.

Table 2(c): Average Returns (Annualised)

	Average Returns ^(b)			
	1-Year (%)	3-Year (%)	5-Year (%)	Since Inception (%)
MyETF-DJIM25 - NAV Price Return ^(a)	0.15	3.97	6.66	2.17
DJIM25 - Price Return Index	0.15	4.17	6.31	1.13
MyETF-DJIM25 - NAV Total Return ^(a)	3.00	7.09	9.40	4.10
DJIM25 - Total Return Index	3.47	7.70	10.04	5.06

Sources: Bloomberg, i-VCAP

(a) Independently verified by Novagni Analytics and Advisory 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 2015 Review (quarterly review) and rebalanced the composition of the Benchmark Index in accordance with its index methodology. The quarterly review had resulted in changes to the weightings of the component stocks and stock constituents in the Benchmark Index. The Manager had undertaken the rebalancing exercise during the quarterly reviews to ensure that the Fund's investment would be in line with the changes in the Benchmark Index. The latest rebalancing exercise saw the removal of one stock from the DJIM25 Index, i.e. IOI Properties Group Berhad which was subsequently replaced by MISC Berhad. In terms of sectoral weightings, notable changes to the Fund's sector composition as compared to the previous quarter were the increase in Trading/Services from 51.51% to 55.53%. On the other hand, the weighting of Properties sector decreased from 3.02% to 1.06%. Details of the key changes for the quarter are as follows:

Table 3: Top Ten Holdings of the Fund as at 31 March 2015

Stock	% of NAV
1. Axiata Group Berhad	12.13
2. Sime Darby Berhad	11.72
3. DiGi. Com Berhad	8.00
4. Telekom Malaysia Berhad	6.65
5. IOI Corporation Berhad	6.45
6. IHH Healthcare Berhad	6.18
7. Maxis Berhad	5.65
8. Petronas Chemicals Group Berhad	5.37
9. Kuala Lumpur Kepong Berhad	4.62
10. Gamuda Berhad	4.54
Total	71.31

Sources: Bloomberg, i-VCAP

Table 4: Change in Fund's Sector Allocation*

	As at 31-Mar-15	As at 31-Dec-14	Change (%)
Trading/Services	55.53%	51.51%	4.02
Industrial Products	14.56%	14.57%	(0.01)
Plantation	13.40%	14.45%	(1.05)
Infrastructure	8.00%	8.38%	(0.38)
Construction	4.54%	4.70%	(0.16)
Consumer Products	2.72%	2.92%	(0.20)
Properties	1.06%	3.02%	(1.96)
Cash & Others	0.19%	0.45%	(0.26)

Sources: Bursa Malaysia, i-VCAP

* Based on Bursa Securities classification

Details of the Fund's quoted Investments as at 31 March 2015 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. Axiata Group Berhad	5,037,000	35,661,960	12.13
2. Sime Darby Berhad	3,717,800	34,464,006	11.72
3. Telekom Malaysia Berhad	2,688,300	19,543,941	6.65
4. IHH Healthcare Berhad	3,021,800	18,161,018	6.18
5. Maxis Berhad	2,309,000	16,601,710	5.65
6. MISC Berhad	1,475,600	12,527,844	4.26
7. Dialog Group Berhad	4,633,140	7,320,361	2.49
8. Westports Holdings Berhad	1,707,600	6,864,552	2.34
9. Petronas Dagangan Berhad	339,900	6,798,000	2.31
10. UMW Oil & Gas Corporation Berhad	1,272,600	2,926,980	1.00
11. KPJ Healthcare Berhad	562,546	2,396,446	0.82
		163,266,818	55.53
<u>Industrial Products</u>			
12. Petronas Chemicals Group Berhad	2,800,900	15,797,076	5.37
13. Petronas Gas Berhad	570,900	13,142,118	4.47
14. Hartalega Holdings Berhad	583,600	5,059,812	1.72
15. Lafarge Malaysia Berhad	498,000	4,905,300	1.67
16. Top Glove Corporation Bhd	461,700	2,525,499	0.86
17. Supermax Corporation Berhad	659,100	1,384,110	0.47
		42,813,915	14.56
<u>Plantation</u>			
18. IOI Corporation Berhad	4,134,239	18,976,157	6.45
19. Kuala Lumpur Kepong Berhad	595,700	13,570,046	4.62
20. Felda Global Ventures Holdings Berhad	1,833,800	3,979,346	1.35
21. Genting Plantations Berhad	283,100	2,870,634	0.98
		39,396,183	13.40
<u>Infrastructure</u>			
22. DiGi.Com Berhad	3,733,700	23,522,310	8.00
		23,522,310	8.00
<u>Construction</u>			
23. Gamuda Berhad	2,614,500	13,333,950	4.54
		13,333,950	4.54
<u>Consumer</u>			
24. UMW Holdings Berhad	737,100	7,990,164	2.72
		7,990,164	2.72
<u>Properties</u>			
25. UEM Sunrise Berhad	2,259,500	3,118,110	1.06
		3,118,110	1.06
		293,441,450	99.80

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, the first and final income distribution for the Financial Year Ended 31 December 2014 of 3.30 sen per unit was declared on 16 February with the ex-date on 5 March and entitlement date on 9 March 2015. The first and final income distribution was paid on 31 March 2015. Based on the number of entitled unit holders, the Fund distributed a total amount of RM8,312,700.

6. Other Information

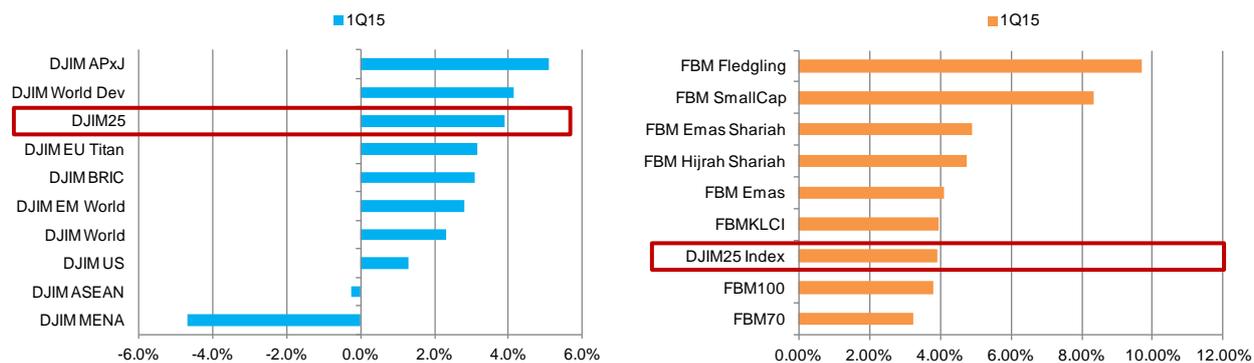
There was no material litigation involving the Fund and no significant changes in the state of affairs of the Fund during the period under review. There is also no other material information that will adversely affect the Fund's valuation and the interest of unit holders.

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

Up to the first quarter of 2015, the "big picture" issues in global markets still remain a carry through of key events that shaped the markets from last year. These include the collapse of oil prices from the range of USD100-120 per barrel to below USD50 per barrel, the shifting expectations of the Fed Reserve policy trajectory and diverging monetary policies of advanced economies, key political risks as well as subdued global growth and deflationary fears in most advanced economies. In the early part of the year, the surprise move by the Swiss National Bank to remove the Franc's peg to the Euro along with the renewed fears of a possible Greece exit from the Eurozone led to sharp market movements. However, as the period progressed, volatility subsided leading to less risk-aversion.

Chart 4: DJIM and Domestic Indices Performance - 1st Quarter 2015

Sources: Bloomberg, i-VCAP

2015 is likely to remain a challenging year for the global economy as the low growth environment is expected to persist longer. The year is expected to be characterized by diverging growth prospects and monetary policies, a slowdown in the commodity cycle and weaker Emerging market currencies due to the stronger USD. While this could lead to exports from Emerging economies becoming more competitive, demand may remain muted while imports of commodities will see constrained growth. Meanwhile, developing economies may continue to face the risk of further capital outflows, emanating from the expectations of a US policy rate hike. As the exact period of the policy rate tightening is still uncertain given the fluidity of several factors, risk tolerance and risk taking may be compromised. In addition, growing concern on deflationary threat particularly in Eurozone, may pose a risk to the global economic stability. Nonetheless, despite the challenging environment in 2015, there are silver linings which include:

- (i) The role of Emerging Markets in the world economy is becoming increasingly important, especially as China plays a bigger role.
- (ii) Cheaper oil, while negative for commodity-exporting nations, should be positive for consumers and global growth.
- (iii) The quantitative easing by ECB and Bank of Japan is expected to somewhat offset the absence of liquidity from the Fed which should bode well for risk assets and investor sentiment.

In addition, while there is much negative market sentiment surrounding disappointing emerging markets export growth, investors should not lose sight of the significant underlying domestic demand-led growth and the structural reforms in the Emerging economies.

On this front, the Malaysian Government is forecasting the nation's GDP to register a growth of 4.5% to 5.5% in 2015 (2014: 6.0%) with domestic demand as the main driver of growth. The pressure on the Ringgit however, is expected to persist in the short-term due to volatility in commodity prices as well as capital flows. Meanwhile, Bank Negara's monetary policy remains accommodative and is viewed to be appropriate given the development in the global economic and financial conditions. In addition, the structural reforms with the implementation of the Economic Transformation Programme, subsidy rationalisation and Goods and Services Tax (GST) should improve Malaysia's economic resilience in the medium-term. The factors above combined with ample domestic liquidity and corporate earnings resilient could provide an upside bias for the domestic equity market.

Going forward, the Fund is expected to perform positively, on the back of economic resilience for Malaysia. The Fund's proxy to big-cap shariah stocks in Malaysia may attract interest for investors who look for corporate earnings stability given the above mentioned positive outlook.