



AmInvestment Bank

Company report

AmInvestment Bank
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03-2036 2240

MYETF DJ ISLAMIC 25

(DJIM25 MK EQUITY, DJMT.KL)

13 Jan 2021

Bursa ETF Watch: Glove stocks dent valuations

HOLD

(Maintained)

Rationale for report: ETF Update

Price RM1.32
Fair Value RM1.39
52-week High/Low RM1.415/RM0.86

Key Changes

Fair value



Source: Bloomberg

Stock and Financial Data

Shares Outstanding (million)	257.5
Market Cap (RM mil)	338.6
NAV (RM/share)	1.32
P/NAV (x)	1.00
Premium/Discount (%)	0
MER (%)	0.54
Major Shareholders	N/A
Free Float (%)	100
Avg Daily Value (RM)	5,028

Fund Info

Date of inception	31-Jan-08
Shariah compliance	Yes
ISIN	MYL0821EA008
Stock code	0821EA
Short name	MYETF DJ Islamic25
BB ticker	DJIM25 MK
Benchmark index	DJIM Mly Ttns 25
Min tradable lot	100
Min creation/redemption value (mil)	0.469
Website	www.myetf.com.my

Management

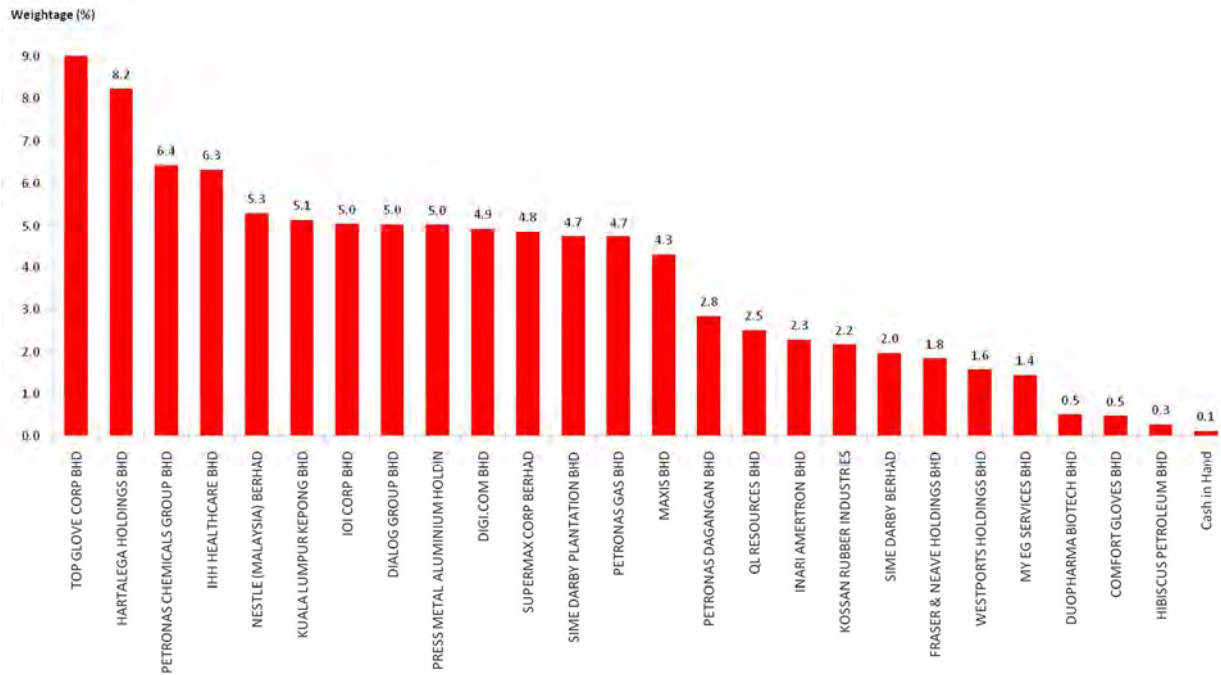
Fund manager	iVCAP Management Sdn Bhd
Investment manager	N/A
Trustee	Deutsche Trustee Malaysia Berhad
Shariah Adviser	Amanie Advisors Sdn Bhd
Participating dealer	CIMB Investment Bank Berhad RHB Investment Bank Berhad
Market maker	N/A

Fund description and objective: MyETF Dow Jones Islamic Market Malaysia Titans 25 (MYETF DJ Islamic 25), an exchange-traded fund (ETF) established in Malaysia, is designed to seek performance generally similar to the Dow Jones Islamic Market Malaysia Titans 25 Index (DJ Islamic 25 Index). The fund invests all its assets in substantially the same weighting as per on the benchmark index.

Investment Highlights

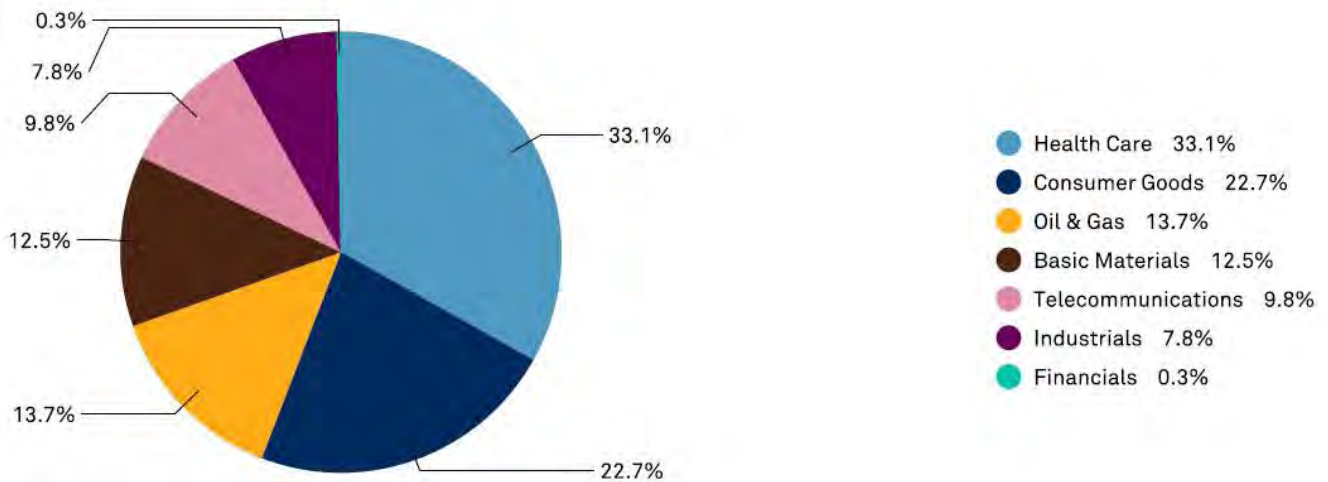
- We maintain our HOLD call on MYETF DJ Islamic 25 but adjust our fair value (FV) down by 2% to RM1.39 (from RM1.42) (Exhibit 3). Our FV is based on our FVs (for stocks under our coverage) and consensus FVs (for stocks not under our coverage). It is at a 5% premium to its NAV of RM1.32 (Exhibit 3).
- The FV adjustment is driven largely by the downgrade in our FVs for glove makers Top Glove (-8% to RM6.50), Hartalega (-8% to RM12.25) and Kossan (-11% to RM4.80), and a slight drop (-3% to RM11.46) in Supermax's consensus FV.
- We expect glove selling prices to start to ease in 1H2021 (after rising persistently over the last three quarters), as glove supply gradually outstrips glove demand, from a shortage situation at present.
- Post-pandemic, we believe the demand growth for gloves will normalise to 8–10%, underpinned by rising glove usage per capita on higher/stricter hygiene standards.
- On the supply side, expansion plans by existing players and new entrants should add about 120bil (+55%) pieces annually to global supply by the end of 2022. Top Glove, Supermax, Hartalega and Kossan will respectively add 30bil, 22bil, 12bil and 10bil pieces annually, with the balance coming from Sri Trang (Thailand), Intco Medical (China) and Blue Sail (China).
- Meanwhile, cost pressure will come from the rising cost of inputs latex and butadiene, as well as additional expenses incurred in relation to the upgrading the dormitory for foreign workers in compliance with the Worker' Minimum Standards of Housing and Amenities Act 1990, also known as Act 446.

EXHIBIT 1: MYETF DJIM25 – CONSTITTUENTS & WEIGHTING (%)



Source: MYETF DJIM25, AmlInvestment Bank

EXHIBIT 2: ETF'S SECTOR WEIGHTING*



Source: S&P Dow Jones Indices
*As at 31 Dec 2020

EXHIBIT 3: MYETF DJIM25 – NAV AND FV

MYETF DJIM25's NAV				MYETF DJIM's FV				
Stock	No. of shares	Price (RM)	Value (RM)	Stock	No. of shares	FV (RM)	Source	Value (RM)
Top Glove Corp Bhd	9,500	6.68	63,460	Top Glove Corp Bhd	9,500	6.50	AmBank	61,750
Petronas Chemicals Group Bhd	4,700	7.20	33,840	Petronas Chemicals Group Bhd	4,700	7.05	AmBank	33,135
Hartalega Holdings Bhd	3,300	13.14	43,362	Hartalega Holdings Bhd	3,300	12.25	AmBank	40,425
IHH Healthcare Bhd	6,000	5.55	33,300	IHH Healthcare Bhd	6,000	6.25	AmBank	37,500
Dialog Group Bhd	8,100	3.27	26,487	Dialog Group Bhd	8,100	4.80	AmBank	38,880
Sime Darby Plantation Bhd	4,800	5.20	24,960	Sime Darby Plantation Bhd	4,800	5.55	AmBank	26,640
Digi.Com Bhd	6,400	4.06	25,984	Digi.Com Bhd	6,400	4.40	AmBank	28,160
Petronas Gas Bhd	1,500	16.60	24,900	Petronas Gas Bhd	1,500	21.30	AmBank	31,950
IOI Corp Bhd	5,900	4.50	26,550	IOI Corp Bhd	5,900	4.30	AmBank	25,370
Maxis Bhd	4,500	5.04	22,680	Maxis Bhd	4,500	5.50	AmBank	24,750
Kuala Lumpur Kepong Bhd	1,100	24.58	27,038	Kuala Lumpur Kepong Bhd	1,100	24.80	AmBank	27,280
Nestle (Malaysia) Berhad	200	139.50	27,900	Nestle (Malaysia) Berhad	200	110.71	AmBank	22,142
Supermax Corp Bhd	3,500	7.30	25,550	Supermax Corp Bhd	3,500	11.46	Consensus	40,110
Press Metal Aluminium Holdin	3,200	8.27	26,464	Press Metal Aluminium Holdin	3,200	5.53	AmBank	17,696
Petronas Dagangan Bhd	700	21.30	14,910	Petronas Dagangan Bhd	700	19.53	Consensus	13,671
QL Resources Bhd	2,200	6.00	13,200	QL Resources Bhd	2,200	5.92	Consensus	13,024
Sime Darby Berhad	4,600	2.25	10,350	Sime Darby Berhad	4,600	2.87	AmBank	13,202
Kossan Rubber Industries	2,500	4.56	11,400	Kossan Rubber Industries	2,500	4.80	AmBank	12,000
Fraser & Neave Holdings Bhd	300	32.20	9,660	Fraser & Neave Holdings Bhd	300	33.36	Consensus	10,008
Westports Holdings Bhd	1,900	4.35	8,265	Westports Holdings Bhd	1,900	4.83	AmBank	9,177
Inari Amertron Bhd	4,500	2.67	12,015	Inari Amertron Bhd	4,500	2.78	AmBank	12,510
Comfort Gloves Bhd	700	3.56	2,492	Comfort Gloves Bhd	700	5.70	Consensus	3,990
My Eg Services Bhd	4,100	1.85	7,585	My Eg Services Bhd	4,100	2.46	Consensus	10,086
Duopharma Biotech Bhd	800	3.34	2,672	Duopharma Biotech Bhd	800	2.45	Consensus	1,960
Hibiscus Petroleum Bhd	2,500	0.58	1,450	Hibiscus Petroleum Bhd	2,500	0.61	Consensus	1,525
Cash In Hand			619	Cash In Hand				619
NAV			527,093	FV				557,560
NAV/unit			1.32	FV/unit				1.39

Source: Bloomberg, AmlInvestment Bank, MYETF DJIM25

EXHIBIT 4: DIVIDEND YIELD

Year	Dividend	Yield (%)
2020	1.81	1.53
2019	2.44	2.16
2018	2.39	2.12
2017	2.23	1.96
2016	2.37	2.23

Source: Bloomberg, AmlInvestment Bank

TOTAL RETURN

Year	Fund total return (%)	Benchmark performance (%)
2020	15.04	17.90
2019	-4.12	-2.89
2018	-4.44	-2.98
2017	12.10	13.22
2016	-0.55	0.07

PERFORMANCES

PE (x)	27.1
1Y Fwd PE (x)	16.8
Year	Tracking error (%)
1M	0.12
1Y	0.37
3Y	0.44
5Y	0.37

PERFORMANCE

Total return	1M	3M	6M	1Y	3Y	5Y	Inception
Price	1.13	1.52	21.82	21.82	23.50	18.06	41.05
NAV	-0.87	-2.04	12.76	26.28	18.79	18.73	36.36
Benchmark	-0.95	-2.37	11.88	27.25	19.97	20.43	24.31

Source: Bloomberg

GLOSSARY

Creation Application	An application to create new Units
Redemption Application	An application to redeem existing Units
Creation Unit Block	The quantity of Units which will be issued upon a successful CreationApplication in respect of one (1) whole In-Kind Creation Basket This quantity of Units may change from time to time as determined by the Manager, approved by the Trustee and notified to the Participating Dealers
Redemption Unit Block	The quantity of Units which are required to be delivered to the Trustee in exchange for one (1) whole In-Kind Redemption Basket in a RedemptionApplicationThis quantity of Units may change from time to time as determined by the Manager, approved by the Trustee and notified to the Participating Dealers
Creation Securities	The Permitted Investments which, together with the Cash Component (if any), comprise an In-Kind Creation Basket or multiples thereof, are required to be deposited with the Trustee (but which shall not form part of the Fund Assets until such time as the CreationApplication is successfully completed) by or for the account of a Participating Dealer pursuant to an approved and successful Creation Application submitted by that Participating Dealer.
Redemption Securities	The Permitted Investments which, together with the Cash Component (if any), comprise an In-Kind Redemption Basket or multiples thereof, are to be distributed from the Fund to or for the account of a Participating Dealer pursuant to an approved and successful Redemption Application submitted by that Participating Dealer in accordance with the provisions of the Deed.
Tracking error	The volatility from the average of excess returns versus the benchmark of defined granularity over the timeframe specified. Tracking error is used as a measure of quality of benchmark tracking.

For more info on the definition of ETF and benefits of investing in it, kindly refer to <http://www.bursamarketplace.com/mkt/themarket/etf>.

For more other info about the ETF, kindly refer to the fund's website, Bursa's website or its prospectus.

FUND RATING STRUCTURE AND DEFINITIONS

BUY	Minimum expected total return (capital gains + dividend yield) of 15% over a period of 12 months.
HOLD	Expected total return (capital gains + dividend yield) of between <+15% and >-15% over a period of 12 months).
UNDERWEIGHT	Minimum expected negative total return (capital gains + dividend yield) of 15%-20% over a period of 12 months.
SELL	Minimum expected negative total return (capital gains + dividend yield) of >20% over a period of 12 months.
UNRATED	Stock not within AmBank Research regular coverage; AmBank Research does not have a view on its fair value and valuation.
ACCEPT OFFER	Shareholders are recommended to accept the offer of share acquisition after an evaluation by the analyst that shows the offer is "fair and reasonable", providing an exit opportunity to the shareholders to realise their investment in cash at the offer price.

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