

ABF MALAYSIA BOND INDEX FUND

**MANAGER'S REPORT AND FINANCIAL STATEMENTS (unaudited)
FOR THE PERIOD 1 JANUARY 2009 TO 31 MARCH 2009**

(IN RINGGIT MALAYSIA)

MANAGER

AmInvestment Services Berhad
9th Floor, Bangunan AmBank Group
55 Jalan Raja Chulan
50200 Kuala Lumpur

BOARD OF DIRECTORS

Kok Tuck Cheong
Datin Maznah Mahbob
Harinder Pal Singh
Professor Dr Annuar Md. Nassir
Dr Mahani Zainal Abidin
Lee Siang Chin @ Lee Siang Korn

INVESTMENT COMMITTEE

Professor Dr Annuar Md. Nassir
Dr Mahani Zainal Abidin
Lee Siang Chin @ Lee Siang Korn
Harinder Pal Singh

INVESTMENT MANAGER

AmInvestment Management Sdn Bhd

TRUSTEE

HSBC (Malaysia) Trustee Berhad

AUDITORS AND REPORTING ACCOUNTANTS

Ernst & Young

TAXATION ADVISER

Deloitte KassimChan Tax Services Sdn Bhd

ABF MALAYSIA BOND INDEX FUND

FINANCIAL STATEMENTS

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PERFORMANCE DATA

Details of portfolio composition of ABF Malaysia Bond Index Fund (“the Fund”) for the last financial periods as at 31 March 2009, 31 December 2008, 30 September 2008, and last two financial years as at 31 December are as follows:

	As at 31-3-2009 %	As at 31-12-2008 %	As at 30-9-2008 %	As at 31-12-2008 %	As at 31-12-2007 %
Malaysian Government securities	87.6	88.3	88.3	88.3	91.9
Quasi-Government bonds	10.6	10.7	10.8	10.7	4.9
Cash and others	1.8	1.0	0.9	1.0	3.2
	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>

Note: The abovementioned percentages are based on total investment market value plus cash.

Performance details of the Fund for the last financial periods ended 31 March 2009, 31 December 2008, 30 September 2008 and last two financial years ended 31 December are as follows:

	3 months ended 31-3-2009	3 months ended 31-12-2008	3 months ended 30-9-2008	1 year ended 31-12-2008	1 year ended 31-12-2007
Net asset value (RM million)	518.74	536.42	501.77	536.42	505.60
Units in circulation (million)	481.92	481.92	481.92	481.92	481.92
Net asset value per unit (RM)*	1.0764	1.1131	1.0412	1.1131	1.0491
Closing quoted price (RM/unit)*	1.076	1.098	1.070	1.098	1.058
Highest quoted price (RM/unit)*	1.117	1.098	1.070	1.098	1.096
Lowest quoted price (RM/unit)*	1.076	1.070	1.070	1.057	1.051
Annualised return (%) ¹	-6.07	30.33	7.33	7.71	2.69
- Capital growth (%)	-8.07	30.33	5.78	6.16	-1.96
- Income distribution (%)	2.00	-	1.55	1.55	4.65
Gross distribution per unit (sen)	2.00	-	1.55	1.55	4.65
Net distribution per unit (sen)	2.00	-	1.55	1.55	4.65
Management expense ratio (%) ²	0.20	0.20	0.20	0.23	0.27
Portfolio turnover ratio (times) ³	0.01	0.09	0.08	0.33	0.39

* Above prices and net asset value per unit are shown as ex-distribution.

- Note: (1) Annualised return is the actual return of the Fund for the respective financial periods/years, computed based on net asset value per unit and net of all fees, annualised over one year.
- (2) Management expense ratio is calculated based on the total fees and expenses incurred by the Fund divided by the average fund size calculated on a daily basis.
- (3) Portfolio turnover ratio ("PTR") is computed based on the average of the total acquisitions and total disposals of investment securities of the Fund divided by the average fund size calculated on a daily basis. The PTR decreased by 0.08 times (88.9%) as compared to 0.09 times for the quarter ended 31 December 2008 mainly due to decrease in investing activities.

Annualised Return (as at 31 March 2009)

	ABFMY1 ^(a) %	iBoxx Index ^(b) %
One year	4.3	4.7
Three years	4.1	4.4
Since launch of fund (13 July 2005)	3.8	4.2

Annual Total Return

Financial Year/Period End (31 December)	ABFMY1 ^(a) %	iBoxx® Index ^(b) %
2008	7.7	7.9
2007	2.7	3.1
2006	4.6	4.9
2005 ^(c)	1.5	1.9

(a) Independently verified by Perkasa Normandy Advisers Sdn Bhd

(b) iBoxx ABF Malaysia Index (“iBoxx Index”) (Source: www.indexco.com)

(c) Annualised returns for the financial period 13 July 2005 (date of commencement) to 31 December 2005

The Fund’s performance above is calculated based on net asset value per unit. Annualised return for ABF Malaysia Bond Index Fund (“ABFMY1”) for a period is computed on the absolute return for that period annualised over one year.

Note: Past performance is not necessarily indicative of future performance and that unit prices and investment returns may go down, as well as up.

**Manager's Report
For The Period 1 January 2009 to 31 March 2009**

Dear Unitholders

We are pleased to present you the Manager's Report and the unaudited quarterly accounts of ABF Malaysia Bond Index Fund ("the Fund" or "ABFMY1") for the financial period 1 January 2009 to 31 March 2009.

Investment Objectives

ABF Malaysia Bond Index Fund is a fixed income exchange traded fund ("ETF") which is a listed bond fund that is passively managed against the given benchmark, which is iBoxx® ABF Malaysia Bond Index ("the Benchmark Index" or "iBoxx® Index"). The returns of the Fund will be expected to correspond closely to the performance of the Benchmark Index.

iBoxx® ABF Malaysia Bond Index is a basket index that expresses relative changes in value compared to the beginning of the respective period. The Benchmark Index is based on consolidated bid quotes and rebalanced monthly on the last calendar day of each month. The Benchmark Index is a combination of Government, sovereign and sub-sovereign debt securities subject to per-determined credit rating requirements.

Details of the index component as at 31 March 2009 are as follows:

Code	Issuer	Coupon	Final Maturity	Notional Amount
GG070001	Malaysia Investment Issue	3.570	15 March 2010	3,500,000,000
PH060023	Malaysian Cagamas Berhad	4.220	30 March 2010	500,000,000
MH060003	Malaysian Government	3.869	13 April 2010	10,886,510,000
DI050204	International Bank For Reconciliation And Development	3.580	12 May 2010	760,000,000
PH060053	Malaysian Cagamas Berhad	4.795	28 May 2010	500,000,000
VG070814	Malaysian Cagamas Berhad	3.850	3 August 2010	650,000,000
MJ05001X	Malaysian Government	3.644	25 August 2010	6,991,200,000
GI050024	Malaysian Investment Issue	3.692	8 December 2010	2,000,000,000
VG071409	Malaysian Cagamas Berhad	3.970	10 December 2010	740,000,000

(Forward)

Code	Issuer	Coupon	Final Maturity	Notional Amount
VI060188	Rantau Abang Capital Berhad	4.390	15 March 2011	2,200,000,000
UI060069	Asia Development Bank	4.265	25 April 2011	500,000,000
MJ050004	Malaysian Government	3.756	28 April 2011	14,761,465,000
GG080012	Malaysia Investment Issue	4.363	30 June 2011	3,500,000,000
GI060008	Malaysia Investment Issue	4.635	14 July 2011	3,000,000,000
MN01001V	Malaysian Government	3.833	28 September 2011	18,718,000,000
UG080081	Malaysian Cagamas Berhad	4.630	10 October 2011	540,000,000
PM03061S	Syarikat Prasarana Negara Berhad	3.800	30 November 2011	2,187,261,374
MJ060005	Malaysian Government	3.718	15 June 2012	12,563,197,000
GI070029	Malaysia Investment Issue	3.581	14 September 2012	3,500,000,000
MN03003V	Malaysian Government	3.702	25 February 2013	16,575,000,000
UI080008	Export-Import Bank Korea	4.080	12 March 2013	500,000,000
GI080001	Malaysia Investment Issue	3.604	29 March 2013	2,000,000,000
MJ070005	Malaysian Government	3.700	15 May 2013	3,000,000,000
MJ080001	Malaysian Government	3.461	31 July 2013	7,000,000,000
GJ080019	Malaysia Investment Issue	4.273	14 February 2014	3,500,000,000
MN04002W	Malaysian Government	5.094	30 April 2014	15,000,000,000
PK070017	Silterra Capital Berhad	3.900	6 June 2014	1,800,000,000
GN050001	Malaysia Investment Issue	4.419	16 March 2015	2,000,000,000
MO05002S	Malaysian Government	4.720	30 September 2015	6,975,000,000
PS00196F	Bank Pembangunan & Infrastruktur Malaysia Berhad	7.000	30 October 2015	500,000,000
MO060001	Malaysian Government	4.262	15 September 2016	8,700,000,000
GN060019	Malaysia Investment Issue	3.820	15 November 2016	3,000,000,000
PR03062E	Syarikat Prasarana Negara Berhad	4.270	30 November 2016	1,913,853,702
DN060825	Khazanah Nasional Berhad	0.000	8 December 2016	2,000,000,000
UN070014	Asia Development Bank	4.000	8 February 2017	500,000,000
MN070002	Malaysian Government	3.814	15 February 2017	9,500,000,000
GN070008	Malaysia Investment Issue	3.941	15 June 2017	3,000,000,000
MS03002H	Malaysian Government	4.240	7 February 2018	15,100,000,000
UN080007	Export-Import Bank Korea	4.500	12 March 2018	500,000,000
DN080403	Syarikat Prasarana Negara Berhad	4.400	30 May 2018	1,200,000,000

(Forward)

Code	Issuer	Coupon	Final Maturity	Notional Amount
DN081079	Khazanah Nasional Berhad	0.000	9 July 2018	1,000,000,000
GN080031	Malaysia Investment Issue	4.295	31 October 2018	7,500,000,000
DN081338	Khazanah Nasional Berhad	0.000	17 December 2018	1,000,000,000
MS04003H	Malaysian Government	5.734	30 July 2019	6,500,000,000
GO090001	Malaysia Investment Issue	3.910	13 August 2019	6,000,000,000
DS080404	Syarikat Prasarana Negara Berhad	4.650	30 May 2023	500,000,000
DS081080	Khazanah Nasional Berhad	0.000	14 August 2023	2,000,000,000
MY050003	Malaysian Government	4.837	15 July 2025	3,000,000,000
PZ00197S	Bank Pembangunan & Infrastruktur Malaysia Berhad	7.500	30 October 2025	500,000,000
MX060002	Malaysian Government	4.709	15 September 2026	3,000,000,000
MX070003	Malaysian Government	3.502	31 May 2027	6,000,000,000
MX080003	Malaysian Government	5.248	15 September 2028	4,000,000,000

Source: International Index Company Limited (“IIC”)

The Fund has a passive strategy whereby the Manager aims, by way of representative sampling, to achieve a return on the Funds assets that closely tracks the return of the Benchmark Index.

ABF Malaysia Bond Index Fund was established on 12 July 2005 and shall exist for as long as it appears to the Manager and the Trustee that it is in the interests of the unitholders for it to continue. In some circumstances, the unitholders can resolve at a meeting to terminate the Fund.

Fund Performance Review

	As at 31 March 2009	As at 31 December 2008	Change (%)
iBoxx® ABF Malaysia Index	121.45	122.91	-1.19
Net asset value (RM)	518,736,814	536,418,866	-3.30
Units in circulation (units)	481,921,800	481,921,800	-
Net asset value per unit (RM)	1.0764	1.1131	-3.30
Annualized returns (%)	-6.07 ^(a)	30.33 ^(b)	-36.40
Benchmark returns (%)	-4.73 ^(a)	31.06 ^(b)	-35.79
Closing price quoted at Bursa Malaysia (RM)	1.076	1.098	-2.00

(a) Annualized returns for the financial period 1 January 2009 to 31 March 2009.

(b) Annualized returns for the financial period 1 October 2008 to 31 December 2008.

Note: Benchmark – iBoxx® ABF Malaysia Bond Index (source: www.indexco)

For the financial period ended 31 March 2009, the net asset value (NAV) of the Fund stood at RM 518,736,814 declining by -3.30% from RM 536,418,866 as of 31 December 2008. Unit in

circulation remain unchanged at 481,921,800 units. This is in line with the Fund's objective of passive management while achieving returns corresponding closely to the performance of Benchmarks index. The net asset value per unit of the Fund was valued at RM 1.0764, decreased by -3.30% as compared to RM 1.1131 as of 31 December 2008. The closing price of the Fund quoted at Bursa Malaysia as of 31 March 2009 decreased by -2.00% from RM 1.098 to RM 1.076.

As of 31 March 2009, the Fund registered an annualized return of -6.07%, decreased by -36.40% as compared to 30.33% as of 31 December 2008. The annualized return is totally capital growth in nature. However, the Fund underperformed its benchmark, the iBoxx @ ABF Malaysia Bond Index by -1.34% for the financial period under review. The iBoxx index registered a return of -4.73% as of 31 March 2009, decreased by -35.79% from 31.06% as of 31 December 2008.

There were no significant changes in the state of affairs of the Fund during the financial period under review. There were also no unit split and circumstances that materially affected the interest of the unitholders within the same period review.

During the financial year under review, the Fund declared a final distribution of 2.00sen per unit on 6 January 2009 as illustrated in the table below.

The Fund has declared distribution on 6 January 2009 as follows:

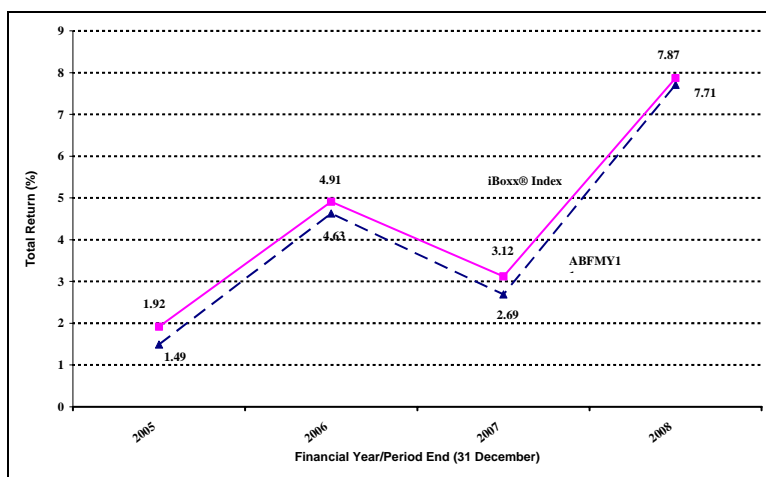
2.00 sen per unit final income distribution*	Changes in the unit price prior and subsequent to the final income distribution	Before income distribution on 6 January 2009 (RM)	After income distribution on 6 January 2009 (RM)
	Net asset value per unit	1.1160	1.0960

* Final income distribution for the financial year ended 31 December 2008.

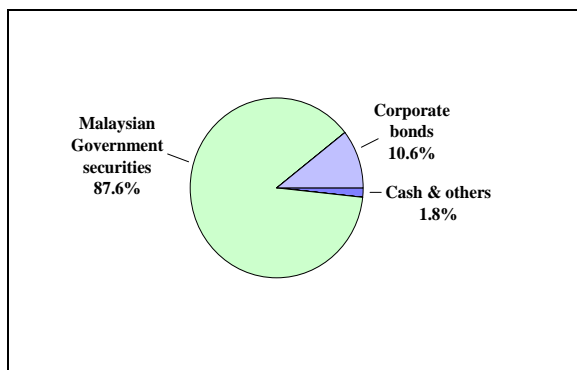
Comparison between the annual return of ABFMY1 and iBoxx® Index for each of the last financial years/period ended 31 December is as follows:

Financial Year/Period End (31 December)	ABFMY1 (%)	iBoxx® Index (%)	Changes (%)
2008	7.71	7.87	-0.16
2007	2.69	3.12	-0.43
2006	4.63	4.91	-0.28
2005*	1.49	1.92	-0.43

* Annualized returns for the financial period 13 July 2005 (date of commencement) to 31 December 2005.



Sectoral Composition as at 31 March 2009



	31 March 2009 (%)	31 December 2008 (%)	Change (%)
Malaysian Government Securities (MGS)	87.6	88.3	-0.7
Quasi-Government bonds	10.6	10.7	-0.1
Cash and others	1.8	1.0	0.8
Total	100.0	100.0	

Investment in MGS was reduced by 0.7% to 87.6% from 88.3% previously. Similarly, the Fund also reduced slightly its holding in quasi-government bonds, by 0.1% to 10.6% from 10.7% previously. Cash holding was increased to 1.8% from 1.0% over the period.

Break down of unitholding by size

Size of holding	As at 31 March 2009 No of units held ('000)	As at 31 December 2008 No of units held ('000)
Less than 100	-	-
100 – 1,000	6.2	6.2
1,001 – 10,000	28.3	28.3
10,001 – 100,000	63.0	63.0
100,001 to less than 5% of issue units	271.0	271.0
5% and above of issue units	481,553.3	481,553.3

Note: 5% of issue units = 24,096,090 units

Market Review

The Malaysian Government Securities (MGS) market in the month of January 2009 continued its strong performance with yields trending lower consequent to the more than expected Overnight Policy Rate (OPR) cut of 75 basis points (bps) vis-à-vis market's expectation of between 25-50bps. The weak economic data flow further support the performance of the MGS market as investors hold back any switching out of MGS and continue holding government securities.

MGS market witnessed a sharp turn in sentiment in February 2009 with yields trending higher on the long end of the curve as market players are concerned about the size of the second stimulus package that is yet to be announced in March. Market turned bullish for a short while following the unexpected 50bps cut in OPR, but the trend was quickly reversed amid increased MGS supply fears.

For the month of March 2009, Malaysia's local yield curve flattened, as the shorter-ended 3 year benchmark yield leaped to 2.84%, while on the other hand the 5 year and 10 year benchmark yields plunged to 3.46% and 3.71% respectively. Of note, the 10 year/3 year spread nosedived to 87bps. The delay of the initially-planned auctions of 20 year and 10 year securities continued to cause a major rally in the longer tenured benchmarks as the 5 year and 10 year benchmark yields plummeted 14bps and 27bps respectively. The drop in their yields would have been more, if not for the Zeti's statements which led to some reversal in the rally. Bank Negara Malaysia (BNM) Governor Zeti said that BNM would now focus on access to financing rather than slash interest rates further, citing that interest rates are currently at a historical low.

On top of that, statements that BNM will not follow the footsteps of other major economies in buying government bonds also bogged down the prices of benchmarks. Despite the suggestion that there would not be more easing of monetary policy, we opine that BNM will continue to monitor the severity of Malaysia's Gross Domestic Product (GDP) growth contraction and formulate a more effective monetary policy stand.

Market Outlook

In the near term for MGS segment of the bond market, the recent adjustment to the expanded government auction plans, which effectively reduced the supply duration, has dampened the supply risks which was a principal concern following the mini-budget announcement. The announcement of a new auction calendar for the remainder of 2009 had shifted issuances from the long-end of the curve to the front-end. We believe the reason for this announcement was to encourage a flattening bias. The announcement to date seems to have exerted pressure on the yields of shorter end MGS while lifting the pressure off the long end. Notwithstanding, we are of the opinion that domestic liquidity is adequate to meet the increase in supply of MGS without causing a meltdown in the bond market.

Investment Strategy

The investment strategy of the fund is of a passive one, whereby the Manager aims, by way of representative sampling, to achieve a return on the Fund Assets that closely tracks the returns of the Benchmark Index. As such, the Fund will continue to invest selectively within its scope (i.e. RM denominated sovereigns, quasi-sovereigns and supranational debt securities) in more liquid issues in order to achieve a return that tracks the Benchmark Index i.e. the iBoxx ABF Malaysia Index while minimising transaction costs.

Rebates and soft commissions

It is our policy to pay all rebates to the Fund. However, soft commissions received for goods and services such as fundamental database, financial wire services, technical analysis software and stock quotation system incidental to investment management of the Fund are retained by the Manager. For the period under review, the Manager has received soft-commissions.

Kuala Lumpur
AmInvestment Services Berhad

30 April 2009

ABF MALAYSIA BOND INDEX FUND

STATEMENT OF ASSETS AND LIABILITIES (unaudited) AS AT 31 MARCH 2009

	Note	31-3-2009 RM	31-3-2008 RM
ASSETS			
Investments	4	518,659,423	514,143,426
Cash at bank		<u>354,547</u>	<u>354,760</u>
Total Assets		<u>519,013,970</u>	<u>514,498,186</u>
LIABILITIES			
Sundry payables and accrued expenses		141,991	113,587
Amount due to index provider	5	58,328	142,195
Amount due to Manager	6	45,198	69,659
Amount due to Trustee	7	<u>31,639</u>	<u>30,476</u>
Total Liabilities excluding Net Asset Value Attributable to Unitholders		<u>277,156</u>	<u>355,917</u>
NET ASSET VALUE AS AT 31 MARCH	8	<u>518,736,814</u>	<u>514,142,269</u>
UNITS IN CIRCULATION	8(a)	<u>481,921,800</u>	<u>481,921,800</u>
NET ASSET VALUE PER UNIT – EX DISTRIBUTION	9	<u>108 sen</u>	<u>107 sen</u>

The accompanying notes form an integral part of the financial statements.

ABF MALAYSIA BOND INDEX FUND

STATEMENT OF INCOME AND EXPENDITURE (unaudited) FOR THE PERIOD 1 JANUARY 2009 TO 31 MARCH 2009

	Note	1-1-2009 to 31-3-2009 RM	1-1-2008 to 31-3-2008 RM
INVESTMENT INCOME			
Interest income		4,972,355	4,955,012
Net realised gain/(loss) on sale of investments		129,866	(33,357)
Net unrealised (loss)/gain on changes in value of investments		(12,817,459)	4,159,601
		(7,715,238)	9,081,256
Add: Accretion of discount		88,632	74,996
Less: Amortisation of premium		(163,889)	(285,740)
Gross (Loss)/ Income		(7,790,495)	8,870,512
EXPENDITURE			
Manager's fee	6	129,194	203,772
Trustee's fee	7	90,436	89,150
Licence fee	5	21,151	27,122
Audit fee		1,233	1,243
Tax agent's fee		1,233	1,243
Other expenses		9,874	10,589
Total Expenditure		253,121	333,119
NET (LOSS)/INCOME BEFORE INCOME TAX		(8,043,616)	8,537,393
LESS: INCOME TAX EXPENSE	10	-	-
NET (LOSS)/INCOME AFTER INCOME TAX		(8,043,616)	8,537,393
INCOME DISTRIBUTION	12	9,638,436	-
Net Income After Income Tax comprises the following:			
Realised income		4,773,843	4,377,792
Unrealised (loss)/gain		(12,817,459)	4,159,601
		(8,043,616)	8,537,393

The accompanying notes form an integral part of the financial statements.

ABF MALAYSIA BOND INDEX FUND

STATEMENT OF CHANGES IN NET ASSET VALUE (unaudited) FOR THE PERIOD 1 JANUARY 2009 TO 31 MARCH 2009

	1-1-2009 to 31-3-2009 RM	1-1-2008 to 31-3-2008 RM
Net asset value at beginning of period	536,418,866	505,604,876
Net (loss)/income for the period	(8,043,616)	8,537,393
Net income distribution	<u>(9,638,436)</u>	<u>-</u>
Net asset value at end of period	<u>518,736,814</u>	<u>514,142,269</u>

The accompanying notes form an integral part of the financial statements.

ABF MALAYSIA BOND INDEX FUND

CASH FLOW STATEMENT (unaudited) FOR THE PERIOD 1 JANUARY 2009 TO 31 MARCH 2009

	Note	1-1-2009 to 31-3-2009 RM	1-1-2008 to 31-3-2008 RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES			
Proceeds from sale of investments		10,150,500	45,410,500
Interest received		6,471,224	6,030,389
License fee paid		-	(51,858)
Payment for other fees expenses		(5,609)	(7,388)
Trustee's fee paid		(92,333)	(89,053)
Manager's fee paid		(131,904)	(203,550)
Purchase of investments		<u>(2,897,650)</u>	<u>(50,176,500)</u>
Net Cash Generated From Operating And Investing Activities		<u>13,494,228</u>	<u>912,540</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Distribution paid		<u>(9,638,436)</u>	<u>(7,469,788)</u>
Net Cash Used In Financing Activities		<u>(9,638,436)</u>	<u>(7,469,788)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		3,855,792	(6,557,248)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		<u>5,429,537</u>	<u>16,364,499</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	13	<u><u>9,285,329</u></u>	<u><u>9,807,251</u></u>

The accompanying notes form an integral part of the financial statements.

ABF MALAYSIA BOND INDEX FUND

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

ABF Malaysia Bond Index Fund (“the Fund”) was established pursuant to a Deed dated 12 July 2005 as amended by Deeds Supplemental thereto (“the Deed”), between AmInvestment Services Berhad as the Manager, HSBC (Malaysia) Trustee Berhad as the Trustee and all unitholders.

The Fund was set up with the objective for investors who seek an “index-based” approach to investing in a portfolio of Ringgit Malaysia denominated Government and quasi-Government debt securities. As provided in the Deed, the “accrual period” or financial year shall end on 31 December and the units in the Fund were first offered for sale on 13 July 2005.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention modified by the revaluation of investments in accordance with applicable Financial Reporting Standards in Malaysia and the Securities Commission’s Guidelines on Unit Trust Funds.

The new and revised Financial Reporting Standards (“FRSs”) that were first effective for and first adopted by the Fund in the current financial year were either not relevant or did not give rise to any significant change to the accounting policies of the Fund. At the date of authorisation of these financial statements, the following new and revised FRSs and Interpretations were issued but not yet effective and have not been adopted by the Fund:

FRS	Effective for financial periods beginning on or after
FRS 4: Insurance Contracts	1 January 2010
FRS 7: Financial Instruments: Disclosures	1 January 2010
FRS 8: Operating Segments	1 July 2009
FRS 139: Financial Instruments: Recognition and Measurement	1 January 2010
IC Interpretation 9: Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10: Interim Financial Reporting and Impairment	1 January 2010

The Fund is exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 7 and FRS 139 by virtue of exemptions provided under Paragraph 44AB and 103AB respectively of the standards.

3. **SIGNIFICANT ACCOUNTING POLICIES**

Investments

Investments are stated at market value on a portfolio basis in accordance with the provisions of the Deed, market value is determined based on prices provided by the index provider, International Index Company Limited (“IIC”), plus accrued interest. The difference between the adjusted cost and market value is treated as unrealised gain or loss and is recognised in the statement of income and expenditure. Adjusted cost of investments relates to the purchase cost plus accrued interest, adjusted for amortisation of premium and accretion of discount, if any, calculated on the straight-line method over the period from the date of acquisition to the date of maturity of the respective securities as approved by the Manager and the Trustee. Unrealised gains or losses recognised in the statement of income and expenditure is not distributable in nature.

On disposal of investments, the net realised gain or loss on disposal is measured as the difference between the net disposal proceeds and the carrying amount of the investments. The net realised gain or loss is recognised in the statement of income and expenditure.

Income Recognition

Interest on fixed income securities and short-term deposits is recognised on an accrual basis.

Income Tax Expense

The tax effects of transactions are recognised, using the 'balance sheet' method and all taxable temporary differences are recognised. As at 31 March 2009, there were no significant temporary differences.

Functional and Presentation Currency

Functional currency is the currency of the primary economic environment in which the Fund operates that most faithfully represents the economic effects of the underlying transactions. This is Ringgit Malaysia which reflects the currency of the economy in which the Fund competes for funds and subscribes and redeems units. The Fund has also adopted Ringgit Malaysia as its presentation currency.

Cash Flow Statement

The Fund adopts the direct method in the preparation of the cash flow statement.

Cash equivalents are short-term, highly liquid investments with maturity of seven days or less from the date of acquisition and are readily convertible to cash with insignificant risk of changes in value.

Payables

The amounts are stated at cost which is the fair value of the consideration to be paid for services received.

Financial Assets And Liabilities

Financial assets and financial liabilities carried on the statement of assets and liabilities include cash at banks, investments, including deposits and placements with licensed institutions, receivables and payables. The accounting policies on recognition and measurement of these items are disclosed in the respective accounting policies.

Financial instruments are classified as assets or liabilities in accordance with the substance of the contractual arrangement. The accounting policies on the recognition of interest, gains and losses relating to financial instruments classified as assets, are disclosed in the respective accounting policies.

4. INVESTMENTS

	31-3-2009	31-3-2008
	RM	RM
At carrying value		
Short-term deposits with licensed banks under short-term money market deposits	8,930,782	9,452,491
Quasi-Government bonds	54,885,315	25,249,311
Malaysian Government securities	454,843,326	479,441,624
	<u>518,659,423</u>	<u>514,143,426</u>
At nominal value		
Short-term deposits with licensed banks under short-term money market deposits	8,930,300	9,451,600
Quasi-Government bonds	55,000,000	25,000,000
Malaysian Government securities	440,000,000	470,000,000

Details of investments as at 31 March 2009 are as follows:

Maturity date	Issuer/Stock no.	Nominal value RM	Carrying value RM	Purchase cost RM	Carrying value as a percentage of net asset value %
Short-term deposits with licensed banks under short-term money market deposits					
01.04.2009	OCBC Bank (M) Berhad	8,930,300	8,930,782	8,930,300	1.72
Quasi-Government bonds					
12.03.2013	The Export - Import Bank Of Korea	10,000,000	9,871,356	10,028,474	1.90
06.06.2014	Silterra Capital Berhad	15,000,000	15,199,520	15,233,014	2.93
30.11.2016	Syarikat Prasarana Negara Berhad	10,000,000	10,356,063	9,823,474	2.00
12.03.2018	The Export - Import Bank Of Korea	10,000,000	9,126,658	10,026,890	1.76
30.05.2018	Syarikat Prasarana Negara Berhad	10,000,000	10,331,718	9,968,253	1.99
		<u>55,000,000</u>	<u>54,885,315</u>	<u>55,080,105</u>	<u>10.58</u>
Malaysian Government securities					
13.04.2010	MH060003	40,000,000	41,510,779	40,846,765	8.00
25.08.2010	MJ05001X	15,000,000	15,346,848	15,217,019	2.97
28.04.2011	MJ050004	35,000,000	36,357,789	35,060,874	7.00
28.09.2011	MN01001V	35,000,000	35,868,371	35,298,258	6.91
15.06.2012	MJ060005	50,000,000	51,681,464	49,676,180	9.97
25.02.2013	MN03003V	50,000,000	50,668,964	50,016,675	9.77
31.07.2013	MJ080001	35,000,000	35,152,238	35,041,713	6.77
16.03.2015	GN050001	10,000,000	10,346,213	10,329,639	2.00
30.09.2015	MO05002S	15,000,000	15,813,435	15,988,833	3.05
15.09.2016	MO060001	25,000,000	25,723,826	25,504,161	4.95
15.02.2017	MN070002	30,000,000	29,952,310	30,569,550	5.77
15.06.2017	GN070008	5,000,000	5,072,924	5,151,990	0.98
	(Forward)				

Maturity date	Issuer/Stock no.	Nominal value RM	Carrying value RM	Purchase cost RM	Carrying value as a percentage of net asset value %
07.02.2018	MS03002H	30,000,000	30,969,746	29,037,457	5.97
31.10.2018	GN080031	20,000,000	21,092,685	20,985,934	4.07
30.07.2019	MS04003H	10,000,000	11,687,623	11,144,772	2.25
15.07.2025	MY050003	10,000,000	10,658,550	10,366,331	2.06
15.09.2026	MX060002	10,000,000	10,359,474	10,305,114	2.00
15.09.2028	MX080003	15,000,000	16,580,087	15,729,150	3.19
		<u>440,000,000</u>	<u>454,843,326</u>	<u>446,270,415</u>	<u>87.68</u>
Total investments		<u>503,930,300</u>	<u>518,659,423</u>	<u>510,280,820</u>	<u>99.98</u>

The weighted average interest rate and average remaining maturities of short-term deposits with licensed banks under short-term money market deposits are as follows:

	Weighted average interest rate		Remaining maturities	
	31-3-2009 %	31-3-2008 %	31-3-2009 Days	31-3-2008 Days
Short-term deposits with licensed banks under short-term money market deposits	<u>1.97</u>	<u>3.44</u>	<u>1</u>	<u>1</u>

The weighted average effective yields on unquoted securities are as follows:

	Effective yield*	
	31-3-2009 %	31-3-2008 %
Quasi-Government bonds	4.37	3.89
Malaysian Government securities	<u>3.13</u>	<u>2.88</u>

* As provided by IIC

Analyses of the remaining maturity of investments as at 31 March 2009 are as follows:

	1 to 2 years RM	2 to 5 years RM	More than 5 years RM
At nominal value			
Quasi-Government bonds	-	10,000,000	45,000,000
Malaysian Government securities	<u>55,000,000</u>	<u>205,000,000</u>	<u>180,000,000</u>

5. **AMOUNT DUE TO INDEX PROVIDER**

Included in the amount due to index provider is the license fee payable to International Index Company Limited, the provider of the benchmark index.

License fee is calculated on a daily basis at the following rate:

	2008 %	2007 %
Fund Size		
Up to 30 June 2008		
For amount equal to or less than Initial Funding	0.023	0.023
For amount above Initial Funding, but equal to or less than 275% of Initial Funding	0.01	0.01
For amount above 275% of Initial Funding	No charge	No charge
subject to a minimum annual fee of USD26,542 (approximate RM100,860)		
From 1 July 2008 onwards		
For amount equal to or less than Initial Funding	0.0175	-
For amount above Initial Funding, but equal to or less than 275% of Initial Funding	0.01	-
For amount above 275% of Initial Funding	No charge	-
subject to a minimum annual fee of USD21,234 (approximate RM80,689)		

* Initial Funding for the Fund was USD115,400,000 (approximately RM438,520,000)

6. AMOUNT DUE TO MANAGER

Amount due to Manager represents the manager's fee payable.

Manager's fee was charged at a rate of 0.10% (0.16% for the financial period 1 January 2008 to 31 March 2008) per annum of the net asset value of the Fund, calculated on daily basis, for the financial period 1 January 2009 to 31 March 2009.

7. AMOUNT DUE TO TRUSTEE

Amount due to Trustee represents the trustee's fee payable.

Trustee's fee was charged at a rate of 0.07% (0.07% for the financial period 1 January 2008 to 31 March 2008) per annum of the net asset value of the Fund, calculated on daily basis, for the financial period 1 January 2009 to 31 March 2009.

8. NET ASSET VALUE ATTRIBUTABLE TO UNITHOLDER

Net asset value attributable to unitholders is represented by:

	Note	31-3-2009 RM	31-3-2008 RM
Unitholders' contribution	(a)	505,257,375	505,257,375
Undistributed net income	(b)	<u>13,479,439</u>	<u>8,884,894</u>
		<u>518,736,814</u>	<u>514,142,269</u>

(a) UNITHOLDERS' CONTRIBUTION/UNITS IN CIRCULATION

	1-1-2009 to 31-3-2009		1-1-2008 to 31-3-2008	
	No. of units	RM	No. of units	RM
At beginning and end of period	<u>481,921,800</u>	<u>505,257,375</u>	<u>481,921,800</u>	<u>505,257,375</u>

As provided in the Prospectus dated 13 July 2005, the initial size of the Fund shall not exceed 1 billion units.

The Manager, AmInvestment Services Berhad, did not hold any units in the Fund as at 31 March 2009 and 31 March 2008. Holdings by parties related to the Manager as at 31 March 2009 were 27,184,359 (43,225,693 as at 31 March 2008) units valued at RM29,261,244 (RM46,078,589 as at 31 March 2008).

(b) **UNDISTRIBUTED NET INCOME**

	Note	1-1-2009 to 31-3-2009 RM	1-1-2008 to 31-3-2008 RM
At beginning of period		31,161,491	347,501
Net (loss)/income for the period		(8,043,616)	8,537,393
Income distribution for the period	13	<u>(9,638,436)</u>	<u>-</u>
At end of period		<u>13,479,439</u>	<u>8,884,894</u>

9. **NET ASSET VALUE PER UNIT (EX DISTRIBUTION)**

The net asset value per unit (ex distribution) is calculated by dividing the net assets of RM518,736,814 (RM514,142,269 as at 31 March 2008) by the 481,921,800 (481,921,800 as at 31 March 2008) units in issue as at 31 March 2009.

10. **INCOME TAX EXPENSE**

Income tax payable is calculated on investment income less deduction for permitted expenses as provided for under Section 63B of the Income Tax Act, 1967.

Pursuant to Schedule 6 paragraph 35 of the Income Tax Act, 1967, interest income on short-term deposits with licensed financial institutions derived by the Fund is exempted from tax.

A reconciliation of income tax expense applicable to income before income tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Fund is as follows:

	1-1-2009 to 31-3-2009 RM	1-1-2008 to 31-3-2008 RM
Net (loss)/income before income tax	<u>(8,043,616)</u>	<u>8,537,393</u>
Taxation at Malaysian statutory rate of 25% (26% in 2008)	(2,010,900)	2,219,700
Tax effect of:		
Loss/(Income) not subject to tax	1,947,600	(2,306,300)
Permitted expenses not deductible for tax purposes	30,200	56,500
Non-permitted expenses for tax purposes	29,800	23,800
Permitted expenses not used not available for future years	<u>3,300</u>	<u>6,300</u>
Tax expense for the financial period	<u>-</u>	<u>-</u>

11. DISTRIBUTION EQUALISATION

Distribution equalisation represents the average amount of undistributed net income included in the creation or release price of units. This amount is either refunded to unitholders by way of distribution and/or adjusted accordingly when units are released back to Trustee.

12. INCOME DISTRIBUTION

Distribution to unitholders is from the following sources:

	1-1-2009 to 31-3-2009 RM	1-1-2008 to 31-3-2008 RM
Undistributed net income brought forward - realised	9,904,916	-
Interest income	144,194	-
Net realised gain on sale of investments	3,766	-
Accretion of discount	2,570	-
Amortisation of premium	(163,889)	-
	<hr/>	<hr/>
	9,891,557	-
Less: Expenses	(253,121)	-
	<hr/>	<hr/>
Total amount of distribution	<u>9,638,436</u>	<u>-</u>

Included in the income distribution for the financial period 1 January 2009 to 31 March 2009 was an amount of RM9,904,916 distributed from previous financial year's realised income.

The income distribution for the financial period 1 January 2009 to 31 March 2009 has been proposed before taking into account net unrealised loss of RM12,817,459 and net unrealised loss brought forward of RM30,949, which were carried forward to the next financial period.

	1-1-2009 to 31-3-2009		1-1-2008 to 31-3-2008	
	Date of distribution	RM	Date of distribution	RM
GROSS AND NET				
Final distribution				
- 2.00 (Nil in 2008)				
sen per unit	6 January 2009	<u>9,638,436</u>	-	<u>-</u>

13. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following amounts:

	31-3-2009	31-3-2008
	RM	RM
Short-term deposits with licensed banks under short-term money market deposits (Note 4)	8,930,782	9,452,491
Cash at bank	<u>354,547</u>	<u>354,760</u>
	<u><u>9,285,329</u></u>	<u><u>9,807,251</u></u>

14. MANAGEMENT EXPENSE RATIO AND PORTFOLIO TURNOVER RATIO

The Fund's management expense ratio ("MER") is as follows:

	1-1-2008 to	1-1-2008 to
	31-3-2008	31-3-2008
	%	%
Manager's fee	0.10	0.16
Trustee's fee	0.07	0.07
License fee	0.02	0.02
Trust expenses	<u>0.01</u>	<u>0.01</u>
Total MER	<u><u>0.20</u></u>	<u><u>0.26</u></u>

The portfolio turnover ratio, calculated by dividing the average of total acquisitions and total disposals of investment securities by the average net asset value of the Fund calculated on a daily basis, 0.01 times for the financial period 1 January 2009 to 31 March 2009 (0.09 times for the financial period 1 January 2008 to 31 March 2008).

15. SEGMENTAL REPORTING

In accordance with the objective of the Fund, substantially all of the Fund's investments are made in the form of fixed income securities in Malaysia. The Manager is of the opinion that the risk and rewards from these investments are not individually or segmentally distinct and hence the Fund does not have a separate identifiable business or geographical segments.

16. TRANSACTIONS WITH FINANCIAL INSTITUTIONS

Details of transactions with financial institutions for the financial period 1 January 2009 to 31 March 2009 are as follows:

Financial institutions	Transaction value	
	RM	%
Citibank Berhad	8,098,866	61.27
CIMB Bank Berhad	5,118,677	38.73
Total	13,217,543	100.00

The above transaction values are in respect of Ringgit Malaysia denominated Government and quasi-Government debt securities. Transactions in these fixed income securities do not involve any commission or brokerage.

17. RISK MANAGEMENT

The Fund is exposed to a variety of risks that included market risk, interest rate risk, credit risk, liquidity risk, single issuer risk, regulatory risk, management risk and stock risk.

Risk management is carried out by closely monitoring, measuring and mitigating the above said risk, careful selection of stocks for investment coupled with stringent compliance to investment restrictions as stipulated by the Securities Commission Act, Securities Commission's Guidelines on Exchange Traded Funds and the Deed as backbone of risk management of the Fund.

Market Risk

Market risk relates to investments in quoted/unquoted securities where movements of share prices can rise or fall for a number of reasons including industry trends, economic factors, changes in company's operations, management and financial performance as well as market perceptions on a particular company.

Market risk is managed through portfolio diversification and asset allocation whereby the securities exposure is monitored/reduced in the event of anticipated market weaknesses.

Interest Rate Risk

Interest rate risk will affect the value of the Fund's investments, given the interest rate movements, which are influenced by regional and local economic developments as well as political developments.

Interest rate moves in the opposite direction of bond prices. When interest rates rise, bond prices will fall and vice versa. When interest rate trend is anticipated to rise, the Fund Manager will reduce the exposure to fixed income securities.

Domestic interest rates on deposits and placements with licensed financial institutions are determined based on prevailing market rates. The Fund has a policy to ensure that the rates obtained are competitive.

Credit Risk

Credit risk applies to debt instruments such as term deposits, bonds and debentures. The issuer of such instruments may not be able to fulfil the required interest payments or repay the principal invested. These risks may cause the Fund's investments to fluctuate.

The Fund Manager manages the risk by setting internal counterparty limits and undertaking internal credit evaluation to minimise such risk.

Liquidity Risk

The Fund maintains sufficient level of liquid assets, after consultation with the Trustee, to meet anticipated payments and cancellation of units by unitholders. Liquid assets comprise cash deposits with licensed institutions and other instruments, which are capable of being converted into cash between 5 to 7 days. The Fund's policy is to always maintain a prudent level of liquid assets so as to reduce liquidity risk.

Single Issuer Risk

Internal policy restricts the Fund from investing in securities issued by any issuer of not more than a certain percentage of its net asset value. Under such restriction, the risk exposure to the securities of any issuer is managed based on internal/external ratings.

Regulatory Risk

Any changes in national policies and regulations may have an effect on the capital market.

Management Risk

Poor management of a fund may cause considerable losses to the fund that in turn may affect the contribution by a unitholder.

Stock Risk

Risk that is specific to a stock and is not correlated with the specific risks of other stocks.

18. FAIR VALUE OF FINANCIAL INSTRUMENTS

All assets and liabilities of the Fund are carried at fair values. The accounting policies on recognition and measurement of the fair value for the Fund's investments are disclosed in their respective accounting policies.

The fair value for the amount due to the Manager and Trustee, cash at bank, sundry receivables and sundry payables and accruals approximate their respective carrying amounts as at the balance sheet date due to the relatively short-term maturity of these financial instruments.