

ABF Malaysia Bond Index Fund

Quarterly Report

31 March 2012

Trust Directory

Manager

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

Board of Directors

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

Investment Committee

Professor Dr Annuar Md. Nassir
Dato' Dr Mahani Zainal Abidin
Lee Siang Korn @ Lee Siang Chin
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

Corporate Directory

AmInvestment Services Berhad

Registered Office

22nd Floor, Bangunan AmBank Group
55, Jalan Raja Chulan, 50200 Kuala Lumpur
Tel:03-2036 2633 Fax: 03-2032 1914

Head Office

9th Floor, Bangunan AmBank Group
55, Jalan Raja Chulan, 50200 Kuala Lumpur
Tel:03-2036 1503 Fax: 03-2026 5630

AmInvestment Management Sdn Bhd

Registered Office

22nd Floor, Bangunan AmBank Group
55, Jalan Raja Chulan, 50200 Kuala Lumpur
Tel:03-2036 2633 Fax: 03-2032 1914

Head Office

9th & 10th Floor, Bangunan AmBank Group
55, Jalan Raja Chulan, 50200 Kuala Lumpur
Tel:03-2036 2633 Fax: 03-2026 5630

Secretaries

Koid Phaik Gunn
MAICSA 7007433

22nd Floor, Bangunan AmBank Group
55, Jalan Raja Chulan, 50200 Kuala Lumpur

HSBC (Malaysia) Trustee Berhad

Business/Registered Office/Head Office

Suite 901, 9th Floor,
Wisma Hamzah-Kwong Hing
No.1, Leboh Ampang, 50100 Kuala Lumpur
Tel: 03-2074 3200 Fax: 03-2078 0145

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Manager's Report

Dear Unitholders,

We are pleased to present you the Manager's Report and the unaudited accounts of ABF Malaysia Bond Index Fund ("the Fund") for the financial period from 1 January 2012 to 31 March 2012.

Salient Information of the Fund

Name	ABF Malaysia Bond Index Fund (the "Fund")
Category/Type	Fixed Income ETF/ Income
Objective	A listed bond fund that is passively managed against the given benchmark and the returns will be expected to correspond closely to the performance of the benchmark index.

Index Component Details of the index component as at 31 March 2012 are as follows:

Code	Issuer	Coupon %	Final Maturity	Notional Amount (RM)
GH090053	Malaysia Investment Issue	3.278	15 March 2013	4,000,000,000
GI080001	Malaysia Investment Issue	3.604	29 March 2013	2,000,000,000
UG100018	Bank Pembangunan Malaysia Berhad	3.660	12 April 2013	500,000,000
VG100059	Bank Pembangunan Malaysia Berhad	3.640	12 April 2013	500,000,000
MJ070005	Malaysian Government	3.700	15 May 2013	3,000,000,000
MH090005	Malaysian Government	3.210	31 May 2013	9,000,000,000
GH100001	Malaysia Investment Issue	3.288	15 July 2013	3,000,000,000
MJ080001	Malaysian Government	3.461	31 July 2013	7,000,000,000
VG100225	Cagamas Berhad	3.480	19 August 2013	1,000,000,000
GG100053	Malaysia Investment Issue	3.199	30 September 2013	3,000,000,000
VG100401	Cagamas Berhad	3.550	10 December 2013	700,000,000
GJ080019	Malaysia Investment Issue	4.273	14 February 2014	3,500,000,000
VI090137	Danga Capital Berhad	4.220	24 April 2014	1,100,000,000
MN04002W	Malaysian Government	5.094	30 April 2014	24,000,000,000
PK070017	Silterra Capital Berhad	3.900	06 June 2014	1,800,000,000
VG110222	Cagamas Berhad	3.700	11 July 2014	620,000,000
GI090042	Malaysia Investment Issue	3.909	31 July 2014	4,500,000,000

(Forward)

Code	Issuer	Coupon %	Final Maturity	Notional Amount (RM)
MH110002	Malaysia Government	3.434	15 August 2014	7,700,000,000
GH110017	Malaysia Investment Issue	3.505	30 September 2014	7,000,000,000
GJ090030	Malaysia Investment Issue	3.902	30 December 2014	5,500,000,000
MJ090004	Malaysia Government	3.741	27 February 2015	13,500,000,000
GN050001	Malaysia Investment Issue	4.419	16 March 2015	2,000,000,000
UI100019	Bank Pembangunan Malaysia Berhad	4.150	10 April 2015	1,500,000,000
VI100060	Danga Capital Berhad	4.350	13 April 2015	2,000,000,000
GI100042	Malaysia Investment Issue	3.473	15 July 2015	3,000,000,000
GH120001	Malaysia Investment Issue	3.186	31 July 2015	4,000,000,000
MJ100001	Malaysia Government	3.835	12 August 2015	10,000,000,000
GJ100009	Malaysia Investment Issue	3.860	30 September 2015	3,500,000,000
MO05002S	Malaysia Government	4.720	30 September 2015	6,975,000,000
PS00196F	Bank Pembangunan Malaysia Berhad	7.000	30 October 2015	500,000,000
VK090138	Danga Capital Berhad	4.490	22 April 2016	500,000,000
MO060001	Malaysia Government	4.262	15 September 2016	19,700,000,000
UI110086	Cagamas Berhad	3.730	11 November 2016	825,000,000
GN060019	Malaysia Investment Issue	3.820	15 November 2016	11,000,000,000
PR03062E	Syarikat Prasarana Negara Berhad	4.270	30 November 2016	1,913,853,702
UI120008	The Export - Import Bank of Korea	4.070	02 February 2017	500,000,000
UN070014	Asian Development Bank	4.000	08 February 2017	500,000,000
MN070002	Malaysia Government	3.814	15 February 2017	9,500,000,000
GN070008	Malaysia Investment Issue	3.941	15 June 2017	3,000,000,000
ML100002	Malaysia Government	4.012	15 September 2017	14,000,000,000
UK100107	Cagamas Berhad	3.980	20 October 2017	1,000,000,000
DN080403	Syarikat Prasarana Negara Berhad	4.400	30 May 2018	1,200,000,000

(Forward)

Code	Issuer	Coupon %	Final Maturity	Notional Amount (RM)
GL110001	Malaysia Investment Issue	3.872	30 August 2018	6,500,000,000
MK110005	Malaysia Government	3.580	28 September 2018	7,000,000,000
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
DN090051	Khazanah Nasional Berhad	0.000	20 March 2019	1,000,000,000
MS04003H	Malaysia Government	5.734	30 July 2019	6,500,000,000
GO090001	Malaysia Investment Issue	3.910	13 August 2019	3,500,000,000
DN090197	Khazanah Nasional Berhad	0.000	27 August 2019	1,500,000,000
MO090002	Malaysia Government	4.378	29 November 2019	17,600,000,000
GO090061	Malaysia Investment Issue	4.492	30 April 2020	3,500,000,000
GN100021	Malaysia Investment Issue	4.284	15 June 2020	5,500,000,000
GN100060	Malaysia Investment Issue	3.998	30 November 2020	3,000,000,000
GN110025	Malaysia Investment Issue	4.170	30 April 2021	10,000,000,000
MO110001	Malaysia Government	4.160	15 July 2021	10,500,000,000
VN110259	Syarikat Prasarana Negara Berhad	4.150	04 August 2021	800,000,000
MO120001	Malaysia Government	3.418	15 August 2022	4,000,000,000
DS081080	Khazanah Nasional Berhad	0.000	14 August 2023	2,000,000,000
DS090052	Khazanah Nasional Berhad	0.000	20 March 2024	1,500,000,000
MY050003	Malaysia Government	4.837	15 July 2025	3,000,000,000
PZ00197S	Bank Pembangunan Malaysia Berhad	7.500	30 October 2025	500,000,000
MS110003	Malaysia Government	4.392	15 April 2026	6,000,000,000
VS110260	Syarikat Prasarana Negara Berhad	4.350	04 August 2026	1,200,000,000
MX060002	Malaysia Government	4.709	15 September 2026	3,000,000,000
MX070003	Malaysia Government	3.502	31 May 2027	6,000,000,000
MX080003	Malaysia Government	5.248	15 September 2028	4,000,000,000

(Forward)

Code	Issuer	Coupon %	Final Maturity	Notional Amount (RM)
VX090825	Syarikat Prasarana Negara Berhad	5.070	28 September 2029	1,500,000,000
MX100003	Malaysia Government	4.498	15 April 2030	2,000,000,000
MX110004	Malaysia Government	4.232	30 June 2031	3,500,000,000

Source: International Index Company Limited (“IIC”).

Duration

The 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.

Performance Benchmark

iBoxx® ABF Malaysia Bond Index

Income Distribution Policy

Income distribution (if any) will be paid semi-annually.

Breakdown of Unit Holdings by Size

For the financial period under review, the size of the Fund stood at 537,421,800 units.

Size of holding	As at 31 March 2012		As at 31 December 2011	
	No of units held ('000)	Number of unitholders	No of units held ('000)	Number of unitholders
Less than 100	-	-	-	-
100 – 1,000	6.3	16	6.3	16
1,001 -10,000	21.0	6	21.0	6
10,001 – 100,000	55.0	3	55.0	3
100,001 to less than 5% of issue units	5,243.6	5	5,243.6	5
5% and above of issue units	532,095.9	2	532,095.9	2

Fund Performance Data

Portfolio Composition

Details of portfolio composition of the Fund as at 31 March 2012 and three financial years as at 31 December are as follows:

	As at 31-3-2012 %	FY 2011 %	FY 2010 %	FY 2009 %
Malaysian Government securities	91.2	89.8	91.9	83.4
Quasi-Government bonds	5.2	6.9	7.0	11.4
Cash and others	3.6	3.3	1.1	5.2
	100.0	100.0	100.0	100.0

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

Performance Details

Performance details of the Fund for the financial period ended 31 March 2012 and three financial years ended 31 December are as follows:

	3 Months ended 31-3-2012	FY 2011	FY 2010	FY 2009
Net asset value (RM)	584,901,182	590,794,246	584,921,826	516,936,480
Units in circulation	537,421,800	537,421,800	537,421,800	481,921,800
Net asset value per unit (RM)*	1.0883	1.0993	1.0884	1.0727
Highest net asset value per unit (RM)*	1.1120	1.0993	1.0917	1.1197
Lowest net asset value per unit (RM)*	1.0874	1.0642	1.0559	1.0510
Closing quoted price (RM/unit)*	1.0720	1.0720	1.0870	1.0700
Highest quoted price (RM/unit)*	1.0720	1.0900	1.0830	1.1170
Lowest quoted price (RM/unit)*	1.0680	1.0650	1.0620	1.0550
Benchmark performance (%)	3.23	4.85	5.13	0.21
Total return (%) ⁽¹⁾	2.36	4.57	5.19	-0.14
- Capital growth (%)	0.77	1.12	1.60	-3.60
- Income distribution (%)	1.59	3.45	3.59	3.46
Gross distribution (sen per unit)	1.75	3.75	3.85	3.85
Net distribution (sen per unit)	1.75	3.75	3.85	3.85
Distribution yield (%) ⁽²⁾	1.63	3.50	3.54	3.60
Management expense ratio (%) ⁽³⁾	0.19	0.19	0.19	0.20
Portfolio turnover ratio (times) ⁽⁴⁾	0.41	0.26	0.33	0.21

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

Note:

- (1) *Total return is the annualised return of the Fund for the respective financial period/years, computed based on net asset value per unit and net of all fees, annualised over one year.*
- (2) *Distribution yield is calculated based on the total distribution for the respective financial periods/years divided by the closing quoted price.*
- (3) *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.*
- (4) *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 increased by 0.15 times (57.7%) as compared to 0.26 times for the year ended 31 December 2011 mainly due to increase in investing activities.*

Average Total Return (as at 31 March 2012)

	ABFMY1^(a)	iBoxx Index^(b)
	%	%
One year	4.9	5.3
Three years	3.9	4.2
Five years	3.7	4.0
Since launch (13 July 2005)	3.8	4.2

Annual Total Return

Financial Year Ended (31 December)	ABFMY1^(a)	iBoxx Index^(b)
	%	%
2011	4.6	4.9
2010	5.2	5.1
2009	-0.1	0.2
2008	7.7	6.0
2007	2.7	2.8

(a) *Independently verified by Perkasa Normandy Advisers Sdn Bhd.*

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

The Fund’s performance above is calculated based on net asset value per unit. Average total return of 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.

Has the Fund achieved its objective?

For the financial period under review, the Fund has met its objective i.e. passively managed against the given benchmark and the return corresponded closely to the performance of the benchmark index.

Fund Performance

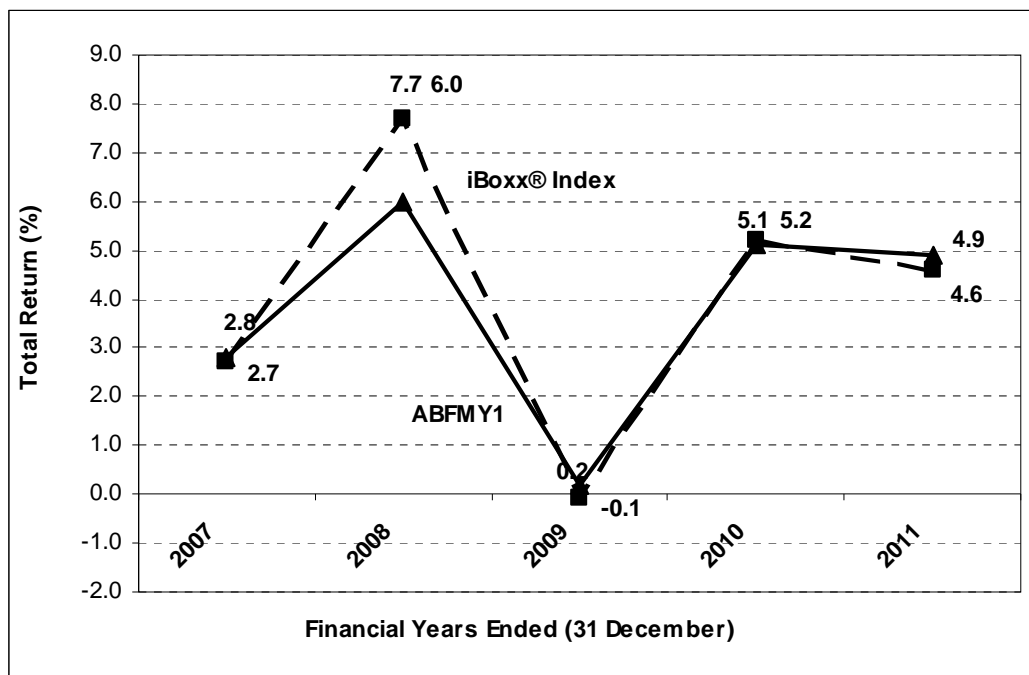
For the financial period under review, the Fund recorded a return of 2.36% comprising of 0.77% capital growth and 1.59% of income distribution.

Thus, the Fund's return of 2.36% underperformed the benchmark return of 3.23% by 0.87%.

As compared to 31 December 2011, the NAV per unit of the Fund decreased by 1.00% from RM1.0993 to RM1.0883, while units in circulation remain unchanged at 537,421,800 units.

The closing price quoted at Bursa Malaysia of the Fund remain unchanged at RM1.0720.

The line chart below shows the comparison between the annual performance of ABFMYI and iBoxx® Index for financial years ended 31 December.



Past performance is no indication of the future performance of the Fund.

Strategies and Policies Employed

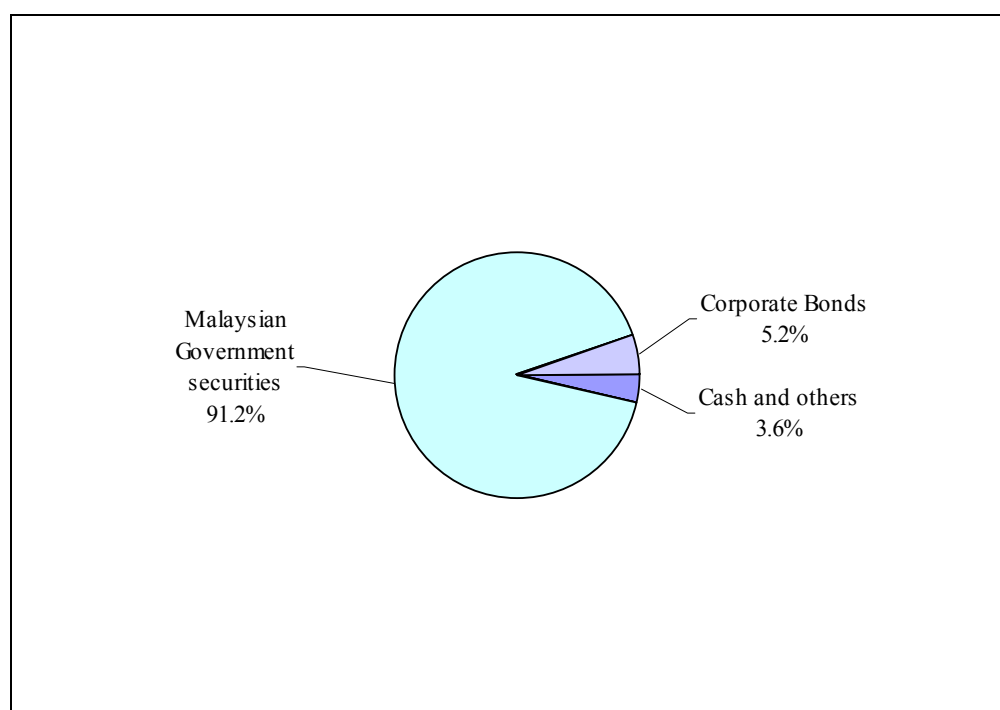
For the financial period under review, the Fund used a passive strategy whereby the Manager aims, by way of representative sampling, to achieve a return on the Fund Assets that closely tracks the returns of the benchmark index.

Portfolio Structure

The table below is the asset allocation of the Fund for the financial period under review.

	31-3-2012 %	31-12-2011 %	Changes (%)
Malaysian Government securities	91.2	89.8	1.4
Quasi-Government bonds	5.2	6.9	-1.7
Cash and others	3.6	3.3	0.3
Total	100.0	100.0	

There has been a slight change to the asset allocation since the last reporting period due to our regular portfolio rebalancing exercise. Investment in Malaysian Government Securities (MGS) bonds increased by 1.4% while investments in Quasi-Government bonds decreased by 1.7%. Meanwhile, investment in cash increased by 0.3%.



Distribution/ unit splits

During the financial period under review, the Fund declared an income distribution of 1.75 sen per unit on 10 February 2012, detailed as follows:

1.75 sen per unit final income distribution*	Change in the unit price prior and subsequent to the final income distribution	Before income distribution on 10 February 2012 (RM)	After income distribution on 10 February 2012 (RM)
	Net asset value per unit	1.1116	1.0941

There was no unit split made for the financial period under review.

State of Affairs of the Fund

There has been neither significant change to the state of affairs of the Fund nor any circumstances that materially affect any interests of the unit holders during the financial period under review.

Rebates and Soft Commission 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 financial period under review, the Manager has received soft commissions.

Market Review The Malaysian Government Securities (MGS) had a strong start in January 2012 as market players begun to build up their portfolio for the new year. Despite the festive season, average daily volume was RM1.68 billion higher compared to the previous month. Most of the trades were done at the 5- and 7-year as investors' gradually overweight duration to capitalize on a dovish interest rate environment.

In February, trading in the Malaysian Government Securities ("MGS/GII") continue to be brisk, recording RM85.1 billion of trades, an 8.8% increase m-o-m. Strong buying was seen up till the third week of February before profit taking activities emerged towards the end of the month especially for longer end maturities as the MGS curve bullish flattened. The overall bullish sentiment towards the longer end may be attributed to active local buying interest while the shorter end maturities continue to hold steady supported by foreign buying.

Following the sell-off of local govies in September 2011, we have witnessed renewed strong buying interest from offshore investors since then. This may be attributed to the US Federal Reserve extending its exceptionally low rates policy through late 2014, thereby encouraging further inflows from yield hungry investors towards Asian local currency government bond markets. As such, it is not surprising to see foreign holdings of MGS climbing to RM108 billion as at end January 2012 (around 38% of outstanding MGS).

In March, the Malaysia Government Securities ("MGS/GII") closed with a weaker tone as appetite on risk assets broadened. Trading volume dropped significantly to RM61.5 billion, representing a 27.8% m-o-m drop from the previous month. The cause of the sell down can be attributed to positive economic data from US, expectations of higher inflation and a bigger than expected 7.5-year GII offering.

Market Outlook Globally, more signs of economic recovery led by the US and China point towards a stabilizing market although worries of a deterioration in economic outlook remain within the Eurozone economies. The financial markets also took a breather following the injection of additional liquidity from the European Central Bank. As a whole, the global economic outlook has improved and this is reflected in the recent upgrade in GDP growth forecasts by the IMF. We opine that sentiment will continue to seesaw in second quarter of 2012 before greater confidence emerges in second half of 2012, on the back of a gradual economic recovery.

Domestically, the next Monetary Policy Meeting is scheduled on 11th May and investors are likely to hold back on taking positions until the interest rate direction gets clearer. Looking at the current 3-year MGS level (3.18%), we believe the market is still pricing in a 25 basis points rate cut in 2012 as the 3-year MGS/OPR spread is still lower than the 5-year average of 39 basis points. However, we think that any interest rate cut will be data dependent starting with the first quarter of 2012 GDP numbers which will be released soon. Meanwhile, the bond market is likely to trade sideways on the back of 1) mixed data released in US, Japan and emerging countries; 2) continuous concern on euro-debt crisis; 3) potential monetary easing policies in the advanced economies and 4) inflation risk.

Kuala Lumpur, Malaysia
AmInvestment Services Berhad

30 April 2012

Additional Information

Board of Directors of the Manager

The Board of Directors, of which one-half are independent members, exercise ultimate control over the operations of the Manager. For the financial period under review from 1 January 2012 to 31 March 2012, there was one (1) Board of Director meeting held by the Manager.

Details of the Directors of the Manager are set out as below:

Name: Harinder Pal Singh a/l Joga Singh

Age	:	50
Nationality	:	Malaysian
Qualification	:	Bachelors Degree in Accounting, University Malaya
Executive/Non-Executive Director	:	Executive Director
Independent/Non-Independent Director	:	Non-Independent Director
Working Experience	:	<i>Bank Negara Malaysia</i> Senior Administrative Officer, Insurance Inspection Department (1986 – 1993) <i>Securities Commission, Malaysia</i> Assistant Manager, Market Surveillance Department (1993 – 1995) <i>AmSecurities Sdn Bhd</i> Seconded to PT Arab-Malaysian Capital Indonesia as Director of Operations (1995 – 1998) <i>AmMerchant Bank Berhad</i> Manager, Corporate Services (1998 – 2000) <i>AmInvestment Services Berhad</i> <ul style="list-style-type: none">• Manager, Client Service & Operations (July 2001 – June 2002)• Senior Manager, Client Service & Operation (July 2002 – 2003)• Head, Sales Services (2003-December 2006)• Principal Officer / Director of Operations (Present)• Director (September 2008 - Present)
Occupation	:	Principal Officer/Director of Operations of AmInvestment Services Berhad
Date of appointment	:	22 September 2008
Directorship of other public companies	:	None
Number of Board meeting attended for the financial period (From 1 January 2012 to 31 March 2012)	:	One (1)

Member of any other Board Committee	:	Investment Committee (Non-Independent)
Date of appointment to the Investment Committee	:	12 July 2005
Number of Investment Committee meetings attended for the financial period (From 1 January 2012 to 31 March 2012)	:	Two (2)
Family relationship with any director	:	None
Conflict of interest with the Fund	:	None
List of convictions for offences within the past 10 years (if any)	:	None

Name: Kok Tuck Cheong

Age	:	56
Nationality	:	Malaysian
Qualification	:	Bachelor of Science (Honours) in Commerce and Accountancy and Master of Science in Financial Managerial Controls, University of Southampton.
Executive/Non-Executive Director	:	Non-Executive Director
Independent/Non-Independent Director	:	Non-Independent Director
Working Experience	:	He started his career with AmMerchant Bank Berhad in the Treasury Department before joining the Banking and Corporate Finance Department and later the Investment Department where he served in various positions. He was appointed as General Manager, Banking in January 1989 and later served as Senior General Manager until his appointment as Executive Director in September 2000.
Occupation	:	Chief Executive Officer of AmInvestment Bank Berhad
Date of appointment	:	9 November 2001
Directorship of other public companies	:	AmInvestment Group Berhad
Number of Board meeting attended for the financial period (From 1 January 2012 to 31 March 2012)	:	One (1)
Member of any other Board Committee	:	Audit Committee
Date of appointment to the Investment Committee	:	None

Number of Investment Committee meeting attended for the financial period (From 1 January 2012 to 31 March 2012)	: None
Family relationship with any director	: None
Conflict of interest with the Fund	: None
List of convictions for offences within the past 10 years (if any)	: None

Name: Datin Maznah binti Mahbob

Age	: 53
Nationality	: Malaysian
Qualification	: A graduate of the Institute of Chartered Secretaries and Administrators (UK) and holds the Capital Markets Services Representative License
Executive/Non-Executive Director	: Non-Executive Director
Independent/Non-Independent Director	: Non-Independent Director
Working Experience	: She has been in the funds management industry since 1987, in a fund management role, before assuming the responsibility as the Chief Executive Officer of the Funds Management Division, AmInvestment Bank Group in 2002. Prior to this, she was in the Corporate Finance Department of AmInvestment Bank Berhad for 3 years.
Occupation	: Chief Executive Officer of the Funds Management Division of AmInvestment Bank Group and Chief Executive Officer/Executive Director of AmInvestment Management Sdn Bhd.
Date of appointment	: 29 December 2005
Directorship of other public companies	: None
Number of Board meeting attended for the financial period (From 1 January 2012 to 31 March 2012)	: One (1)
Member of any other Board Committee	: None
Date of appointment to the Investment Committee	: None
Number of Investment Committee meeting attended for the financial period (From 1 January 2012 to 31 March 2012)	: None
Family relationship with any director	: None

Conflict of interest with the Fund	:	None
List of convictions for offences within the past 10 years (if any)	:	None
Name: Professor Dr Annuar bin Md. Nassir		
Age	:	54
Nationality	:	Malaysian
Qualification	:	Doctor of Philosophy, University Putra Malaysia
Executive/Non-Executive Director	:	Non-Executive Director
Independent/Non-Independent Director	:	Independent Director
Working Experience	:	<i>University Pertanian Malaysia</i> Tutor (1981 – 1984)
		<i>University Putra Malaysia, Serdang</i>
		<ul style="list-style-type: none"> • Associate Professor (March 1993 – March 2000) • Professor (March 2000-Present) • Deputy Dean (September 2002 – January 2006) • Dean (February 2006 – April 2011)
Occupation	:	Professor, Faculty of Economics and Management of University Putra Malaysia
Date of appointment	:	8 April 2003
Directorship of other public companies	:	None
Number of Board Meeting attended for the financial period (From 1 January 2012 to 31 March 2012)	:	One (1)
Member of any other Board Committee	:	Investment Committee and Audit Committee (Independent)
Date of appointment to the Investment Committee	:	12 July 2005
Number of Investment Committee meeting attended for the financial period (From 1 January 2012 to 31 March 2012)	:	Three (3)
Family relationship with any director	:	None
Conflict of interest with the Fund	:	None
List of convictions for offences within the past 10 years (if any)	:	None

Name: Dato' Dr Mahani binti Zainal Abidin

Age	:	57
Nationality	:	Malaysian
Qualification	:	Doctor of Philosophy in Development Economics, University of London.
Executive/Non-Executive Director	:	Non-Executive Director
Independent/Non-Independent Director	:	Independent Director
Working Experience	:	<i>Prime Minister's Department, Malaysia</i> Head, Special Consultancy Team on Globalisation National Economic Action Council (April 2001 – July 2005) <i>BHLB Unit Trust</i> Member of Investment Panel (April 1999 – June 2004) <i>Employees Provident Fund Board, Malaysia</i> Board Member (June 1998 – 2001)
Occupation	:	Chief Executive, Institute of Strategic and International Studies (ISIS) Malaysia.
Date of appointment	:	14 July 2004
Directorship of other public companies	:	Amlslamic Bank Berhad
Number of Board Meeting attended for the financial period (From 1 January 2012 to 31 March 2012)	:	None
Member of any other Board Committee	:	Investment Committee and Audit Committee (Independent)
Date of appointment to the Investment Committee	:	12 July 2005
Number of Investment Committee meetings attended for the financial period (From 1 January 2012 to 31 March 2012)	:	Three (3)
Family relationship with any director	:	None
Conflict of interest with the Fund	:	None
List of convictions for offences within the past 10 years (if any)	:	None

Name: Lee Siang Korn @ Lee Siang Chin

Age	:	63
Nationality	:	Malaysian

Qualification	:	<ul style="list-style-type: none"> • Fellow of the Institute of Chartered Accountants, England and Wales (July 1972) • Member of the Malaysian Association of Certified Public Accountants (June 1975)
Executive/Non-Executive Director	:	Non-Executive Director
Independent/Non-Independent Director	:	Independent Director
Working Experience	:	<p><i>Arab-Malaysian Merchant Bank Berhad</i> General Manager, Corporate Finance (1983-1986)</p> <p><i>Arab-Malaysian Securities Sdn. Bhd.</i> Managing Director (1986-1999)</p> <p><i>Surf88.Com Sdn.Bhd</i> Chairman and Founding Shareholder (1999-2004)</p>
Occupation	:	Director
Date of appointment	:	20 December 2006
Directorship of other public companies	:	<ul style="list-style-type: none"> • Star Publications (Malaysia) Berhad • UniAsia Life Assurance Berhad
Number of Board Meeting attended for the financial period (From 1 January 2012 to 31 March 2012)	:	One (1)
Member of any other Board Committee	:	Investment Committee and Audit Committee (Independent)
Date of appointment to the Investment Committee	:	12 July 2005
Number of Investment Committee meeting attended for the financial period (From 1 January 2012 to 31 March 2012)	:	Three (3)
Family relationship with any director	:	None
Conflict of interest with the Fund	:	None
List of convictions for offences within the past 10 years (if any)	:	None

Material Litigation

For the financial period under review, neither the directors of the management company nor the Manager of the Fund were engaged in any material litigation and arbitration, including those pending or threatened, and any facts likely to give any proceedings, which might materially affect the business/financial position of the Manager and of its delegates. The Fund also is not engaged in any material litigation and arbitration, including those pending or threatened, and any facts likely to give any proceedings, which might materially affect the Fund.

Investment Manager

We have appointed AmInvestment Management Sdn Bhd, a licensed fund manager approved by the Securities Commission on 4 March 1997, to implement the Fund's investment strategy on behalf of us to achieve the objectives of the Fund. AmInvestment Management Sdn Bhd, is a wholly owned subsidiary of AmInvestment Group Berhad, has been in the fund management industry since 1982.

Investment Committee

The Investment Committee reviews the Fund's investment objective and guidelines, and to ensure that the Fund is invested appropriately. For the financial period under review, there were three (3) Investment Committee Meetings held by the Manager.

Unitholders

List of the unit holders having the largest number of units:

NAME	Number of Units Held	Units Held (in%)
HSBC BANK MALAYSIA BERHAD	476,595,870.00	88.68191
AMINVESTMENT BANK BERHAD	55,500,000.00	10.32708
AMINVESTMENT BANK BERHAD	4,305,630.00	0.80116
CITIBANK BERHAD	400,000.00	0.07443
HWANGDBS INVESTMENT BANK BERHAD	295,000.00	0.05489
CITIBANK BERHAD	140,000.00	0.02605
PUBLIC INVESTMENT BANK BERHAD	103,000.00	0.01917
MAYBANK INVESTMENT BANK BERHAD	20,000.00	0.00372
OSK INVESTMENT BANK BERHAD	20,000.00	0.00372
PUBLIC INVESTMENT BANK BERHAD	15,000.00	0.00279
CIMB INVESTMENT BANK BERHAD	10,000.00	0.00186
ALLIANCE INVESTMENT BANK BERHAD	3,000.00	0.00056
JF APEX SECURITIES BERHAD	2,000.00	0.00037
HONG LEONG INVESTMENT BANK BERHAD	2,000.00	0.00037
HWANGDBS INVESTMENT BANK BERHAD	2,000.00	0.00037
HWANGDBS INVESTMENT BANK BERHAD	2,000.00	0.00037
INTER-PACIFIC SECURITIES SDN BHD	1,000.00	0.00019
ECM LIBRA INVESTMENT BANK BERHAD	1,000.00	0.00019
MAYBANK INVESTMENT BANK BERHAD	1,000.00	0.00019
HONG LEONG INVESTMENT BANK BERHAD	900.00	0.00017
KENANGA INVESTMENT BANK BERHAD	500.00	0.00009
JUPITER SECURITIES SDN BHD	396.00	0.00007
MAYBANK INVESTMENT BANK BERHAD	300.00	0.00006
HWANGDBS INVESTMENT BANK BERHAD	300.00	0.00006
HWANGDBS INVESTMENT BANK BERHAD	300.00	0.00006
MAYBANK INVESTMENT BANK BERHAD	200.00	0.00004
ECM LIBRA INVESTMENT BANK BERHAD	100.00	0.00002
OSK INVESTMENT BANK BERHAD	100.00	0.00002
PUBLIC INVESTMENT BANK BERHAD	100.00	0.00002
KAF-SEAGROATT & CAMPBELL SECURITIES SDN BHD	50.00	0.00001

ABF Malaysia Bond Index Fund

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2012

	Note	31-3-2012 (unaudited) RM	31-12-2011 (audited) RM
ASSETS			
Investments	4	564,058,888	571,884,722
Deposit with financial institution	5	21,124,165	19,212,505
Cash at banks		<u>1,443</u>	<u>1,458</u>
TOTAL ASSETS		<u>585,184,496</u>	<u>591,098,685</u>
LIABILITIES			
Amount due to index provider	6	48,702	67,227
Amount due to Manager	7	48,079	48,475
Amount due to Trustee	8	33,655	33,932
Sundry payables and accrued expenses		<u>152,878</u>	<u>154,805</u>
TOTAL LIABILITIES		<u>283,314</u>	<u>304,439</u>
EQUITY			
Unitholders' capital	10(a)	563,972,881	563,972,881
Retained earnings	10(b)(c)	<u>20,928,301</u>	<u>26,821,365</u>
TOTAL EQUITY	10	<u>584,901,182</u>	<u>590,794,246</u>
TOTAL EQUITY AND LIABILITIES		<u>585,184,496</u>	<u>591,098,685</u>
UNITS IN CIRCULATION	10(a)	<u>537,421,800</u>	<u>537,421,800</u>
NET ASSET VALUE PER UNIT – EX DISTRIBUTION		<u>108.83 sen</u>	<u>109.93 sen</u>

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

ABF Malaysia Bond Index Fund

STATEMENT OF COMPREHENSIVE INCOME (Unaudited) FOR THE PERIOD FROM 1 JANUARY 2012 TO 31 MARCH 2012

	Note	1-1-2012 to 31-3-2012 RM	1-1-2011 to 31-3-2011 RM
INVESTMENT INCOME			
Interest income		5,333,058	5,348,775
Net loss from investments:			
– Financial assets at fair value through profit or loss (“FVTPL”)	9	<u>(1,543,933)</u>	<u>(3,705,067)</u>
Gross Income		<u>3,789,125</u>	<u>1,643,708</u>
EXPENDITURE			
Manager’s fee	7	146,817	143,678
Trustee’s fee	8	102,772	100,574
Licence fee	6	22,982	22,690
Auditors’ remuneration		2,405	2,188
Tax agent’s fee		744	1,216
Administrative expenses		<u>1,588</u>	<u>1,889</u>
Total Expenditure		<u>277,308</u>	<u>272,235</u>
NET INCOME BEFORE TAX		3,511,817	1,371,473
LESS: INCOME TAX	12	<u>-</u>	<u>-</u>
NET INCOME AFTER TAX		3,511,817	1,371,473
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u><u>3,511,817</u></u>	<u><u>1,371,473</u></u>
Total comprehensive income comprises the following:			
Realised income		12,711,963	5,144,449
Unrealised loss		<u>(9,200,146)</u>	<u>(3,772,976)</u>
		<u>3,511,817</u>	<u>1,371,473</u>
Distributions for the period:			
Net distributions	13	<u>9,404,881</u>	<u>10,748,436</u>
Gross/net distributions per unit (sen)	13	<u>1.75</u>	<u>2.00</u>

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 FROM 1 JANUARY 2012 TO 31 MARCH 2012

	Note	Unitholders' capital RM	Retained earnings RM	Total net asset value RM
At 1 January 2011		563,972,881	20,948,945	584,921,826
Total comprehensive income for the period		-	1,371,473	1,371,473
Distributions	13	-	(10,748,436)	(10,748,436)
Balance at 31 March 2011		<u>563,972,881</u>	<u>11,571,982</u>	<u>575,544,863</u>
At 1 January 2012		563,972,881	26,821,365	590,794,246
Total comprehensive income for the period		-	3,511,817	3,511,817
Distributions	13	-	(9,404,881)	(9,404,881)
Balance at 31 March 2012		<u>563,972,881</u>	<u>20,928,301</u>	<u>584,901,182</u>

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

ABF Malaysia Bond Index Fund

STATEMENT OF CASH FLOWS *(Unaudited)* FOR THE PERIOD FROM 1 JANUARY 2012 TO 31 MARCH 2012

	Note	1-1-2012 to 31-3-2012 RM	1-1-2011 to 31-3-2011 RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES			
Proceeds from sale of investments		243,706,550	15,449,000
Interest received		7,715,336	7,158,781
Payments for other administrative expenses		(6,664)	(18,673)
Licence fee paid		(41,507)	(6,961)
Trustee's fee paid		(103,049)	(99,990)
Manager's fee paid		(147,213)	(142,843)
Purchase of investments		<u>(239,806,927)</u>	<u>-</u>
Net Cash Generated From Operating And Investing Activities		<u>11,316,526</u>	<u>22,339,314</u>
CASH FLOW FROM FINANCING ACTIVITY			
Distributions paid		<u>(9,404,881)</u>	<u>(10,748,436)</u>
Net Cash Used In Financing Activity		<u>(9,404,881)</u>	<u>(10,748,436)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS			
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		<u>19,213,963</u>	<u>6,751,111</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD		<u>21,125,608</u>	<u>18,341,989</u>
Cash and cash equivalents comprise:			
Deposit with financial institution	5	21,124,165	465,618
Cash at banks		<u>1,443</u>	<u>17,876,371</u>
		<u>21,125,608</u>	<u>18,341,989</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 Deeds, 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 in accordance with Financial Reporting Standards (“FRS”).

Introduction of Malaysian Financial Reporting Standards

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (“MFRS Framework”) that will replace the existing Financial Reporting Standards (“FRS Framework”).

The MFRS Framework comprises Standards as issued by the International Accounting Standards Board (IASB) that are effective on 1 January 2012. It also comprises new/revised Standards recently issued by the IASB that will effective after 1 January 2012.

The MFRS Framework is to be applied by all entities other than private entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 *Agriculture* (MFRS 141) and IC Interpretation 15 *Agreement for Construction of Real Estate* (IC 15), including its parent, significant investor and venturer (herein called “Transitioning Entities”).

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional one year. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2013.

The key differences between the FRS Framework and MFRS Framework are that in the former, (a) FRS 201₂₀₀₄ *Property Development Activities* will continue to be the extant standard for accounting for property development activities and not IC 15, and (b) there is no equivalent standard to IAS 41 *Agriculture*.

The Fund is in the process of assessing the impact to the Fund as a result of the change to the new MFRS Framework.

3. **SIGNIFICANT ACCOUNTING POLICIES**

Income Recognition

Income is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the income can be reliably measured. Income is measured at the fair value of consideration received or receivable.

Interest on fixed income securities and short-term deposits are recognised on an accrual basis using the effective interest method, which includes the accretion of discount and amortisation of premium.

Income Tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

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 the Ringgit Malaysia which reflects the currency of the economy in which the Fund competes for funds, issues and redeems units. The Fund has also adopted Ringgit Malaysia as its presentation currency.

Statement of Cash Flows

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

Cash equivalents are short-term, highly liquid investments that are readily convertible to cash with insignificant risk of changes in value.

Distribution

Distributions are at the discretion of the Fund. A distribution to the Fund's unitholders is accounted for as a deduction from realised reserve except where distribution is sourced out of distribution/loss equalisation which is accounted for as a deduction from unitholders' capital. A proposed distribution is recognised as a liability in the period in which it is approved.

Unitholders' Capital

The unitholders' capital of the Fund meets the definition of puttable instruments and is classified as equity instruments under the revised FRS 132.

Distribution/Loss Equalisation

Distribution/loss equalisation represents the average distributable amount included in the creation and cancellation prices of units. This amount is either refunded to unitholders by way of distribution and/or adjusted accordingly when units are cancelled.

Financial Assets

Financial assets are recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Fund determines the classification of its financial assets at initial recognition, and the categories applicable to the Fund include as financial assets at fair value through profit or loss (“FVTPL”) and loans and receivables.

(i) Financial assets at FVTPL

Financial assets are classified as financial assets at FVTPL if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading include fixed income securities acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at FVTPL are measured at fair value. Changes in the fair value of those financial instruments are recorded in ‘Net gain or loss on financial assets at fair value through profit or loss’. Interest earned elements of such instruments, are recorded separately in ‘Interest income’.

Investments are stated at fair value on a portfolio basis in accordance with the provisions of the Deed, fair value is determined based on prices provided by the index provider, International Index Company Limited (“IIC”), plus accrued interest. Adjusted cost of investments relates to the purchase cost plus accrued interest, adjusted for amortisation of premium and accretion of discount, if any, calculated 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 a loss recognised in the statement of comprehensive income 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 comprehensive income.

(ii) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. The Fund includes short term receivables in this classification.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss

when the loans and receivables are derecognised or impaired, and through the amortisation process.

Impairment of Financial Assets

The Fund assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

(i) Loans and receivables carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Fund considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced through the use of an allowance account. When loans and receivables become uncollectible, they are written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

Financial Liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the financial instrument.

The Fund's financial liabilities which include amounts due to index provider, Manager, Trustee and sundry payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Classification of Realised and Unrealised Gains and Losses

Unrealised gains and losses comprise changes in the fair value of financial instruments for the period and from reversal of prior period's unrealised gains and losses for financial instruments which were realised (i.e. sold, redeemed or matured) during the reporting period.

Realised gains and losses on disposals of financial instruments classified as part of at fair value through profit or loss are calculated using the weighted average method. They represent the difference between an instrument's initial carrying amount and disposal amount.

Significant Accounting Estimates and Judgments

The preparation of the Fund's financial statements requires the Manager to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability in the future.

The Fund classifies its investments in fixed income securities as financial assets at FVTPL as the Fund may sell its investments for short-term profit-taking or to meet unitholders cancellation.

No other major judgments have been made by the Manager in applying the Fund's accounting policies. There are no key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within next period.

4. INVESTMENTS

	31-3-2012	31-12-2011
	RM	RM
Financial assets at FVTPL		
At nominal value:		
Quasi-Government Bonds	30,000,000	40,000,000
Malaysian Government Securities	477,980,000	441,660,000
Government Investment Issues	40,150,000	61,650,000
	<u>548,130,000</u>	<u>543,310,000</u>
At fair value:		
Quasi-Government Bonds	30,674,915	40,945,030
Malaysian Government Securities	492,166,629	467,388,803
Government Investment Issues	41,217,344	63,550,889
	<u>564,058,888</u>	<u>571,884,722</u>

Details of investments as at 31 March 2012 are as follows:

Maturity date	Issuer	Credit rating	Nominal value RM	Fair value RM	Adjusted cost RM	Fair value as a percentage of net asset value %
Quasi-Government bonds						
12.03.2013	The Export-Import Bank of Korea	AAA	10,000,000	10,075,238	10,022,197	1.72
06.06.2014	Silterra Capital Berhad	AAA	15,000,000	15,355,315	15,181,332	2.63
30.11.2016	Syarikat Prasarana Negara Berhad	AAA	5,000,000	5,244,362	5,024,616	0.90
			<u>30,000,000</u>	<u>30,674,915</u>	<u>30,228,145</u>	<u>5.25</u>
Malaysian Government Securities						
15.05.2013	Government of Malaysia	AAA	8,000,000	8,168,207	8,175,376	1.40
31.05.2013	Government of Malaysia	AAA	15,000,000	15,183,882	15,176,461	2.59
31.07.2013	Government of Malaysia	AAA	6,100,000	6,165,300	6,155,148	1.05
30.04.2014	Government of Malaysia	AAA	32,170,000	34,134,675	33,791,678	5.84
15.08.2014	Government of Malaysia	AAA	40,000,000	40,445,813	40,439,110	6.91
27.02.2015	Government of Malaysia	AAA	30,790,000	31,350,118	30,983,063	5.36
12.08.2015	Government of Malaysia	AAA	25,000,000	25,586,295	25,571,965	4.37
30.09.2015	Government of Malaysia	AAA	15,000,000	16,077,445	15,676,661	2.75
15.09.2016	Government of Malaysia	AAA	110,800,000	115,404,077	114,832,398	19.73
15.02.2017	Government of Malaysia	AAA	20,000,000	20,426,302	20,213,127	3.49
15.09.2017	Government of Malaysia	AAA	20,000,000	20,574,887	20,399,255	3.52
28.09.2018	Government of Malaysia	AAA	20,000,000	20,039,837	20,315,697	3.43
(Forward)			317,860,000	328,459,733	326,187,384	56.15

Maturity date	Issuer	Credit rating	Nominal value RM	Fair value RM	Adjusted cost RM	Fair value as a percentage of net asset value %
Malaysian Government Securities						
30.07.2019	Government of Malaysia	AAA	5,000,000	5,726,546	5,689,941	0.98
15.08.2022	Government of Malaysia	AAA	70,120,000	68,913,645	69,920,864	11.78
15.04.2026	Government of Malaysia	AAA	<u>60,000,000</u>	<u>63,969,600</u>	<u>64,976,255</u>	<u>10.94</u>
			<u>477,980,000</u>	<u>492,166,629</u>	<u>492,316,999</u>	<u>84.14</u>
Government Investment Issues						
15.03.2013	Government of Malaysia	AAA	5,000,000	5,017,126	5,010,650	0.86
30.12.2014	Government of Malaysia	AAA	5,150,000	5,296,028	5,215,540	0.90
16.03.2015	Government of Malaysia	AAA	10,000,000	10,338,012	10,074,148	1.77
30.09.2015	Government of Malaysia	AAA	5,000,000	5,194,530	5,119,065	0.89
15.06.2017	Government of Malaysia	AAA	5,000,000	5,179,608	5,098,249	0.89
30.08.2018	Government of Malaysia	AAA	<u>10,000,000</u>	<u>10,192,040</u>	<u>10,029,683</u>	<u>1.74</u>
			<u>40,150,000</u>	<u>41,217,344</u>	<u>40,547,335</u>	<u>7.05</u>
Total financial assets at FVTPL			<u>548,130,000</u>	<u>564,058,888</u>	<u>563,092,479</u>	<u>96.44</u>
Excess of fair value over cost				<u>966,409</u>		

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

	Effective yield*	
	31-3-2012 %	31-12-2011 %
Quasi-Government bonds	3.44	3.56
Malaysian Government Securities	3.38	3.96
Government Investment Issues	<u>2.18</u>	<u>3.38</u>

* As provided by International Index Company Limited.

Analyses of the remaining maturity of investments as at 31 March 2012 are as follows:

	Less than 1 year RM	1 to 2 years RM	2 to 5 years RM	More than 5 years RM
At nominal value:				
Quasi-Government bonds	10,000,000	-	20,000,000	-
Malaysian Government Securities	-	29,100,000	273,760,000	175,120,000
Government Investment Issues	<u>5,000,000</u>	<u>-</u>	<u>20,150,000</u>	<u>15,000,000</u>

5. DEPOSIT WITH FINANCIAL INSTITUTION

	31-3-2012 RM	31-12-2011 RM
At nominal value:		
Short-term deposit with licensed bank under short-term money market deposit	<u>21,122,400</u>	<u>19,210,900</u>
At carrying value:		
Short-term deposit with licensed bank under short-term money market deposit	<u>21,124,165</u>	<u>19,212,505</u>

Details of deposit with financial institution as at 31 March 2012 are as follows:

Maturity date	Bank	Nominal value RM	Carrying value RM	Purchase cost RM	Carrying value as a percentage of net asset value %
Short-term deposit with licensed bank under short-term money market deposit					
02.04.2012	OCBC Bank (Malaysia) Berhad	<u>21,122,400</u>	<u>21,124,165</u>	<u>21,122,400</u>	<u>3.61</u>

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

	Weighted average interest rate		Remaining maturities	
	2012 %	2011 %	2012 Days	2011 Days
Short-term deposit with licensed bank under short-term money market deposit	<u>3.05</u>	<u>3.05</u>	<u>2</u>	<u>3</u>

6. **AMOUNT DUE TO INDEX PROVIDER**

Amount due to index provider is the licence fee payable to International Index Company Limited, the provider of the benchmark index.

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

Fund Size	% p.a.
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

* Initial Funding for the Fund was USD115,400,000.

7. **AMOUNT DUE TO MANAGER**

Manager's fee was charged at a rate of 0.10% per annum on the net asset value of the Fund, calculated on a daily basis (2011: 0.10%).

The normal credit period for Manager's fee payable is one month.

8. **AMOUNT DUE TO TRUSTEE**

Trustee's fee was charged at a rate of 0.07% per annum on the net asset value of the Fund, calculated on a daily basis (2011: 0.07%).

The normal credit period for Trustee's fee payable is one month.

9. **NET LOSS FROM INVESTMENTS AT FVTPL**

	1-1-2012 to 31-3-2012 RM	1-1-2011 to 31-3-2011 RM
Net loss on financial assets at FVTPL comprised:		
– Net unrealised loss on changes in value of investments	(9,200,146)	(3,772,976)
– Net realised gain on sale of investments	7,656,213	67,909
	<u>(1,543,933)</u>	<u>(3,705,067)</u>

10. TOTAL EQUITY

Total equity is represented by:

	Note	31-3-2012 RM	31-12-2011 RM
Unitholders' capital	(a)	563,972,881	563,972,881
Retained earnings			
- Realised income	(b)	19,961,892	16,654,810
- Unrealised gain	(c)	966,409	10,166,555
		<u>584,901,182</u>	<u>590,794,246</u>

(a) UNITHOLDERS' CAPITAL/UNITS IN CIRCULATION

	1-1-2012 to 31-3-2012		1-1-2011 to 31-12-2011	
	Number of units	RM	Number of units	RM
As at beginning/end of the period/year	<u>537,421,800</u>	<u>563,972,881</u>	<u>537,421,800</u>	<u>563,972,881</u>

As at March 2012, the approved Fund size is 1 billion units.

(b) REALISED – DISTRIBUTABLE

	1-1-2012 to 31-3-2012 RM	1-1-2011 to 31-12-2011 RM
At beginning of the period/year	16,654,810	15,121,477
Total comprehensive income for the period/year	3,511,817	26,025,738
Net unrealised loss/(gain) attributable to investments held transferred to unrealised reserve	9,200,146	(4,339,087)
Distributions out of realised reserve	(9,404,881)	(20,153,318)
Net increase in realised reserve for the period/year	<u>3,307,082</u>	<u>1,533,333</u>
Balance as at end of the period/year	<u>19,961,892</u>	<u>16,654,810</u>

(c) **UNREALISED – NON-DISTRIBUTABLE**

	1-1-2012 to 31-3-2012 RM	1-1-2011 to 31-12-2011 RM
At beginning of the period/year	10,166,555	5,827,468
Net unrealised (loss)/gain attributable to investments held transferred to unrealised reserve	<u>(9,200,146)</u>	<u>4,339,087</u>
Balance as at end of the period/year	<u>966,409</u>	<u>10,166,555</u>

11. **UNITS HELD BY RELATED PARTIES**

	31-3-2012		31-12-2011	
	Number of units	RM	Number of units	RM
Parties related to the Manager *	<u>59,805,630</u>	<u>64,111,635</u>	<u>59,805,630</u>	<u>64,111,635</u>

* The parties related to the Manager are the legal and beneficial owners of the units.

The Manager, AmInvestment Services Berhad, did not hold any unit in the Fund as at 31 March 2012 and 31 December 2011.

12. **INCOME TAX**

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 derived by the Fund is exempted from tax.

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

	1-1-2012 to 31-3-2012 RM	1-1-2011 to 31-3-2011 RM
Net income before tax	<u>3,511,817</u>	<u>1,371,473</u>
Taxation at Malaysian statutory rate of 25%	878,000	342,900
Tax effects of:		
Income not subject to tax	(3,247,300)	(1,354,100)
Loss not deductible for tax purposes	2,300,000	943,200
Restriction on tax deductible expenses for unit trust funds	33,600	38,500
Non-permitted expenses for tax purposes	32,000	25,900
Permitted expenses not used and not available for future period	<u>3,700</u>	<u>3,600</u>
Tax expense for the period	<u><u>-</u></u>	<u><u>-</u></u>

13. DISTRIBUTIONS

Distributions to unitholders declared on 10 February 2012 (declared on 14 January 2011 for the previous financial period) are from the following sources:

	1-1-2012 to 31-3-2012 RM	1-1-2011 to 31-3-2011 RM
Interest income	1,508,883	2,870,125
Undistributed net income brought forward – realised	5,599,306	8,114,106
Net realised gain on sale of investments	<u>2,574,000</u>	<u>36,440</u>
	9,682,189	11,020,671
Less: Expenses	<u>(277,308)</u>	<u>(272,235)</u>
Total amount of distributions	<u><u>9,404,881</u></u>	<u><u>10,748,436</u></u>
Gross/net distribution per unit (sen)	<u>1.75</u>	<u>2.00</u>
Distribution made out of:		
– Realised reserve	<u>9,404,881</u>	<u>10,748,436</u>
Comprising:		
Cash distributions	<u>9,404,881</u>	<u>10,748,436</u>

14. **MANAGEMENT EXPENSE RATIO (“MER”)**

The Fund’s MER is as follows:

	1-1-2012 to 31-3-2012 % p.a.	1-1-2011 to 31-3-2011 % p.a.
Manager’s fee	0.10	0.10
Trustee’s fee	0.07	0.07
Licence fee	0.01	0.02
Trust administrative expenses	0.01	-
	<hr/>	<hr/>
Total MER	<u>0.19</u>	<u>0.19</u>

The MER of the Fund is the ratio of the sum of annualised fees and expenses incurred by the Fund to the average NAV of the Fund calculated on a daily basis.

15. **PORTFOLIO TURNOVER RATIO (“PTR”)**

The portfolio turnover ratio, computed 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, is 0.41 times (2011: 0.01 times).

16. **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 risks and rewards from these investments are not individually or segmentally distinct and hence the Fund does not have separately identifiable business or geographical segments.

17. **TRANSACTIONS WITH FINANCIAL INSTITUTIONS**

Details of transactions with financial institutions for the financial period from 1 January 2012 to 31 March 2012 are as follows:

Financial institutions	Transaction value	
	RM	%
The Royal Bank of Scotland Berhad	174,764,671	35.83
OSK Investment Bank Berhad	133,643,521	27.40
Kenanga Investment Bank Berhad	64,911,600	13.31
AmBank (M) Berhad *	57,951,713	11.88
Citibank Berhad	37,671,302	7.73
OCBC Bank(Malaysia) Berhad	13,575,969	2.78
AmIslamic Bank Berhad *	5,232,917	1.07
	<hr/>	<hr/>
Total	<u>487,751,693</u>	<u>100.00</u>

* A financial institution related to the Manager. The Manager and the Trustee are of the opinion that the above transactions have been entered in the normal course of business and have been established under terms that are no less favourable than those arranged with independent third parties.

The above transaction values are in respect of local fixed income instruments. Transactions in these fixed income instruments do not involve any commission or brokerage.

18. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

The significant accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the financial assets and liabilities of the Fund in the statement of financial position as at 31 March 2012 and 31 December 2011 by the class of financial instrument to which they are assigned, and therefore by the measurement basis.

	Financial assets at FVTPL RM	Loans and receivables at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
31 March 2012				
Assets				
Investments	564,058,888	-	-	564,058,888
Deposit with financial institution	-	21,164,165	-	21,164,165
Cash at banks	-	1,443	-	1,443
	<u>564,058,888</u>	<u>21,165,608</u>	<u>-</u>	<u>585,224,496</u>
Total financial assets	<u>564,058,888</u>	<u>21,165,608</u>	<u>-</u>	<u>585,224,496</u>
Liabilities				
Amount due to index provider	-	-	48,702	48,702
Amount due to Manager	-	-	48,079	48,079
Amount due to Trustee	-	-	33,655	33,655
Sundry payables and accrued expenses	-	-	152,878	152,878
	<u>-</u>	<u>-</u>	<u>283,314</u>	<u>283,314</u>
Total financial liabilities	<u>-</u>	<u>-</u>	<u>283,314</u>	<u>283,314</u>

(Forward)

	Financial assets at FVTPL RM	Loans and receivables at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
31 December 2011				
Assets				
Investments	571,884,722	-	-	571,884,722
Deposit with financial institution	-	19,212,505	-	19,212,505
Cash at banks	-	1,458	-	1,458
	<hr/>	<hr/>	<hr/>	<hr/>
Total financial assets	<u>571,884,722</u>	<u>19,213,963</u>	<u>-</u>	<u>591,098,685</u>
Liabilities				
Amount due to index provider	-	-	67,227	67,227
Amount due to Manager	-	-	48,475	48,475
Amount due to Trustee	-	-	33,932	33,932
Sundry payables and accrued expenses	-	-	154,805	154,805
	<hr/>	<hr/>	<hr/>	<hr/>
Total financial liabilities	<u>-</u>	<u>-</u>	<u>304,439</u>	<u>304,439</u>
Income, expense, gains and losses				
1-1-2012 to 31-3-2012				
1-1-2011 to 31-3-2011				
RM RM				
Net loss on financial assets at FVTPL			(1,543,933)	(3,705,067)
Interest income, of which derived from:				
Interest income			<u>5,333,058</u>	<u>5,348,775</u>

(b) **Financial instruments that are carried at fair value**

The Fund's financial assets at FVTPL are carried at fair value. The fair values of these financial assets were determined using prices in active markets for identical assets.

Unquoted debt securities

The indicative prices for RM-denominated unquoted debt securities are based on information provided by the index provider, International Index Company Limited via iBoxx.

The Fund uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair values are observable; either directly or indirectly;

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The following table shows an analysis of financial instruments recorded at fair value by the level of the fair value hierarchy:

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
31 March 2012				
Financial assets at FVTPL	-	564,058,888	-	564,058,888
31 December 2011				
Financial assets at FVTPL	-	571,884,722	-	571,884,722

(c) Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value due to their short period to maturity or short credit period:

- Deposit with financial institution
- Cash at banks
- Amount due to index provider
- Amount due to Manager
- Amount due to Trustee
- Sundry payables and accrued expenses

There were no financial instruments which are not carried at fair values and whose carrying amounts are not reasonable approximation of their respective fair values.

19. RISK MANAGEMENT POLICIES

The Fund is exposed to a variety of risks that included market risk, credit risk, liquidity risk, single issuer risk, regulatory risk, management risk and non-compliance risk.

Risk management is carried out by closely monitoring, measuring and mitigating the above said risk, careful selection of investment coupled with stringent compliance to investment restrictions as stipulated by the Capital Market and Services Act 2007, Securities Commission's Guidelines on Exchange Traded Funds and the Deed as the backbone of risk management of the Fund.

Market Risk

Market risk is the risk that the value of a portfolio would decrease due to changes in market risk factors such as equity prices, foreign exchange rates, interest rates and commodity prices.

(a) Objectives and limitations of the Value at Risk ("VaR") methodology

The Fund models the Value-at-Risk based on Gaussian distribution to assess possible changes in the market value of the portfolio. Based on 180 weekly historical data points, the potential loss at the 99% confidence level is estimated. The VaR model is designed to measure market risk during normal market conditions. Due to the fact that VaR relies on historical data to provide information and that there is no prediction of the future change in the risk factors, the probability of large market moves may be underestimated. VaR may also be under- or over-estimated due to the interdependence between the market risk factors. Even though positions may change throughout the day, the VaR only represents the risk of the portfolio at the close of each business day. Analysis is carried out to estimate potential losses at the 99% confidence level.

In practice, the actual portfolio results will differ from the VaR calculation. In particular, the calculation does not provide a meaningful indication of losses under stressed market conditions.

(b) VaR assumptions

The VaR that the Fund measures is an estimate, using a confidence level of 99%, of the potential loss that is not expected to be exceeded if the current market risk positions were to be held unchanged for one day. The use of a 99% confidence level means that, within a one day horizon, losses exceeding the VaR figure should occur, on average under normal market conditions, not more than once every one hundred days.

	Value-at-Risk (%)	
	Interest rate risk	Total
	RM	RM
31 March 2012	0.51	0.51
Average Daily	0.54	0.54
Highest	0.57	0.57
Lowest	0.51	0.51

Based on Gaussian VaR, using historical weekly data for the past 180 weeks, ABF Malaysia Bond Index Fund, an exchange-traded fund that invests mainly in government, sovereign and sub-sovereign Ringgit-denominated fixed income securities had a daily 1% Value-at-Risk (VaR) of approximately 0.51% as at 31 March 2012. This implies that not more than 1 out of 100 trading days would record a daily loss exceeding 0.51% of the NAV.

	Value-at-Risk (%)	
	Interest rate risk	Total
	RM	RM
31 March 2011	0.65	0.65
Average Daily	0.67	0.67
Highest	0.69	0.69
Lowest	0.65	0.65

Based on the Monte Carlo simulation performed using historical weekly data for the past 180 weeks, ABF Malaysia Bond Index Fund, an exchange-traded fund that invests mainly in government, sovereign and sub-sovereign Ringgit denominated fixed income securities had a daily 1% Value-at-Risk (VaR) of approximately 0.65% (or RM3.76

million) as at 31 March 2011. This implies that not more than 1 out of 100 trading days would record a daily loss exceeding RM3.76 million.

Credit Risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Fund by failing to discharge an obligation. The Fund invests a minimum of 95% of the net asset value of the Fund in local bonds. As such the Fund would be exposed to the risk of bond issuers defaulting on its repayment obligations which in turn would effect the net asset value of the Fund. This risk is mitigated by performing continuous fundamental credit research and analysis to ascertain the creditworthiness of the relevant issuers.

(a) Credit quality of financial assets

The Investment Manager imposes a minimum rating of at least AAA as rated by RAM or MARC. The following table presents the Fund's portfolio of debt securities by rating category as at 31 March 2012 and 31 March 2011:

Credit rating	RM	As a % of debt securities	As a % of net asset value
31 March 2012			
AAA	<u>564,058,888</u>	<u>100.00</u>	<u>96.44</u>
31 March 2011			
AAA	<u>557,474,462</u>	<u>100.00</u>	<u>96.86</u>

For deposit with financial institution, the Fund only makes placement with financial institutions with sound rating. The following table presents the Fund's portfolio of deposit by rating category as at 31 March 2012 and 31 March 2011:

Credit rating	RM	As a % of debt securities	As a % of net asset value
31 March 2012			
P1/MARC1	<u>21,124,165</u>	<u>100.00</u>	<u>3.61</u>
31 March 2011			
P1/MARC1	<u>17,876,371</u>	<u>100.00</u>	<u>3.11</u>

(b) Credit risk concentration

Concentration of risk is monitored and managed based on sectorial distribution. The table below depicts the Fund's portfolio of debt securities analysed by sectorial distribution as at 31 March 2012 and 31 March 2011:

Sector	RM	As a % of debt securities	As a % of net asset value
31 March 2012			
Sovereign	15,371,266	2.73	2.63
Supranational	548,687,622	97.27	93.81
	<u>564,058,888</u>	<u>100.00</u>	<u>96.44</u>
31 March 2011			
Sovereign	547,429,341	98.19	95.10
Supranational	10,045,121	1.81	1.76
	<u>557,474,462</u>	<u>100.00</u>	<u>96.86</u>

There is no geographical risk as the Fund invests only in Malaysia.

Liquidity Risk

Liquidity risk is defined as the risk of being unable to raise funds or borrowings to meet payment obligations as they fall due. 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 deposit with licensed financial institution 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.

Objectives and Assumptions

The coupons could be paid on annual, biannual or quarterly basis. Alongside with those bonds are zero coupon bonds that only pay the nominal amount at maturity date. Cash received from bonds are as calculation follows:-

\$ = cash received

R = annual coupon rate

F = coupon frequency

- For zero coupon bonds, $F = 0$
At maturity: $\$ = \text{Nominal}$
- For $F > 0$
Before maturity: coupon payment, $\$ = \text{Nominal} * (R/F)$
At maturity: maturity payment, $\$ = \text{Nominal} + (\text{Nominal} * R/F)$

The following table analyses the undiscounted contractual cash flows from different asset classes in the Fund:

	Contractual Cash Flows (Undiscounted)					
	0 – 1 year RM	1 – 2 years RM	2 – 3 years RM	3 – 4 years RM	4 – 5 years RM	> 5 years RM
31 March 2012						
Financial assets						
Financial assets held at FVTPL	36,932,165	49,965,955	151,682,974	59,049,723	146,558,700	231,207,534
Deposit with financial institution	21,127,695	-	-	-	-	-
Other assets	1,443	-	-	-	-	-
Total assets	58,061,303	49,965,955	151,682,974	59,049,723	146,558,700	231,207,534
Financial liabilities						
Other liabilities	283,314	-	-	-	-	-
31 March 2011						
Financial assets						
Financial assets held at FVTPL	22,536,050	136,727,450	52,903,125	120,999,000	56,803,425	294,864,475
Deposit with financial institution	17,876,371	-	-	-	-	-
Other assets	478,618	-	-	-	-	-
Total assets	40,891,039	136,727,450	52,903,125	120,999,000	56,803,425	294,864,475
Financial liabilities						
Other liabilities	284,588	-	-	-	-	-

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 single issuer is diversified and managed based on internal/external ratings.

Regulatory Risk

Any changes in national policies and regulations may have an effect on the capital market that may affect the net asset value of the fund.

Management Risk

Poor management of the Fund may cause considerable losses to the Fund that in turn may affect the net asset value of the Fund.

Non-Compliance Risk

This is the risk of the Manager, the Trustee or the Fund not complying with internal policies, the Deed of the Fund, securities law or guidelines issued by the regulators. Non-compliance risk may adversely affect the investments of the Fund when the Fund is forced to rectify the non-compliance.

20. **CAPITAL MANAGEMENT**

The primary objective of the Fund's capital management is to ensure that it maximises unitholders' value by expanding its fund size to benefit from economies of scale and achieving growth in net asset value from the performance of its investments. As disclosed in Note 10, the approved fund size by the Securities Commission is 1,000,000,000 units of which 537,421,800 units have been issued and a further 462,578,200 units can be issued in future period based on the daily net asset value per unit on the respective creation dates.

The Fund manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Fund may issue new or bonus units, make the distribution payment, or return capital to unitholders by way of redemption of units.

No changes were made in the objective, policies or processes during the periods ended 31 March 2012 and 31 March 2011.