

FBM30etf

**Manager's Report And Financial Statements (unaudited)
For The Period 1 April 2008 To 30 June 2008**

(Ringgit Malaysia)

MANAGER

AmInvestment Services Berhad
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BOARD OF DIRECTORS

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

INVESTMENT COMMITTEE

Professor Dr Annuar Md. Nassir
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

FBM30etf

Financial Statements

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FBM30etf

PERFORMANCE DATA

Details of portfolio composition of FBM30etf (“the Fund”) for the last financial periods as at 30 June 2008, 31 March 2008 and 31 December 2007 are as follows:

| | As at 30-06-2008 | As at 31-3-2008 % | As at 31-12-2007 % |
|----------------------------------|-----------------------------|----------------------------------|-----------------------------------|
| Construction | 1.3 | 2.7 | 3.7 |
| Consumer products | 4.0 | 4.0 | 4.8 |
| Finance | 23.4 | 26.3 | 31.4 |
| Industrial products | 2.7 | 1.3 | 1.5 |
| Infrastructure project companies | 2.5 | 2.6 | 3.0 |
| Plantation | 10.1 | 8.8 | 10.2 |
| Trading/Services | 34.8 | 34.1 | 44.5 |
| Options | 20.0 | 20.1 | - |
| Cash and others | 1.2 | 0.1 | 0.9 |
| | <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.

FBM30etf

Performance details of the Fund for the last financial periods ended 30 June 2008, 31 March 2008 and 31 December 2007 are as follows:

| | 3 months ended 30-6-2008 | 3 months ended 31-3-2008 | 3 months ended 31-12-2007 |
|---|---|---|--|
| Net asset value (RM'000) | 5,038 | 5,392 | 22,020 |
| Units in circulation ('000) | 650 | 650 | 2,340 |
| Net asset value per unit (RM)* | 7.7513 | 8.2961 | 9.4103 |
| Closing quoted price (RM/unit)* | 7.770 | 8.400 | 9.370 |
| Highest quoted price (RM/unit)* | 8.550 | 9.930 | 9.370 |
| Lowest quoted price (RM/unit)* | 7.740 | 7.680 | 8.510 |
| Total return (%) ⁽¹⁾ | -6.57 | -10.84 | 11.05 |
| - Capital growth (%) | -6.57 | -20.84 | 11.05 |
| - Income distribution (%) | - | 10.00 | - |
| Gross distribution per unit (sen) | - | 10.20 | - |
| Net distribution per unit (sen) | - | 10.00 | - |
| Management expense ratio (%) ⁽²⁾ | 1.12 | 0.98 | 1.80 |
| Portfolio turnover ratio (times) ⁽³⁾ | 1.74 | 0.83 | 0.48 |

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

Note: (1) Total return is the actual return of the Fund for the respective financial periods, computed based on net asset value per unit and net of all fees.

(2) Management expense ratio ("MER") is calculated based on the total fees and expenses incurred by the Fund divided by the average fund size calculated on a daily basis. The MER increased by 0.16% as compared to 0.98% per annum for the quarter ended 31 March 2008 mainly due to decrease in average fund size.

(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 increased by 0.91 times (>100%) as compared to 0.83 times for the quarter ended 31 March 2007 due to decrease in average fund size and increase in investing activities.

Annualised Return (as at 30 June 2008)^(a)

| | FBM30etf % | FBM30 Index % |
|------------------------------------|----------------------|-------------------------|
| One year | -10.4 | -10.8 |
| Since launch of fund (7 June 2007) | -9.7 | -11.7 |

Annual Total Return^(a)

| Financial Period End | FBM30etf % | FBM30 Index % |
|---------------------------------|----------------------|-------------------------|
| 31 December 2007 ^(b) | 7.6 | 6.9 |

(a) Independently verified by Perkasa Normandy Advisers Sdn Bhd

(b) Actual returns for the financial period 7 June 2007 (date of commencement) to 31 December 2007

The Fund's performance above is calculated based on net asset value per unit. Annualised returns for both FBM30etf and FTSE Bursa Malaysia Large 30 Index ("FBM30 Index") for a period are computed on the absolute returns 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 April 2008 to 30 June 2008**

Dear Unitholders

We are pleased to present you the Manager's Report and the unaudited quarterly accounts of FBM30etf ("the Fund") for the financial period 1 April 2008 to 30 June 2008 .

Investment Objectives

FBM30etf is an equity exchange traded fund which aims to achieve a price and yield performance, before fees, expenses and tax, that is generally similar to that of the given benchmark, FTSE Bursa Malaysia Large 30 Index ("FBM30 Index"), balanced with the need to facilitate liquidity provision.

FBM30etf was established on 18 January 2007 and shall exist for as long as it appears to the Manager and the Trustees 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.

Details of the index component as at 30 June 2008 are as follows:

| Stock code | Company's name | Percentage weight (%) | Shares in issue ('million units) |
|-------------------|--|------------------------------|---|
| 1295 | Public Bank Berhad | 10.89 | 3,525.20 |
| 4197 | Sime Darby Berhad | 10.55 | 5,997.99 |
| 1023 | Bumiputra-Commerce Holdings Berhad | 8.75 | 3,367.58 |
| 1155 | Malayan Banking Berhad | 8.64 | 4,881.11 |
| 5347 | Tenaga Nasional Berhad | 8.09 | 4,322.56 |
| 1961 | IOI Corporation Berhad | 7.84 | 6,122.37 |
| 6888 | TM International Berhad | 5.31 | 3,753.40 |
| 3182 | Genting Berhad | 4.85 | 3,694.24 |
| 3816 | Malaysia International Shipping Corporation Berhad | 3.91 | 3,719.83 |
| 4863 | Telekom Malaysia Berhad | 2.74 | 3,577.40 |
| 4715 | Resorts World Berhad | 2.43 | 5,872.40 |
| 6947 | DiGi.Com Berhad | 2.22 | 750.00 |
| 2445 | Kuala Lumpur Kepong Berhad | 2.17 | 1,068.77 |
| 1015 | AMMB Holdings Berhad | 2.01 | 2,722.97 |
| 6033 | PETRONAS Gas Berhad | 1.73 | 1,978.73 |
| 5052 | PLUS Expressways Berhad | 1.72 | 5,000.00 |
| 4162 | British American Tobacco (M) Berhad | 1.72 | 285.53 |
| 7164 | KNM Group Berhad | 1.71 | 3,956.04 |
| 4065 | PPB Group Berhad | 1.64 | 1,185.50 |
| 4677 | YTL Corporation Berhad | 1.60 | 1,630.96 |
| 1562 | Berjaya Sports Toto Berhad | 1.47 | 1,351.03 |
| 4588 | UMW Holdings Berhad | 1.44 | 1,074.10 |

(Forward)

| Stock code | Company's name | Percentage weight (%) | Shares in issue ('million units) |
|------------|---------------------------------|-----------------------|----------------------------------|
| 6742 | YTL Power International Berhad | 1.19 | 5,366.79 |
| 5819 | Hong Leong Bank Berhad | 1.08 | 1,580.11 |
| 2194 | MMC Corporation Berhad | 1.01 | 3,045.06 |
| 2267 | Tanjong plc | 0.78 | 403.26 |
| 5657 | Parkson Holdings Berhad | 0.70 | 1,036.41 |
| 5681 | PETRONAS Dagangan Berhad | 0.68 | 993.45 |
| 3786 | Malaysian Airline System Berhad | 0.58 | 1,670.99 |
| 1066 | RHB Capital Berhad | 0.54 | 2,153.48 |

Fund Performance Review

| | As at 30 June 2008 | As at 31 March 2008 | Change (%) |
|---|----------------------|-----------------------|------------|
| FBM30 Index | 7,656.73 | 8,232.89 | -7.00 |
| Net asset value (RM) | 5,038,348 | 5,392,433 | -6.57 |
| Units in circulation (units) | 650,000 | 650,000 | - |
| Return on portfolio (%) | -6.57 ^(a) | -10.84 ^(b) | 4.27 |
| Benchmark return (%) | -7.00 ^(a) | -11.89 ^(b) | 4.89 |
| Net asset value per unit (RM) | 7.7513 | 8.2961 | -6.57 |
| Closing price quoted at Bursa Malaysia (RM) | 7.770 | 8.400 | -7.50 |

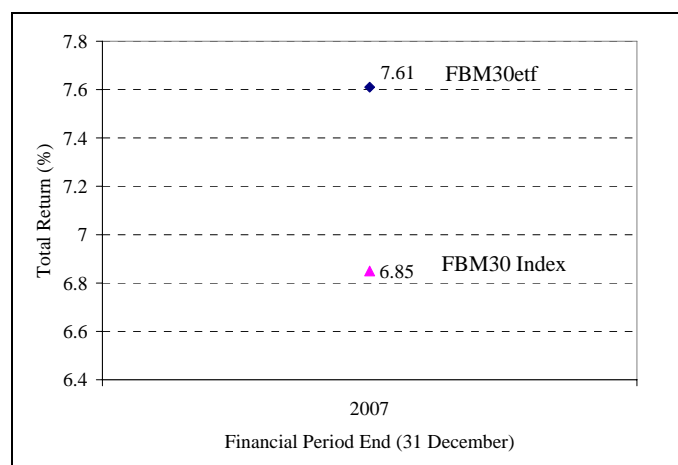
(a) Actual returns for the financial period 1 April 2008 to 30 June 2008.

(b) Actual returns for the financial period 1 January 2008 to 31 March 2008.

Note: Benchmark – FTSE Bursa Malaysia Large 30 Index (“FBM30 Index”)

Comparison between the annual performances of FBM30etf and FBM30 Index for the last financial period 7 June 2007 (date of commencement) to 31 December is as follows:

| Financial Period End (31 December) | FBM30etf (%) | FBM30 Index (%) | Changes (%) |
|------------------------------------|--------------|-----------------|-------------|
| 2007 | 7.61 | 6.85 | 0.76 |



For the period under review, 1 April 2008 to 30 June 2008, the total net asset value (NAV) of the Fund stood at RM 5,038,348 a decline of 6.57% from RM 5,392,433 as at 31 March 2008. The NAV per unit of the Fund decreased by 6.57% to RM7.7513 from RM8.2961. Units in circulation of the Fund remained unchanged.

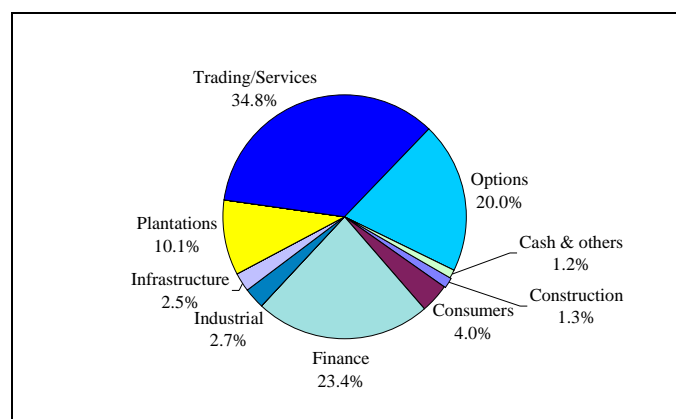
The Fund registered a negative return of 6.57%, which was entirely capital growth in nature, increased by 4.27% as compared to the previous reporting period of -10.84%. The Fund outperformed the benchmark, FTSE Bursa Malaysia Large 30 Index by 0.43%. Closing price quoted at Bursa Malaysia on 30 June 2008 was RM7.770, decreased by 7.50% from RM8.400 on 31 March 2008.

The Fund has met its investment objective during the financial period. There were no unit split exercise, no significant changes in the state of affairs of the Fund and no circumstances that materially affected the interest of unitholders during the financial period under review.

The Fund has declared income distribution of 10.00 sen per unit on 11 July 2008, details as follows:

| | | | |
|--|--|---|--|
| 10.00 sen per unit interim income distribution | Change in the unit price prior and subsequent to the interim income distribution | Before income distribution on 11 July 2008 (RM) | After income distribution on 11 July 2008 (RM) |
| | Net asset value per unit | 7.5560 | 7.4560 |

Sectoral Composition as at 30 June 2008



| | 30 June 2008 (%) | 31 March 2008 (%) | Change (%) |
|----------------------------------|------------------|-------------------|------------|
| Construction | 1.3 | 2.7 | -1.4 |
| Consumer products | 4.0 | 4.0 | - |
| Finance | 23.4 | 26.3 | -2.9 |
| Industrial products | 2.7 | 1.3 | 1.4 |
| Infrastructure project companies | 2.5 | 2.6 | -0.1 |
| Plantations | 10.1 | 8.8 | 1.3 |
| Trading/Services | 34.8 | 34.1 | 0.7 |
| Options | 20.0 | 20.1 | -0.1 |
| Cash and others | 1.2 | 0.1 | 1.1 |
| Total | 100.0 | 100.0 | |

During the period under review, there were some significant changes to the asset allocation of the Fund were due to the addition of TM International Berhad and the subsequent deletion of Hong Leong Finance Berhad from the FTSE Bursa Malaysia Large 30 Index on 23 April 2008. On 23 June, KNM was included at 75% weighting in the index at the expense of Gamuda Berhad. Also, UMW Holdings Berhad and Malayan Banking Berhad both saw their investable weighting in the index reduced from 100% to 75% due to free-float requirements.

As the Fund is meant to mimic the performance of the benchmark FBM30 Index, the Fund's weighting was rebalanced over the period under review to reflect the aforesaid changes. As such, weighting in the finance, construction and infrastructure project companies sectors saw significant reductions by 2.9%, 1.4% and 0.1% respectively. To balance this out, industrial products, plantations, cash and trading and services companies saw their weighting increased by 1.4%, 1.3%, 1.1% and 0.7% respectively. There was marginal change in option value, reducing by 0.1%.

Break down of unitholding by size

| Size of holding | As at 30 June 2008 No of units held ('000) | As at 31 March 2008 No of units held ('000) |
|--|---|--|
| Less than 100 | - | - |
| 100 – 1,000 | 82.2 | 81.6 |
| 1,001 – 10,000 | 156.4 | 142.1 |
| 100,001 to less than 5% of issue units | 91.6 | 260.5 |
| 5% and above of issue units | 319.8 | 165.8 |

Note: 5% of issue units = 32,500 units

Market Review

April 2008

The Bursa Malaysia Kuala Lumpur Composite Index (KLCI) ended the month 32 points or 3% higher at 1,280 points. However it still underperformed the region Far East (Ex-Japan) index, which rose 8% in April 2008. The FTSE Bursa Malaysia EMAS Index (FBM EMAS) was also up by 2% to 8,619 points. Average daily turnover for the month fell by 19% to RM1.3 billion (3-month average at RM1.3 billion).

The lack of near-term political stability post the general election in March 2008 has weighed heavily on the performance of the Malaysian market, as the 12th general election produced worse-than-expected results for the ruling Barisan Nasional (BN) coalition in both state and parliamentary elections.

Major events and corporate news for April 2008: 1) PKR, DAP and PAS would consolidate their cooperation by forming Pakatan Rakyat (PR), in which all state governments under its control would conduct policies in accordance with those of the new pact. PKR adviser, Datuk Seri Anwar Ibrahim, claimed that PR was in a position to form the federal government and would be done no later than Malaysia Day on 16 September 2008; 2) Demerger of TM and TMI completed. The two entities were listed separately on 23 April 2008 with reference price of RM3.05 for TM and RM7.85 for TMI; 3) The economic Planning Unit shelved the KL-Singapore bullet train project proposed by YTL Corporation; 4) IJM Corporation announced that its joint venture unit successfully tendered for a RM840 million contract to build a hotel in Abu Dhabi, UAE, in a JV between IJM and LFE Corporation Berhad, where IJM holds a 70% stake; 5) Transmile Group may default on a total debt of RM530million if its lenders defer the repayment of outstanding borrowings; 6) Malayan Banking Berhad proposed the acquisition of a strategic 10-20% in Pakistan based Muslim Commercial Bank.

May 2008

The market started the month on a positive note as the KLCI tested the 1,300-point resistance level several times before succumbing to selling pressure later in the month. The KLCI ended the month slightly lower at 0.3% to 1,276 points. However it outperformed the regional Far East (Ex-Japan) index, which declined by 3.7% in May 2008.

The broader market underperformed the KLCI as the FBM EMAS fell 1.1% to 8,520 points. The average value traded on Bursa in May 2008 was flat at RM1.26 billion (3-month average of RM1.34 billion) per day.

Negative political developments included Dr. Mahathir's resignation from UMNO and clear dissatisfaction of Sabah politicians with the ruling coalition. Also, the May results season was relatively uninspiring as there were disappointments from the property, construction, timber and semiconductor sectors. Only the auto sector surprised positively.

Major events and corporate news for May 2008: 1) Malayan Banking Berhad proposed to buy a 15% stake in Pakistan's fourth largest bank, MCB Bank Ltd from Nishat Group for RM2.17 billion cash; 2) RHB Capital sold a 25% stake to Abu Dhabi Commercial Bank (ADCB), the second largest bank in the UAE for RM3.9 billion, or RM7.20 per share; 3) The second round of talks between Tenaga Nasional Berhad (TNB) and IPPs for renegotiating of PPAs kicked off at end-May 2008. TNB will be cashflow negative in 2009 if the government doesn't allow it to pass on higher fuel costs to consumers; 4) Automotive sales in April 2008 rose 49.3% year on year (YoY) and 8.3% month on month (MoM) to 50,279 units following positive market sentiment and improved Proton sales; 5) The government decided to free up the cement market to market prices, just like it did for steel bars; 6) The government is mulling the option of taking over highway concessions from private operators as part of its efforts to reduce the burden of toll on the people.

June 2008

The KLCI ended the month 89 points or 7% lower at 1,187 points. However, it outperformed the region Far East (Ex-Japan) which dropped at a higher percentage of 12% in June. The broader market slightly underperformed the KLCI as FBM EMAS fell 7.3% to 7,900 points. The average value traded on Bursa in June 2008 fell 5.5% to RM1.19billion (3-month average of RM1.18 billion) per day.

It was a terrible month for Malaysia as the KLCI was hammered due to heightened policy and political risks. The shockingly steep petrol and electricity price hikes as well as windfall taxes on the plantations and IPP sectors announced on 4 June 2008 caught most people by surprise.

Political noise increased during the month as a small BN component party in Sabah, SAPP, threatened to call for a no-confidence vote against the prime minister. Towards the end of the month, Anwar Ibrahim sought refuge in the Turkish embassy due to safety concerns while a former aide accused the de facto PKR leader of sodomising him.

Major events and corporate news for June 2008 were: 1) TNB will not be able to raise tariffs for homes and businesses in Peninsular Malaysia starting 1 July 2008; 2) IPPs which benefited significantly from highly subsidised fuel, were dealt a major blow following the imposition of a 30% windfall tax on their return on assets (ROA) under the government's restructured subsidy scheme; 3) Palm oil millers to pay windfall tax in place of CESS effective 1 July 2008 as follows: (a) in Sabah and Sarawak; 7.5% for every tonne of CPO which is sold for more than RM2,000 per tonne, and (b) in Peninsular Malaysia; 15% for every tonne of CPO which is sold at more than RM2,000 per tonne; 4) CIMB Group launched a MGO for the remaining stake in BankThai Pcl after sealing the acquisition of a 42.13% stake in the ninth largest commercial bank in Thailand; and 5) TM International will invest US\$1.8bn for a 19% stake in Idea Cellular-Spice Communications' merged entity.

Market Outlook

Typically earnings downgrades during recessions last for 2 years and we are currently in the 8th month. Is it possible for a reversal in the market downtrend when earnings are still being downgraded? What lead-indicators do we monitor to take advantage of opportunities that the current global malaise offers?

Looking at historical patterns, we would suggest investigating 4 issues and how they have affected market recoveries;

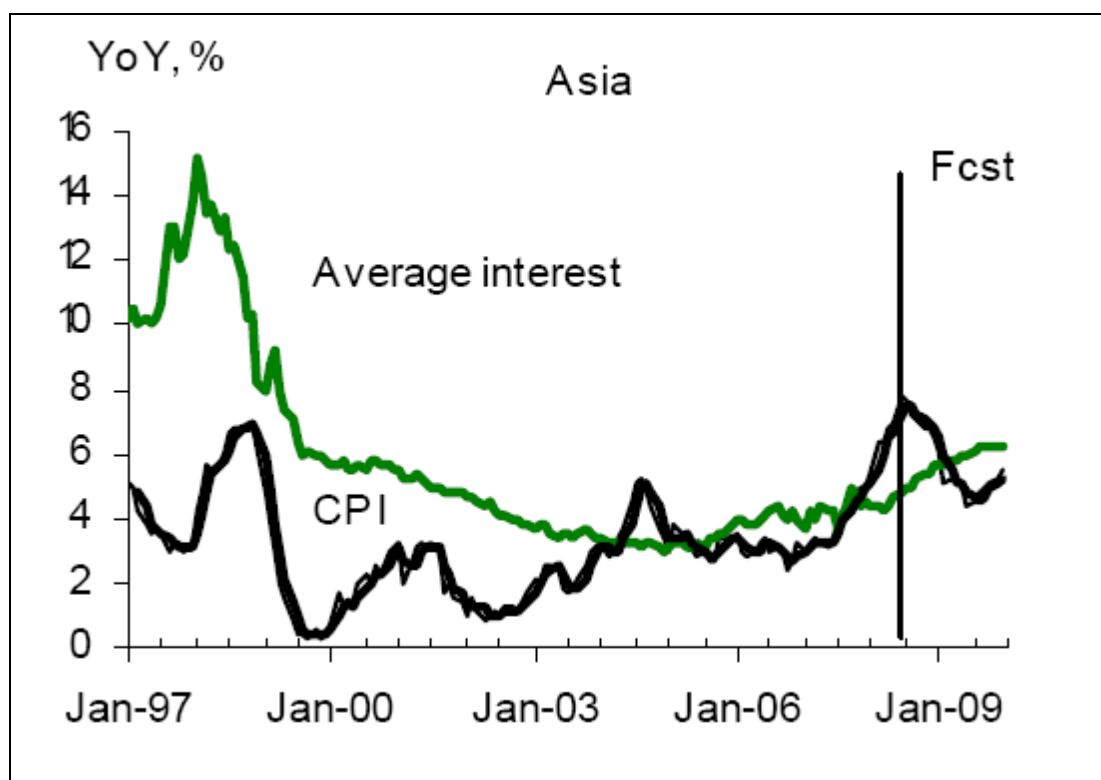
- Macro outlook with an emphasis on inflation.
- Valuation
- Interest rates
- Liquidity – Oversold situation

Macro Outlook

The strategic outlook (over the next 12 months) remains murky and we are still trapped in a subdued scenario as fundamentals such as earnings outlook, lingering inflation and rising interest rates are far from encouraging. Recently, National Australian Bank announced more than 90% provision against its portfolio of collateralized debt obligations of asset-backed securities (ABS CDOs). Merrill Lynch recently marked-down its ABS CDO book to US\$6.7 billion from a face value of US\$30.6 billion. That is write-down of about 78%. Citigroup had only marked down its ABS CDOs by 44%. What this implies is that the capital repair phase in global financials is not over and this will continue to affect the credit cycle.

This will drag down consumer spending and hence we expect inflation to come down within the coming quarters. We believe we have seen the peak in month-on-month inflation rates but due to base effect, year-on-year change will remain elevated till first half of 2009 (1H09) (Chart 1). The current inflationary environment is cyclical and not structural as we see no evidence of a wage spiral. This would improve the Asian outlook in 2009 and form the base to help the Asian markets recover.

Chart 1: Asia's inflation forecast



Source: Macquarie

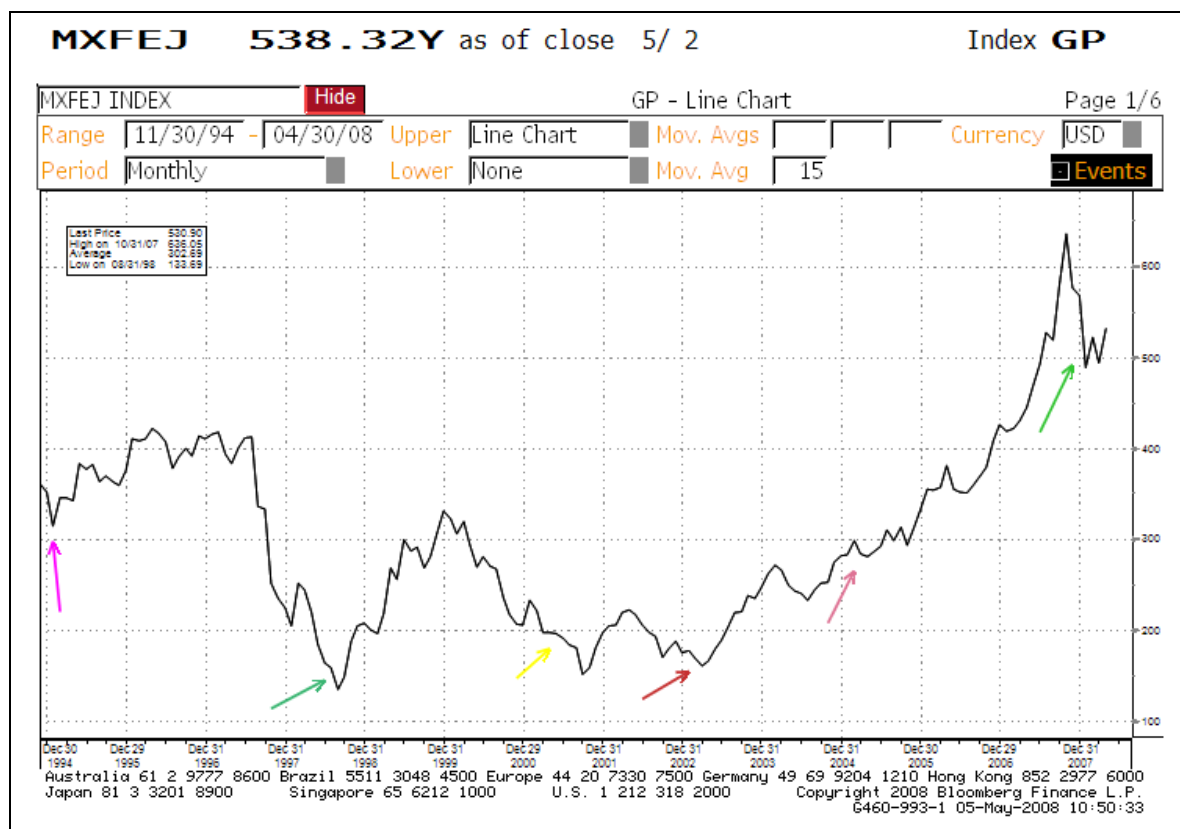
We have also taken a look at the OECD Composite leading indicator to try to forecast the market bottom. We reproduce the Morgan Stanley Far East ex Japan chart below (in our earlier write-up) which illustrates that if we can estimate the trough of the OECD leading indicator, the market bottom will not be too far off (Chart 2). In Table 1, we note that the average duration between OECD peak to trough is 13-months while the longest downtrend occurred between February 2000 to October 2001, lasting for 20 months. The previous peak was in mid 2007, implying that if this cycle is as bad as that in early 2000, the trough would happen during 1Q 2009. The conclusion we can draw from the above then is that it is likely that the worst might be over cum 1H2009 from a macro perspective.

Table 1: Duration of OECD leading Indicator

| | Months | Period |
|-------------------------|-----------|-----------------------------|
| Peak to trough | 11 | Feb 1990 to Jan 1991 |
| Peak to trough | 14 | Oct 1994 to Dec 1995 |
| Peak to trough | 14 | Aug 1997 to Oct 1998 |
| Peak to trough | 20 | Feb 2000 to Oct 2001 |
| Peak to trough | 9 | May 2002 to Mar 2003 |
| Peak to trough | 15 | Feb 2004 to May 2005 |
| Peak to trough | 6 | Mar 2006 to Sep 2006 |
| Peak to trough | ? | May 2007 to ? |
| Average Duration | 13 | |

Source: Bloomberg, CIMB

Chart 2: Morgan Stanley Far East ex Japan – OECD turning points



Source: Bloomberg

Valuation

While economic decoupling has occurred in recent years between the developed and developing world, there has been neither market nor earnings decoupling. Moreover, there has never been a case where stock prices decouple from falling earnings. However, history shows global equities have performed surprisingly well during earnings recessions (Table 2).

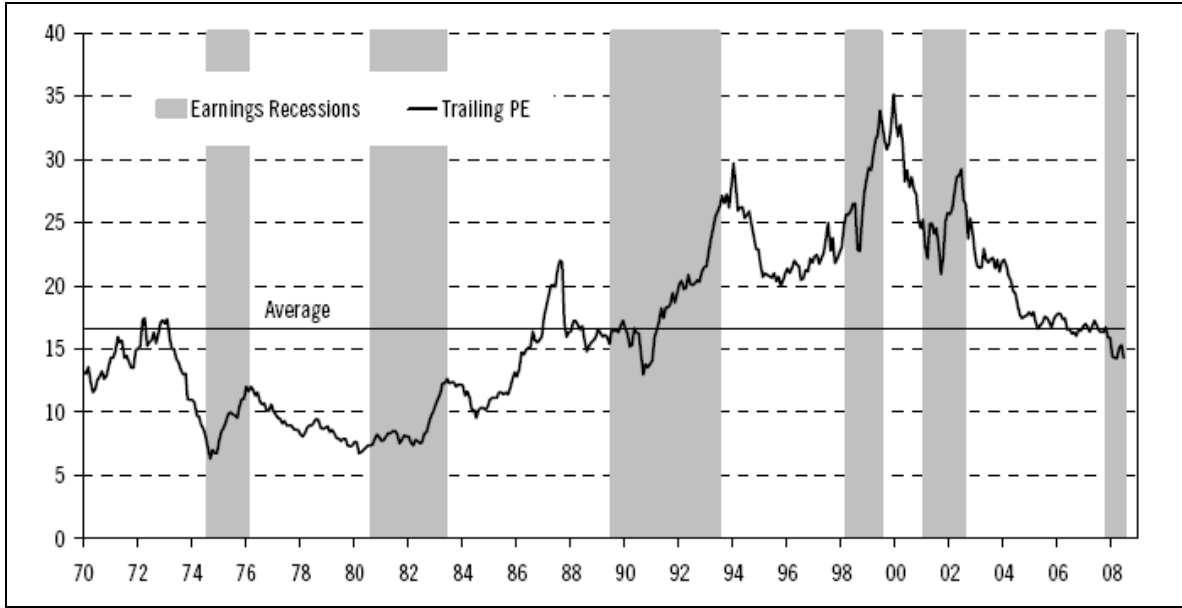
Table 2: Market performance during earnings recessions

| | Months | Earnings Decline | Mkt Performance |
|-----------------|--------|------------------|-----------------|
| Oct 74 – Jan 76 | 16 | -21 | 49 |
| Oct 80 – May 83 | 32 | -21 | 31 |
| Sep89 – Jun 93 | 46 | -35 | 3 |
| May98 – Jun 99 | 14 | -12 | 16 |
| Mar 01 – Jul 02 | 17 | -38 | -28 |
| Dec07 - Current | 7 | -5 | -15 |

Source: Citigroup

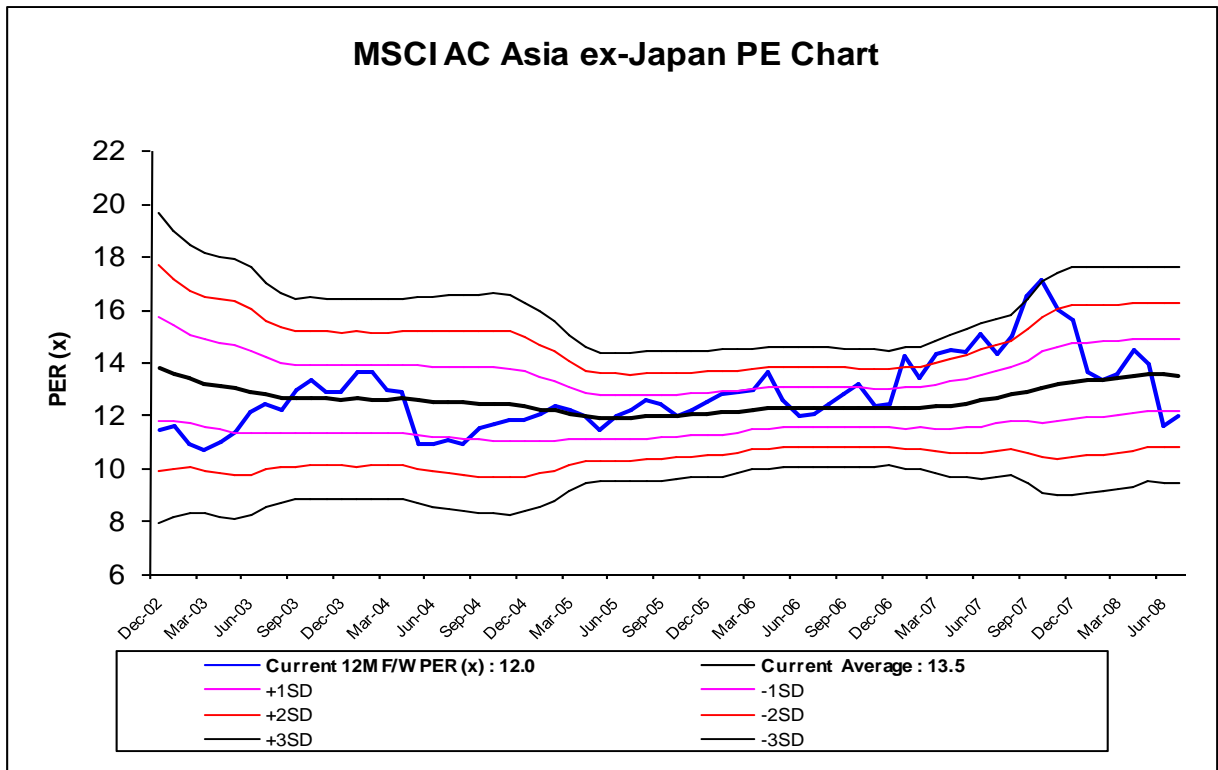
What has been in place historically to support a decoupling between earnings and stock prices? Looking at Chart 3, cheap market valuation going into earnings recessions generally resulted in a decent market rebound. In short, it appears that in such a scenario, a lot of the bad news was already priced in. We are not short of bad news over the last 9 months and perhaps the end is not to far off.

Chart 3: Earnings recessions and global trailing PE



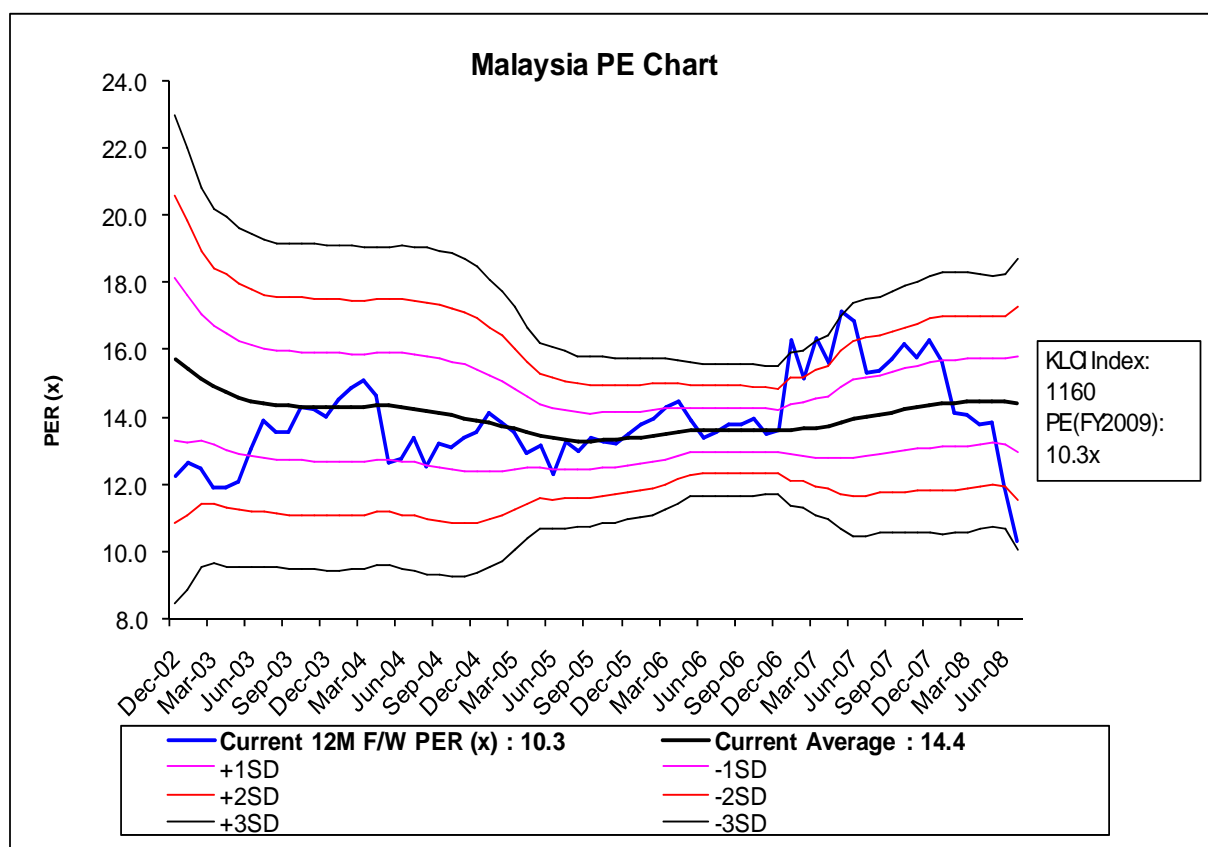
Source: MSCI, Citigroup

Chart 4: Forward PER MSCI Asia ex Japan



Source: IBES

Chart 5: Forward PER Malaysia



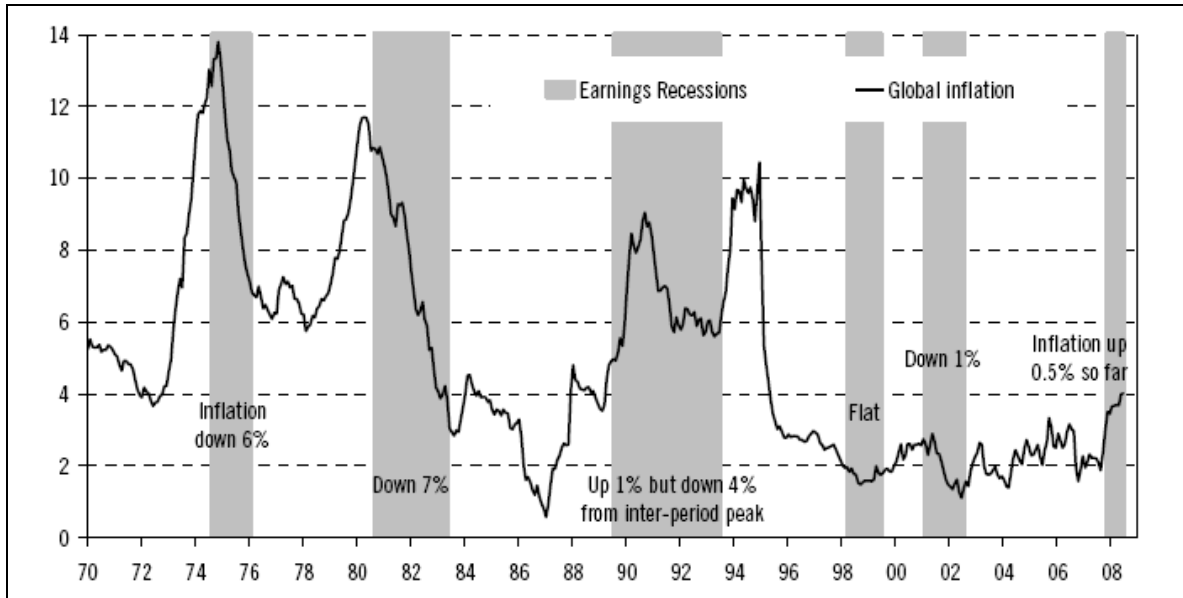
Source: In-house

Looking at Charts 4 and 5, forward valuations for both Asia ex Japan and Malaysia lend weight to the argument that a lot of bad news is already in the price. The consensus earnings growth for Asia ex Japan is 5% and 16% while our in-house forecast for Malaysia is 5% and 5% respectively for FY2008 and 2009.

Interest Rate

A second ingredient for a decoupling between earnings recession and stock prices appears to be falling inflation. With reference to Chart 1, we concur with Macquarie's forecast that inflation has already peaked in most countries or at least near its peak. Looking at Chart 6, inflation was falling around the time when earnings peaked in the mid 70s, early 80s and 90s. It would be unusual to see inflation rising against a backdrop of weak global growth which in turn leads to earnings downturn. Therefore historical evidence does suggest falling inflation help support stock prices.

Chart 6: Global inflation and earnings recession

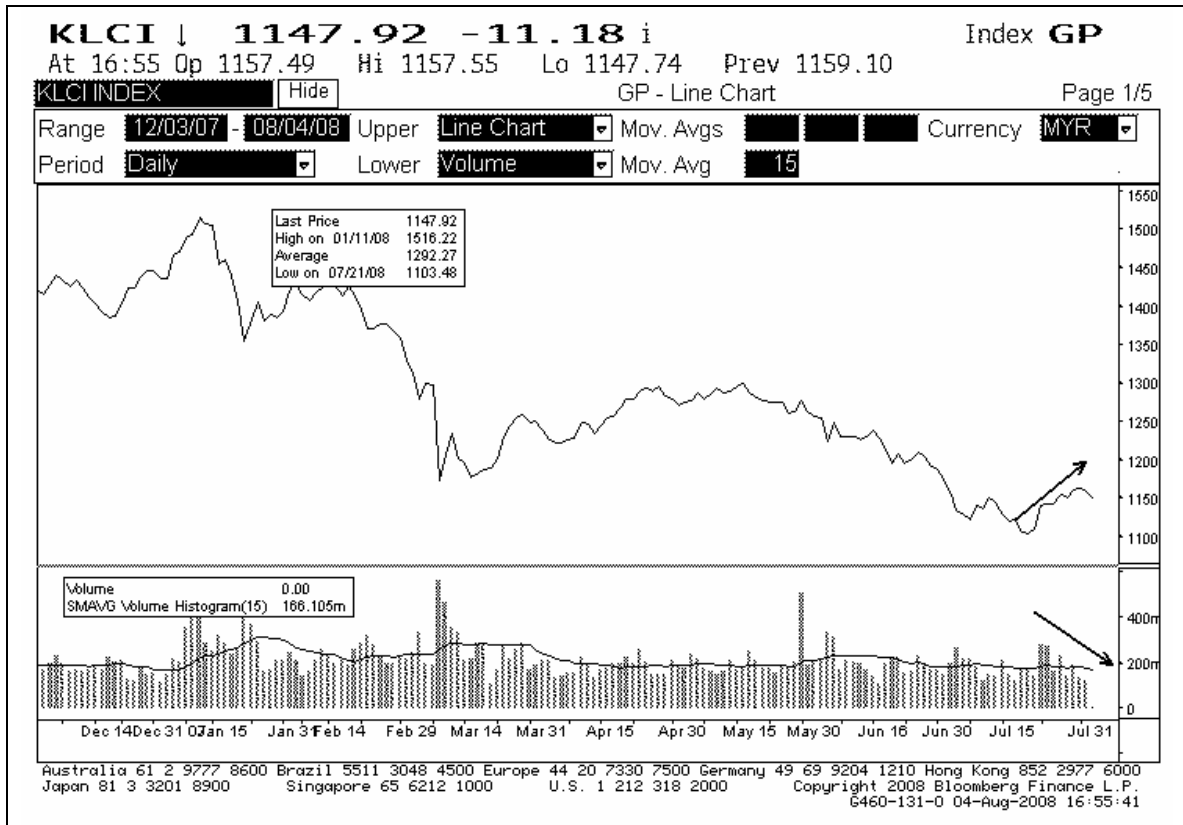


Source: Citigroup

Liquidity

Historically, bear markets last a long time but often a market trough is reached before or around mid-way. After an initial low, there will be volatility followed by declining volume. Looking at Chart 7, we believe we have reached this inflexion point for Malaysia. **Moreover, according to latest data released from the monitoring agency EmergingPortfolio.com Fund Research, 85% of new money taken in by offshore Asian funds has been redeemed, suggesting that weak holders have already sold out.**

Chart 7: KLCI index and market volume



Source: Bloomberg

Outlook

The current downturn appears to be tracking previous earning recession market behavior. Out of the above 4 factors, market liquidity and valuation appear to support that we might not be too far off from the market bottom. However, macro and inflation numbers argue otherwise and we might perhaps be 3 to 6 months away from a sustainable rebound. What we are fairly certain is that weakening economic activity should lead to lower inflation and interest rates which would provide support for equities. Lower oil prices would be a plus but the above is premised on the assumption that a mild recovery is expected for second half of 2009 (2H 2009).

Investment Strategy

Investment strategy for the fund will remain the same, to conduct periodic rebalancing as and when required, in order to ensure that the fund tracks the performance of the benchmark index, the FBM30 Index.

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

31 July 2008

FBM30etf**STATEMENT OF ASSETS AND LIABILITIES (unaudited)
AS AT 30 JUNE 2008**

| | Note | 30-6-2008 RM | 31-3-2008 RM |
|--|-------|------------------|------------------|
| ASSETS | | | |
| Quoted investments | 4 | 3,957,117 | 4,281,823 |
| Investments in derivatives | 5 | 1,007,191 | 1,080,440 |
| Unquoted investments | 6 | 59,706 | - |
| Amount due from Manager | 7 | 37,035 | 37,207 |
| Sundry receivables | | 12,676 | 18,294 |
| Cash at bank | | 722 | 7,458 |
| Total Assets | | <u>5,074,447</u> | <u>5,425,222</u> |
| LIABILITIES | | | |
| Sundry payables and accrued expenses | | 22,618 | 19,845 |
| Amount due to index provider | 8 | 13,211 | 12,649 |
| Amount due to Trustee | 9 | 270 | 295 |
| Total Liabilities excluding Net Asset Value Attributable to Unitholders | | <u>36,099</u> | <u>32,789</u> |
| NET ASSET VALUE AS AT 30 JUNE/ 31 MARCH | 10 | <u>5,038,348</u> | <u>5,392,433</u> |
| UNITS IN CIRCULATION | 10(a) | <u>650,000</u> | <u>650,000</u> |
| NET ASSET VALUE PER UNIT – EX DISTRIBUTION | 11 | <u>775 sen</u> | <u>830 sen</u> |

The accompanying Notes form an integral part of the Financial Statements.

STATEMENT OF INCOME AND EXPENDITURE *(unaudited)*
FOR THE PERIOD 1 APRIL 2008 TO 30 JUNE 2008

| | Note | 1-4-2008 to 30-6-2008 RM | 1-1-2008 to 31-3-2008 RM |
|---|------|--------------------------------|--------------------------------|
| INVESTMENT INCOME | | | |
| Dividend income | | 45,032 | 109,600 |
| Interest income | | 29 | 1,117 |
| Net unrealised (loss)/gain on change in value of investments in derivatives | | (73,249) | 42,611 |
| Net realised (loss)/gain on sale of quoted investments | | (136,933) | 470,660 |
| Net unrealised loss on changes in value of quoted investments | | (182,082) | (1,755,383) |
| Gross Loss | | <u>(347,203)</u> | <u>(1,131,395)</u> |
| EXPENDITURE | | | |
| Manager's fee | 7 | 7,022 | 12,351 |
| Trustee's fee | 9 | 843 | 1,482 |
| License fee | 8 | 562 | 988 |
| Audit fee | | 1,243 | 1,243 |
| Tax agent's fee | | 1,243 | 1,243 |
| Other expenses | | 4,916 | 6,918 |
| Total Expenditure | | <u>15,829</u> | <u>24,225</u> |
| NET LOSS BEFORE INCOME TAX | | (363,032) | (1,155,620) |
| LESS: INCOME TAX EXPENSE | 12 | <u>(9,500)</u> | <u>(27,800)</u> |
| NET LOSS INCOME AFTER INCOME TAX | | <u>(372,532)</u> | <u>(1,183,420)</u> |
| INCOME DISTRIBUTION | 14 | <u>-</u> | <u>169,000</u> |
| Net Loss After Income Tax comprises the following: | | | |
| Realised (loss)/gain | | (117,201) | 529,352 |
| Unrealised loss | | <u>(225,331)</u> | <u>(1,712,772)</u> |
| | | <u>(342,532)</u> | <u>(1,183,420)</u> |

The accompanying Notes form an integral part of the Financial Statements.

FBM30etf**STATEMENT OF CHANGES IN NET ASSET VALUE (unaudited)
FOR THE PERIOD 1 APRIL 2008 TO 30 JUNE 2008**

| | 1-4-2008 to 30-6-2008 RM | 1-1-2008 to 31-3-2008 RM |
|--|---|---|
| Net asset value at beginning of period | 5,392,433 | 22,020,061 |
| Net loss for the period | (372,532) | (1,183,420) |
| Distribution equalisation | (3,366) | (741,091) |
| Amount received from units created net of equalisation | 1,015,488 | 941,519 |
| Amount paid from units redeemed net of equalisation | (993,675) | (15,475,636) |
| Net income distribution | - | (169,000) |
| Net asset value at end of period | <u>5,038,348</u> | <u>5,392,433</u> |

The accompanying Notes form an integral part of the Financial Statements.

CASH FLOW STATEMENT *(unaudited)*
FOR THE PERIOD 1 APRIL 2008 TO 30 JUNE 2008

| | Note | 1-4-2008 to 30-6-2008 RM | 1-1-2008 to 31-3-2008 RM |
|--|------|--------------------------------|--------------------------------|
| CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES | | | |
| Proceeds from sale of investments | | 17,378,864 | 283,777 |
| Dividend received | | 41,150 | 139,627 |
| Interest received | | 29 | 1,117 |
| Trustee's fee paid | | (868) | (2,595) |
| Payment for other fees expenses | | (4,629) | (5,960) |
| Manager's fee paid | | (7,234) | (21,625) |
| Purchase of investments | | <u>(2,300,048)</u> | <u>(48,160)</u> |
| Net Cash Generated From Operating And Investing Activities | | <u>15,107,264</u> | <u>346,181</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from creation of units | | 2,126,708 | - |
| Distribution paid | | - | (169,000) |
| Payments for release of units | | <u>(17,181,002)</u> | <u>(369,438)</u> |
| Net Cash Used In From Financing Activities | | <u>(15,054,294)</u> | <u>(538,438)</u> |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | | 52,970 | (192,257) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD | | <u>7,458</u> | <u>199,715</u> |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | 15 | <u><u>60,428</u></u> | <u><u>7,458</u></u> |

The accompanying Notes form an integral part of the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

FBM30etf (“the Fund”) was established pursuant to a Deed dated 18 January 2007 as amended by the 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 to achieve a price and yield performance, before fees, expenses and tax, that is generally similar to that of the benchmark index, FTSE Bursa Malaysia Large 30 Index, balanced with the need to facilitate liquidity provision. 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 7 June 2007.

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 Exchange Traded Funds.

The Fund has not adopted FRS 139: Financial Instruments – Recognition and Measurement which is effective from 1 January 2010. This standard may give rise to effects on the financial statements of the Fund upon its first adoption but such effects, if any, are not required to be disclosed in this set of financial statements by virtue of exemptions provided under Paragraph 103AB of the standard.

3. SIGNIFICANT ACCOUNTING POLICIES

Investments

Investments are stated at market value on a portfolio basis in accordance with the provisions of the Deed. For investments in listed securities, market value is determined based on the closing price quoted on Bursa Malaysia Securities Berhad. For investments in options, market value is determined based on the quoted price of the respective issuers and/or financial institutions and for investments in unquoted fixed income securities, market value is determined based on the quoted prices from Bondweb Malaysia Sdn Bhd 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 unquoted 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

Dividend income is recognised based on the date the dividend is declared. 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 30 June 2008, 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 three months 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.

Receivables

Sundry receivables are carried at anticipated realisable values.

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, dividends, gains and losses relating to financial instruments classified as assets, are disclosed in the respective accounting policies.

4. QUOTED INVESTMENTS

| | 30-6-2008 | 31-3-2008 |
|---------------------------|------------------|------------------|
| | RM | RM |
| At cost | | |
| Shares quoted in Malaysia | <u>4,396,056</u> | <u>4,538,681</u> |
| At valuation | | |
| Shares quoted in Malaysia | <u>3,957,117</u> | <u>4,281,823</u> |

Details of quoted investments as at 30 June 2008 are as follows:

| Securities quoted in Malaysia | No. of units | Market value RM | Purchase cost RM | Market value as a percentage of net asset value % |
|--------------------------------------|---------------------|------------------------|-------------------------|--|
| Name of Company | | | | |
| Construction | | | | |
| YTL Corporation Berhad | <u>9,400</u> | <u>63,450</u> | <u>73,780</u> | <u>1.26</u> |
| Consumer Products | | | | |
| British American Tobacco (M) Berhad | 1,600 | 70,800 | 66,481 | 1.40 |
| PPB Group Berhad | 6,800 | 73,440 | 55,962 | 1.46 |
| UMW Holdings Berhad | <u>9,300</u> | <u>55,800</u> | <u>65,076</u> | <u>1.11</u> |
| | <u>17,700</u> | <u>200,040</u> | <u>187,519</u> | <u>3.97</u> |
| Finance | | | | |
| AMMB Holdings Berhad | 23,300 | 74,094 | 94,575 | 1.47 |
| Bumiputra-Commerce Holdings Berhad | 39,100 | 312,800 | 445,335 | 6.21 |
| Hong Leong Bank Berhad | 7,200 | 42,120 | 45,409 | 0.84 |
| Malayan Banking Berhad | 42,600 | 300,330 | 399,643 | 5.96 |
| Public Bank Berhad | 41,000 | 426,400 | 419,356 | 8.46 |
| RHB Capital Berhad | <u>4,700</u> | <u>19,834</u> | <u>24,358</u> | <u>0.39</u> |
| | <u>157,900</u> | <u>1,175,578</u> | <u>1,428,676</u> | <u>23.33</u> |

(Forward)

| Securities quoted in Malaysia | No. of units | Market value RM | Purchase cost RM | Market value as a percentage of net asset value % |
|--|---------------------|------------------------|-------------------------|--|
| Name of Company | | | | |
| Industrial Products | | | | |
| KNM Group Berhad | 11,200 | 71,120 | 66,894 | 1.41 |
| PETRONAS Gas Berhad | 6,700 | 66,665 | 71,060 | 1.33 |
| | <u>17,900</u> | <u>137,785</u> | <u>137,954</u> | <u>2.74</u> |
| Infrastructure | | | | |
| DiGi.Com Berhad | 3,400 | 81,260 | 79,035 | 1.61 |
| YTL Power International Berhad | 23,972 | 44,348 | 55,887 | 0.88 |
| | <u>27,372</u> | <u>125,608</u> | <u>134,922</u> | <u>2.49</u> |
| Plantation | | | | |
| IOI Corporation Berhad | 53,385 | 397,718 | 310,358 | 7.89 |
| Kuala Lumpur Kepong Berhad | 6,100 | 107,360 | 84,091 | 2.13 |
| | <u>59,485</u> | <u>505,078</u> | <u>394,449</u> | <u>10.02</u> |
| Trading/Service | | | | |
| Berjaya Sports Toto Berhad | 11,400 | 55,404 | 58,022 | 1.10 |
| Genting Berhad | 32,100 | 179,760 | 257,836 | 3.57 |
| Malaysia International Shipping Corporation Berhad | 17,200 | 141,900 | 167,841 | 2.82 |
| Malaysian Airline System Berhad | 5,433 | 16,843 | 24,726 | 0.33 |
| MMC Corporation Berhad | 13,900 | 38,364 | 53,967 | 0.76 |
| Parkson Holdings Berhad | 5,700 | 28,785 | 49,880 | 0.57 |
| PETRONAS Dagangan Berhad | 3,200 | 24,000 | 26,067 | 0.48 |
| PLUS Expressways Berhad | 22,700 | 58,793 | 73,244 | 1.17 |
| Resorts World Berhad | 33,600 | 87,360 | 125,966 | 1.73 |
| Sime Darby Berhad | 52,289 | 483,673 | 436,945 | 9.60 |
| Tanjong plc | 2,200 | 30,140 | 39,751 | 0.60 |
| Telekom Malaysia Berhad | 30,700 | 97,626 | 93,353 | 1.94 |

(Forward)

| Securities quoted in Malaysia | No. of units | Market value RM | Purchase cost RM | Market value as a percentage of net asset value % |
|--------------------------------------|---------------------|------------------------|-------------------------|--|
| Tenaga Nasional Berhad | 37,600 | 306,440 | 391,642 | 6.08 |
| TM International Berhad | 32,600 | 200,491 | 239,516 | 3.98 |
| | <u>300,622</u> | <u>1,749,578</u> | <u>2,038,756</u> | <u>34.73</u> |
| Total quoted investments | <u>590,379</u> | <u>3,957,117</u> | <u>4,396,056</u> | <u>78.54</u> |

5. INVESTMENTS IN DERIVATIVES

| | 30-6-2008 RM | 31-3-2008 RM |
|------------------------|---------------------|---------------------|
| At cost Option | <u>1,037,829</u> | <u>1,037,829</u> |
| At valuation Option | <u>1,007,191</u> | <u>1,080,440</u> |

Details of investments in derivatives as at 30 June 2008 are as follows:

| Derivatives | No. of units | Carrying value RM | Purchase cost RM | Carrying value as a percentage of net asset value % |
|---|---------------------|--------------------------|-------------------------|--|
| The Zero Strike Call Option, AmInvestment Bank Berhad | <u>1</u> | <u>1,007,191</u> | <u>1,037,829</u> | <u>19.99</u> |

6. UNQUOTED INVESTMENTS

| | 30-6-2008 RM | 31-3-2008 RM |
|---|---------------------|---------------------|
| At carrying value Short-term deposits with licensed banks under short-term money market deposits | <u>59,706</u> | <u>-</u> |
| At nominal value Short-term deposits with licensed banks under short-term money market deposits | <u>59,700</u> | <u>-</u> |

Details of unquoted investments as at 30 June 2008 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 | | | | | |
| 01.07.2008 | Hong Leong Bank Berhad | 59,700 | 59,706 | 59,700 | 1.19 |

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 | |
|---|---------------------------------------|------------------------|-----------------------------|---------------------------|
| | 30-6-2008 % | 31-3-2008 % | 30-6-2008 Days | 31-3-2008 Days |
| Short-term deposits with licensed banks under short-term money market deposit | 3.44 | - | 1 | - |

7. AMOUNT DUE FROM MANAGER

| | 30-6-2008 RM | 31-3-2008 RM |
|------------------------------------|-------------------------|-------------------------|
| Net creation of units* | 44,284 | 44,468 |
| Manager's fee payable | (2,249) | (2,461) |
| Application fee payable to Manager | (5,000) | (4,800) |
| | <u>37,035</u> | <u>37,207</u> |

* The amount represents net amount receivable from Manager for units created net of units released.

Manager's fee is computed at a rate not exceeding 1.0% per annum of the net asset value of the Fund, calculated on a daily basis, as provided under Clause 14.1(b) of the Deed.

Manager's fee was charged at a rate of 0.50% (0.50% 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 April 2008 to 30 June 2008.

8. AMOUNT DUE TO INDEX PROVIDER

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

License's fee was charged at a rate of 0.04% (0.04% for the financial period 1 January 2008 to 31 March 2007) per annum of the net asset value of the Fund, calculated on daily basis, for the financial period 1 April 2008 to 30 June 2008.

9. AMOUNT DUE TO TRUSTEE

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

Trustee's fee was charged at a rate of 0.06% (0.06% 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 April 2008 to 30 June 2008.

10. NET ASSET VALUE ATTRIBUTABLE TO UNITHOLDERS

Net asset value attributable to unitholders is represented by:

| | | 30-6-2008 | 31-3-2008 |
|---------------------------|-----|------------------|------------------|
| | | RM | RM |
| Unitholders' contribution | (a) | 5,431,641 | 5,409,828 |
| Accumulated loss | (b) | <u>(393,293)</u> | <u>(17,395)</u> |
| | | <u>5,038,348</u> | <u>5,392,433</u> |

(a) UNITHOLDERS' CONTRIBUTION/UNITS IN CIRCULATION

| | 1-4-2008 to 30-6-2008 | | 1-1-2008 to 31-3-2008 | |
|----------------------------|------------------------------|------------------|------------------------------|---------------------|
| | No. of units | RM | No. of units | RM |
| At beginning of the period | 650,000 | 5,409,828 | 2,340,000 | 19,943,945 |
| Created during the period | 130,000 | 1,015,488 | 130,000 | 941,519 |
| Released during the period | <u>(130,000)</u> | <u>(993,675)</u> | <u>(1,820,000)</u> | <u>(15,475,636)</u> |
| At end of period | <u>650,000</u> | <u>5,431,641</u> | <u>650,000</u> | <u>5,409,828</u> |

As provided in the Prospectus dated 7 June 2007, the initial size of the Fund shall not exceed 500 million units.

The Manager, AmInvestment Services Berhad, did not hold any units in the Fund as at 30 June 2008 and 31 March 200. Holdings by parties related to the Manager as at 30 June 2008 were 193,800 (168,500 as at 31 March 2008) units value at RM1,505,826 (RM1,415,400 as at 31 March 2008).

(b) **(ACCUMULATED LOSS)/UNDISTRIBUTED NET INCOME**

| | Note | 1-4-2008 to 30-6-2008 RM | 1-1-2008 to 31-3-2008 RM |
|--|------|--------------------------------|--------------------------------|
| (Accumulated loss)/Undistributed net income at beginning of period | | (17,395) | 2,076,116 |
| Net loss for the period | | (372,532) | (1,183,420) |
| Distribution equalisation | 13 | (3,366) | (741,091) |
| Income distribution | 14 | - | (169,000) |
| | | <u>(393,293)</u> | <u>(17,395)</u> |
| Accumulated loss at end of period | | <u>(393,293)</u> | <u>(17,395)</u> |

11. **NET ASSET VALUE PER UNIT – EX DISTRIBUTION**

The net asset value per unit (ex distribution) is calculated by dividing the net assets of RM5,038,348 (RM5,392,433 as at 31 March 2008) by the 650,000 (650,000 as at 31 March 2008) units in issue as at 30 June 2008.

12. **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 derived by the Fund is exempted from tax. Hence, there is no taxation for the current period.

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

| | 1-4-2008 to 30-6-2008 RM | 1-1-2008 to 31-3-2008 RM |
|--|--------------------------------|--------------------------------|
| Net loss before income tax | <u>(363,032)</u> | <u>(1,155,620)</u> |
| Taxation at Malaysian statutory rate of 26% | (94,400) | (300,400) |
| Tax effect of: | | |
| Loss not subject to tax | 100,000 | 322,300 |
| Permitted expenses not deductible for tax purposes | 2,300 | 4,000 |
| Non-permitted expenses for tax purposes | <u>1,600</u> | <u>1,900</u> |
| Tax expense for the financial period | <u>9,500</u> | <u>27,800</u> |

13. 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.

14. INCOME DISTRIBUTION

Distribution to unitholders is from the following sources:

| | 1-4-2008 to 30-6-2008 RM | 1-1-2008 to 31-3-2008 RM |
|--|---|---|
| Undistributed net income brought forward - realised | - | 479,486 |
| Net realised gain on sale of quoted investments | - | 390,718 |
| Gross dividend income from shares quoted in Malaysia | - | 90,985 |
| Interest income | - | 927 |
| Distribution/Loss equalisation | - | (741,091) |
| | - | 221,025 |
| Less: Expenses | - | (24,225) |
| Taxation | - | (27,800) |
| Total amount of distribution | - | 169,000 |

Included in the income distribution for the financial period 1 January 2008 to 31 March 2008 was an amount of RM479,486 distributed from previous financial period's realised income.

The income distribution for the financial period 1 January 2008 to 31 March 2008 has been proposed before taking into account net unrealised loss of RM1,712,772 and net unrealised gain brought forward of RM1,498,526, which were carried forward to the next financial year.

| | 1-4-2008 to 30-6-2008 Date of distribution | RM | 1-1-2008 to 31-3-2008 Date of distribution | RM |
|---|---|-----------|---|-----------|
| GROSS | | | | |
| Final distribution* | | | | |
| - Nil (10.1974 sen per unit in financial quarter ended 31 March 2008) | - | - | 22 January 2008 | 172,336 |

| | 1-4-2008 to 30-6-2008 | | 1-1-2008 to 31-3-2008 |
|---|------------------------------|-----------------------------|--|
| | Date of | | Date of |
| | distribution | RM | distribution |
| | | | RM |
| NET | | | |
| Final distribution* | | | |
| - Nil (10.0000 sen per unit in financial quarter ended 31 March 2008) | - | <u> </u> | 22 January 2008 <u> 169,000</u> |

* Final distribution for the financial period 7 June 2007 (date of commencement) to 31 December 2007.

The Fund has declared a further net income distribution of 10.00 sen per unit amounting to RM65,000 on 11 July 2008.

15. CASH AND CASH EQUIVALENTS

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

| | 30-6-2008 | 31-3-2008 |
|---|-------------------------|------------------------|
| | RM | RM |
| Short-term deposits with licensed banks under short-term money market deposits (Note 6) | 59,706 | - |
| Cash at banks | <u> 722</u> | <u> 7,458</u> |
| | <u> 60,428</u> | <u> 7,458</u> |

16. MANAGEMENT EXPENSE RATIO AND PORTFOLIO TURNOVER RATIO

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

| | 1-3-2008 to | 1-1-2008 to |
|----------------|-----------------------|-----------------------|
| | 30-6-2008 | 31-3-2008 |
| | % | % |
| Manager's fee | 0.50 | 0.50 |
| Trustee's fee | 0.06 | 0.06 |
| License's fee | 0.04 | 0.04 |
| Trust expenses | <u> 0.52</u> | <u> 0.38</u> |
| Total MER | <u> 1.12</u> | <u> 0.98</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, is 1.74 times for the financial period 1 April 2008 to 30 June 2008 (0.83 times for the financial period 1 January 2008 to 31 March 2008).

17. SEGMENTAL REPORTING

(a) Business Segment

In accordance with the objective of the Fund, the Fund has exposures to both quoted securities, unquoted investments and investments in derivatives. The following table provides an analysis, results, assets and liabilities by business segments:

| | Quoted securities RM | Unquoted securities RM | Derivatives RM | Total RM |
|---|-------------------------------------|---------------------------------------|---------------------------|-------------------------|
| 30 June 2008 | | | | |
| Revenue | | | | |
| Segment (loss)/income representing segment results | <u>(273,983)</u> | <u>29</u> | <u>(73,249)</u> | (347,203) |
| Unallocated expenditure | | | | <u>(15,829)</u> |
| Loss before income tax | | | | (363,032) |
| Income tax expense | | | | <u>(9,500)</u> |
| Net loss after income tax | | | | <u><u>(372,532)</u></u> |
| Assets | | | | |
| Segment assets – investments | 3,957,117 | 59,706 | 1,007,191 | 5,024,014 |
| Sundry receivables | <u>5,693</u> | <u>-</u> | <u>-</u> | 5,693 |
| Other unallocated assets | | | | <u>44,740</u> |
| | | | | <u><u>5,074,447</u></u> |
| Liabilities | | | | |
| Other unallocated liabilities | | | | <u>36,099</u> |

| | Quoted securities RM | Unquoted securities RM | Derivatives RM | Total RM |
|---|-------------------------------------|---------------------------------------|---------------------------|---------------------|
| 31 March 2008 | | | | |
| Revenue | | | | |
| Segment (loss)/income representing segment results | <u>(1,175,123)</u> | <u>1,117</u> | <u>42,611</u> | (1,131,395) |
| Unallocated expenditure | | | | <u>(24,225)</u> |
| Loss before income tax | | | | (1,155,620) |
| Income tax expense | | | | <u>(27,800)</u> |
| Net loss after income tax | | | | <u>(1,183,420)</u> |
| Assets | | | | |
| Segment assets – investments | 4,281,823 | - | 1,080,440 | 5,362,263 |
| Sundry receivables | <u>11,574</u> | <u>-</u> | <u>-</u> | 11,574 |
| Other unallocated assets | | | | <u>51,385</u> |
| | | | | <u>5,425,222</u> |
| Liabilities | | | | |
| Other unallocated liabilities | | | | <u>32,789</u> |

(b) Geographical Segment

As all of the Fund's investments are located in Malaysia, the Fund does not have separate identifiable geographical segments.

18. TRANSACTIONS WITH BROKERS AND FINANCIAL INSTITUTIONS

Details of transactions with brokers and financial institutions for the financial period 1 April 2008 to 30 June 2008 are as follows:

| Financial institutions/ Brokers | Transaction value | | Brokerage fee, stamp duty and clearing fee paid | |
|------------------------------------|-------------------|---------------|---|---------------|
| | RM | % | RM | % |
| AmInvestment Bank Berhad* | 18,493,763 | 94.57 | 789 | 100.00 |
| Malacca Securities Sdn Bhd | 1,061,425 | 5.43 | - | - |
| | <u>19,555,188</u> | <u>100.00</u> | <u>789</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 into in the normal course of business and have been established under terms that no less favourable than those arranged with independent third parties.

The above transaction values are in respect of listed securities.

19. 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 the 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 the interest rates rise, bond prices 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 fulfill 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.

20. **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 from the Manager and Trustee, cash at banks, 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.