

**FBM30etf**

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

(Ringgit Malaysia)

## **MANAGER**

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

## **BOARD OF DIRECTORS**

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

<b>Contents</b>	<b>Page(s)</b>
Performance data	1 – 3
Manager’s report	4 – 8
Statement of assets and liabilities	9
Statement of income and expenditure	10
Statement of changes in net asset value	11
Cash flow statement	12
Notes to the financial statements	13 – 27

## FBM30etf

### PERFORMANCE DATA

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

	<b>As at 30-09-2008 %</b>	<b>As at 30-06-2008 %</b>	<b>As at 31-3-2008 %</b>	<b>As at 31-12-2007 %</b>
Construction	1.4	1.3	2.7	3.7
Consumer products	4.2	4.0	4.0	4.8
Finance	26.4	23.4	26.3	31.4
Industrial products	2.6	2.7	1.3	1.5
Infrastructure project companies	2.9	2.5	2.6	3.0
Plantation	6.6	10.1	8.8	10.2
Trading/Services	35.7	34.8	34.1	44.5
Options	20.1	20.0	20.1	-
Cash and others	0.1	1.2	0.1	0.9
	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>

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

## FBM30etf

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

	<b>3 months ended 30-9-2008</b>	<b>3 months ended 30-6-2008</b>	<b>3 months ended 31-3-2008</b>	<b>3 months ended 31-12-2007</b>
Net asset value (RM'000)	4,289	5,038	5,392	22,020
Units in circulation ('000)	650	650	650	2,340
Net asset value per unit (RM)*	6.5977	7.7513	8.2961	9.4103
Closing quoted price (RM/unit)*	6.440	7.770	8.400	9.370
Highest quoted price (RM/unit)*	7.680	8.550	9.930	9.370
Lowest quoted price (RM/unit)*	6.300	7.740	7.680	8.510
Total return (%) <sup>(1)</sup>	-13.74	-6.57	-10.84	11.05
- Capital growth (%)	-23.74	-6.57	-20.84	11.05
- Income distribution (%)	10.00	-	10.00	-
Gross distribution per unit (sen)	11.52	-	10.20	-
Net distribution per unit (sen)	10.00	-	10.00	-
Management expense ratio (%) <sup>(2)</sup>	1.08	1.12	0.98	1.80
Portfolio turnover ratio (times) <sup>(3)</sup>	0.01	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 decreased by 0.04% as compared to 1.12% per annum for the quarter ended 30 September 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 decreased by 1.73 times (>100%) as compared to 1.74 times for the quarter ended 30 September 2008 due to decrease in average fund size and decrease in investing activities.

**Annualised Return (as at 30 September 2008)**

	<b>FBM30etf<sup>(a)</sup></b> <b>%</b>	<b>FBM30 Index</b> <b>%</b>
One year	-20.2	-21.8
Since launch of fund (7 June 2007)	-17.7	-19.4

**Annual Total Return**

<b>Financial Period End</b>	<b>FBM30etf<sup>(a)</sup></b> <b>%</b>	<b>FBM30 Index</b> <b>%</b>
31 December 2007 <sup>(b)</sup>	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 July 2008 to 30 September 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 July 2008 to 30 September 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 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.

Details of the index components as at 30 September 2008 are as follows:

Stock code	Company's name	Percentage weight (%)	Shares in issue ('million units)
1295	Public Bank Berhad	11.94	3,525.20
4197	Sime Darby Berhad	10.05	5,997.99
1023	Bumiputra-Commerce Holdings Berhad	8.72	3,367.58
1155	Malayan Banking Berhad	8.55	4,881.11
5347	Tenaga Nasional Berhad	7.47	4,322.56
1961	IOI Corporation Berhad	6.53	6,122.37
6888	TM International Berhad	5.34	3,753.40
3182	Genting Berhad	4.93	3,694.24
3816	Malaysia International Shipping Corporation Berhad	4.36	3,719.83
4863	Telekom Malaysia Berhad	2.98	3,577.40
4715	Resorts World Berhad	2.53	5,872.40
6947	DiGi.Com Berhad	2.36	777.50
1015	AMMB Holdings Berhad	2.05	2,722.97
4162	British American Tobacco (Malaysia) Berhad	2.01	285.53
6033	PETRONAS Gas Berhad	1.99	1,978.73
5052	PLUS Expressways Berhad	1.82	5,000.00
2445	Kuala Lumpur Kepong Berhad	1.74	1,068.77
4677	YTL Corporation Berhad	1.73	1,630.96
4065	PPB Group Berhad	1.72	1,185.50
4588	UMW Holdings Berhad	1.58	1,074.10
1562	Berjaya Sports Toto Berhad	1.54	1,351.03
6742	YTL Power International Berhad	1.31	5,464.24
7164	KNM Group Berhad	1.27	3,956.04
5819	Hong Leong Bank Berhad	1.21	1,580.11
2194	MMC Corporation Berhad	0.90	3,045.06

(Forward)

Stock code	Company's name	Percentage weight (%)	Shares in issue ('million units)
2267	Tanjong plc	0.89	403.26
5657	Parkson Holdings Berhad	0.67	1,036.41
5681	PETRONAS Dagangan Berhad	0.66	993.45
3786	Malaysia Airline System Berhad	0.58	1,670.99
1066	RHB Capital Berhad	0.58	2,153.48

### Fund Performance Review

	As at 30 September 2008	As at 30 June 2008	Change (%)
FTSE Bursa Malaysia Large 30 Index	6,577.73	7,656.73	-14.09
Net asset value (RM)	4,288,523	5,038,348	-14.88
Units in circulation (units)	650,000	650,000	-
Actual returns (%)	-13.74 <sup>(a)</sup>	-6.57 <sup>(b)</sup>	-7.17
Benchmark return (%)	-14.09 <sup>(a)</sup>	-7.00 <sup>(b)</sup>	-7.09
Net asset value per unit (RM)	6.5977	7.7513	-14.88
Closing price quoted at Bursa Malaysia (RM)	6.440	7.770	-17.12

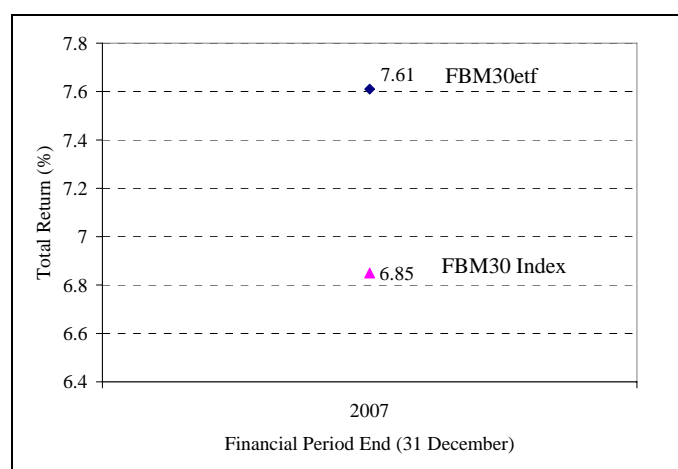
(a) Actual returns for the financial period 1 July 2008 to 30 September 2008

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

Note: Benchmark – FTSE Bursa Malaysia Large 30 Index

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

Financial Period	FBM30etf (%)	FBM30 Index (%)	Change (%)
2007	7.61	6.85	0.76





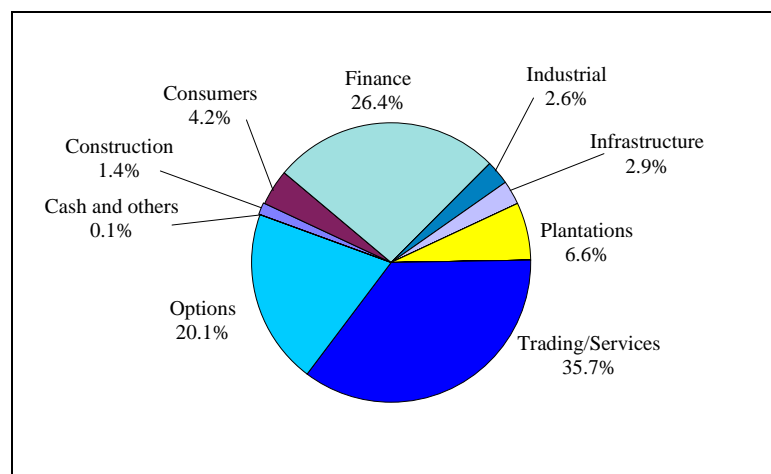
As of 30 September 2008, net value asset (NAV) of the Fund stood at RM 4,288,523, declining by -14.88% as compared to RM 5,038,348 as of 30 June 2008. A unit in circulation of the Fund retained 650,000 units as 30 September 2008. The Fund registered a return of -13.74%, consisting of 10% of income distribution and capital growth of -23.74%.

The Fund outperformed its benchmark, FBM30 Index by 0.35%. FBM30 Index registered a return of -14.09%, declining -7.09% from -7.00% as 30 June 2008. The NAV of the Fund valued at RM 6.5977, declining by 14.88% as compared to RM 7.7513 as of 30 June 2008. As at 30 September 2008, the closing price of the fund quoted at Bursa Malaysia was valued at RM 6.440, declining by 17.12% as compared to RM 7.770 as of 30 June 2008.

We will strive to maintain the Fund's main objectives which are to achieve a price and yield performance. There were no significant changes in the state of affairs of the Fund and no unit split and circumstances that materially affected the interest of the unitholders for the period under review.

The Fund has declared income distribution of 10.00 sen per unit each on 22 January 2008 and 11 July 2008.

### Sectoral Composition as at 30 September 2008



	30 September 2008 (%)	30 June 2008 (%)	Change (%)
Construction	1.4	1.3	0.1
Consumer products	4.2	4.0	0.2
Finance	26.4	23.4	3.0
Industrial products	2.6	2.7	-0.1
Infrastructure project companies	2.9	2.5	0.4
Plantations	6.6	10.1	-3.5
Trading/Services	35.7	34.8	0.9
Options	20.1	20.0	0.1
Cash and others	0.1	1.2	-1.1
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	

During the period under review 30 June 2008 to 30 September 2008, there were some minor adjustments to the asset allocation of the Fund.

As the fund is meant to mimic the performance of the benchmark FTSE Bursa Malaysia Large 30, the fund weighting was rebalanced over the period under review to reflect this. As such,

weighting in the plantations and industrial products sectors was reduced by 3.5% and 1.1% respectively. Allocation to finance increased by 3.0%, trading/services by 0.9%, while infrastructure project companies, consumer products, construction and options all also increased by 0.4%, 0.2%, 0.1% and 0.1% respectively. As a result, the fund's cash holding was reduced by 1.1% to 0.1%.

Break down of unitholding by size

Size of holding	As at 30 September 2008 No of units held ('000)	As at 30 June 2008 No of units held ('000)
Less than 100	-	-
100 – 1,000	87.3	82.2
1,001 – 10,000	209.1	156.4
10,001 – 100,000	86.5	91.6
100,001 to less than 5% of issue units	-	-
5% and above of issue units	267.1	319.8

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

## Market Review

This was another poor quarter for the Malaysian stock market as the KLCI fell 167.89 points to below the 1,100-point support and settled at 1018.68 on political concerns, weak global markets and the sharp decline in CPO prices. The poor performance of the index was driven by local events as well as poor Dow Jones and Regional Stock Market performance. Both foreign and local investors remained sidelined as political news continued to dominate headlines. The US sub-prime problem has turned from bad to worse with a few big financial institutions and banks needing to get either government funding or be taken over by other companies or facing the prospect of bankruptcy.

On the economic front, Bank Negara kept its overnight policy rate unchanged at 3.5% despite inflation rising to 8.5% highest in 28 years. However, as crude oil prices fell, the government took the opportunity to reduce petrol and diesel prices by 5.6% and 3.1% after a sharp increase of 41% and 63% in June.

On the political front, Datuk Seri Anwar Ibrahim won the Permatang Pauh by-election by a bigger majority than that of his wife in the general elections in March.

The government announced 2009 Budget on 29 August 2008 and the key takeaways were:

- (1) Budget deficit for 2008 revised upwards, from 3.1% to 4.8% and estimated at 3.6% for 2009.
- (2) Estimated GDP growth of 5.7% for 2008 and 5.4% for 2009.
- (3) Excise tax for the tobacco sector was raised by 20%.
- (4) Individual tax rates were cut by 1ppt with the initial marginal tax rate dropped to 12% and top rate to 27%.
- (5) Tax rate for REITs was reduced from 20% to 10% for foreign institutional investors and 15% to 10% for individuals.
- (6) Free electricity for 1.1m households that pay RM20 or less per month.

## **Market Outlook**

We expect market sentiment to be still weak in the next six-months as real economy is likely to turn from bad to worse. We are of the opinion that the political uncertainty has been priced-in by the equity market. Whilst we believe actions taken by the government around the world especially in US and Europe was positive. The actions to buy stake in the banks and injecting funds in the banking system would alleviate fear of banking system from collapsing.

However, in terms of real economy, we believe world's GDP is going to go down lower in the next two to three quarters. This will have negative impact on corporate earnings going forward. We are monitoring the OECD leading indicator for a clue for a turn in the stock market. Our best guess would be a bottoming towards 2Q 2009 based on the OECD leading indicator which has been a good predictive tool in the past. While history can be a useful guide, under a highly uncertain economy and market outlook, we are of the view that the recovery will be U-shaped where the base formation could be long and drawn out. We expect the market to be range bound within +/- 5% - 10% of the 800 level.

Hence, from the equity point of view we believe that sectors allocation is not applicable for now. Companies which have visible earnings, strong cash and balance sheet will be our preferred choice and we will trade on market volatility.

## **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 FTSE Bursa Malaysia Large 30 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 October 2008

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

	Note	30-9-2008 RM	30-6-2008 RM
<b>ASSETS</b>			
Quoted investments	4	3,399,572	3,957,117
Investments in derivatives	5	857,459	1,007,191
Amount due from Manager	7	37,360	37,035
Sundry receivables		18,543	12,676
Cash at bank		5,266	722
Unquoted investments	6	-	59,706
Total Assets		<u>4,318,200</u>	<u>5,074,447</u>
<b>LIABILITIES</b>			
Sundry payables and accrued expenses		27,645	22,618
Amount due to index provider	8	1,801	13,211
Amount due to Trustee	9	231	270
Total Liabilities excluding Net Asset Value Attributable to Unitholders		<u>29,677</u>	<u>36,099</u>
NET ASSET VALUE AS AT 30 SEPTEMBER/ 30 JUNE	10	<u>4,288,523</u>	<u>5,038,348</u>
UNITS IN CIRCULATION	10(a)	<u>650,000</u>	<u>650,000</u>
NET ASSET VALUE PER UNIT – EX DISTRIBUTION	11	<u>660 sen</u>	<u>775 sen</u>

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

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

	Note	1-7-2008 to 30-9-2008 RM	1-4-2008 to 30-6-2008 RM
<b>INVESTMENT INCOME</b>			
Dividend income		42,486	45,032
Interest income		-	29
Net realised loss on sale of quoted investments		(4,897)	(136,933)
Net unrealised loss on change in value of investments in derivatives		(149,732)	(73,249)
Net unrealised loss on changes in value of quoted investments		<u>(551,716)</u>	<u>(182,082)</u>
Gross Loss		<u>(663,859)</u>	<u>(347,203)</u>
<b>EXPENDITURE</b>			
Manager's fee	7	5,780	7,022
Trustee's fee	9	694	843
License fee		462	562
Audit fee		1,257	1,243
Tax agent's fee		1,257	1,243
Other expenses		<u>3,016</u>	<u>4,916</u>
Total Expenditure		<u>12,466</u>	<u>15,829</u>
NET LOSS BEFORE INCOME TAX		(676,325)	(363,032)
LESS: INCOME TAX EXPENSE	12	<u>(8,500)</u>	<u>(9,500)</u>
NET LOSS AFTER INCOME TAX		<u>(684,825)</u>	<u>(372,532)</u>
INCOME DISTRIBUTION	14	<u>65,000</u>	<u>-</u>
Net Loss After Income Tax comprises the following:			
Realised gain/(loss)		16,623	(117,201)
Unrealised loss		<u>(701,448)</u>	<u>(225,331)</u>
		<u>(684,825)</u>	<u>(342,532)</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 JULY 2008 TO 30 SEPTEMBER 2008**

	<b>1-7-2008 to 30-9-2008 RM</b>	<b>1-4-2008 to 30-6-2008 RM</b>
Net asset value at beginning of period	5,038,348	5,392,433
Net loss for the period	(684,825)	(372,532)
Distribution equalisation	-	(3,366)
Amount received from units created net of equalisation	-	1,015,488
Amount paid from units redeemed net of equalisation	-	(993,675)
Net income distribution	<u>(65,000)</u>	<u>-</u>
Net asset value at end of period	<u><u>4,288,523</u></u>	<u><u>5,038,348</u></u>

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

**CASH FLOW STATEMENT** *(unaudited)*  
**FOR THE PERIOD 1 JULY 2008 TO 30 SEPTEMBER 2008**

	Note	1-7-2008 to 30-9-2008 RM	1-4-2008 to 30-6-2008 RM
<b>CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES</b>			
Dividend received		28,119	41,150
Proceeds from sale of investments		25,356	17,378,864
Interest received		-	29
Payment for other fees expenses		(502)	(4,629)
Trustee's fee paid		(733)	(868)
Manager's fee paid		(6,105)	(7,234)
License fee paid		(11,873)	-
Purchase of investments		<u>(24,424)</u>	<u>(2,300,048)</u>
Net Cash Generated From Operating And Investing Activities		<u>9,838</u>	<u>15,107,264</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from creation of units		-	2,126,708
Distribution paid		(65,000)	-
Payments for release of units		<u>-</u>	<u>(17,181,002)</u>
Net Cash Used In From Financing Activities		<u>(65,000)</u>	<u>(15,054,294)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(55,162)	52,970
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		<u>60,428</u>	<u>7,458</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	15	<u><u>5,266</u></u>	<u><u>60,428</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 new and revised Financial Reporting Standards that were first effective for and first adopted by the Fund in the current financial year were either not relevant or did not give rise to any significant change to the accounting policies of the Fund. 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 Bond Pricing Agency Malaysia Sdn Bhd (formerly known as 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 September 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

	<b>30-9-2008</b>	<b>30-6-2008</b>
	<b>RM</b>	<b>RM</b>
At cost		
Shares quoted in Malaysia	<u>4,390,226</u>	<u>4,396,056</u>
At valuation		
Shares quoted in Malaysia	<u>3,399,572</u>	<u>3,957,117</u>

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

<b>Securities quoted in Malaysia</b>	<b>No. of units</b>	<b>Market value RM</b>	<b>Purchase cost RM</b>	<b>Market value as a percentage of net asset value %</b>
<b>Name of Company</b>				
<b>Construction</b>				
YTL Corporation Berhad	<u>9,200</u>	<u>57,500</u>	<u>72,210</u>	<u>1.34</u>
<b>Consumer Products</b>				
British American Tobacco (M) Berhad	1,600	66,400	66,480	1.55
PPB Group Berhad	6,800	58,140	55,963	1.36
UMW Holdings Berhad	<u>9,200</u>	<u>53,360</u>	<u>64,377</u>	<u>1.24</u>
	<u>17,600</u>	<u>177,900</u>	<u>186,820</u>	<u>4.15</u>
<b>Finance</b>				
AMMB Holdings Berhad	23,600	69,856	95,387	1.63
Bumiputra-Commerce Holdings Berhad	38,800	296,820	441,919	6.92
Hong Leong Bank Berhad	7,200	40,680	45,409	0.95
Malayan Banking Berhad	42,400	292,560	396,858	6.82
Public Bank Berhad	40,800	408,000	417,204	9.51
RHB Capital Berhad	<u>4,700</u>	<u>18,800</u>	<u>24,358</u>	<u>0.44</u>
	<u>157,500</u>	<u>1,126,716</u>	<u>1,421,135</u>	<u>26.27</u>

(Forward)

<b>Securities quoted in Malaysia</b>	<b>No. of units</b>	<b>Market value RM</b>	<b>Purchase cost RM</b>	<b>Market value as a percentage of net asset value %</b>
<b>Name of Company</b>				
<b>Industrial Products</b>				
KNM Group Berhad	34,400	43,344	67,952	1.01
PETRONAS Gas Berhad	6,800	67,320	72,097	1.57
	<u>41,200</u>	<u>110,664</u>	<u>140,049</u>	<u>2.58</u>
<b>Infrastructure</b>				
DiGi.Com Berhad	3,600	80,640	83,501	1.88
YTL Power International Berhad	24,771	43,845	56,288	1.02
	<u>28,371</u>	<u>124,485</u>	<u>139,789</u>	<u>2.90</u>
<b>Plantation</b>				
IOI Corporation Berhad	53,185	223,377	308,879	5.21
Kuala Lumpur Kepong Berhad	6,000	57,600	82,713	1.34
	<u>59,185</u>	<u>280,977</u>	<u>391,592</u>	<u>6.55</u>
<b>Trading/Service</b>				
Berjaya Sports Toto Berhad	11,600	51,968	58,948	1.21
Genting Berhad	32,000	168,000	257,033	3.92
Malaysia International Shipping Corporation Berhad	17,200	148,780	167,841	3.47
Malaysian Airline System Berhad	5,433	18,690	24,726	0.44
MMC Corporation Berhad	13,900	30,441	53,967	0.71
Parkson Holdings Berhad	5,700	21,660	49,880	0.50
PETRONAS Dagangan Berhad	3,200	20,960	26,067	0.49
PLUS Expressways Berhad	23,200	62,408	74,636	1.45
Resorts World Berhad	34,000	86,360	127,048	2.01
Sime Darby Berhad	52,089	343,787	435,273	8.03
Tanjong plc	2,200	28,820	39,751	0.67
Telekom Malaysia Berhad	31,200	102,336	95,095	2.39

(Forward)

<b>Securities quoted in Malaysia</b>	<b>No. of units</b>	<b>Market value RM</b>	<b>Purchase cost RM</b>	<b>Market value as a percentage of net asset value %</b>
Tenaga Nasional Berhad	37,600	255,680	390,320	5.96
TM International Berhad	32,400	181,440	238,046	4.23
	<u>301,722</u>	<u>1,521,330</u>	<u>2,038,631</u>	<u>35.48</u>
Total quoted investments	<u>614,778</u>	<u>3,399,572</u>	<u>4,390,226</u>	<u>79.27</u>

## 5. INVESTMENTS IN DERIVATIVES

	<b>30-9-2008 RM</b>	<b>30-6-2008 RM</b>
At cost Option	<u>1,037,829</u>	<u>1,037,829</u>
At valuation Option	<u>857,459</u>	<u>1,007,191</u>

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

<b>Derivatives</b>	<b>No. of baskets</b>	<b>Carrying value RM</b>	<b>Purchase cost RM</b>	<b>Carrying value as a percentage of net asset value %</b>
The Zero Strike Call Option, AmInvestment Bank Berhad	<u>1</u>	<u>857,459</u>	<u>1,037,829</u>	<u>19.99</u>

## 6. UNQUOTED INVESTMENTS

	<b>30-9-2008 RM</b>	<b>30-6-2008 RM</b>
At carrying value Short-term deposits with licensed banks under short-term money market deposits	<u>-</u>	<u>59,706</u>
At nominal value Short-term deposits with licensed banks under short-term money market deposits	<u>-</u>	<u>59,700</u>

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

	Weighted average interest rate		Remaining maturities	
	30-9-2008 %	30-6-2008 %	30-9-2008 Days	30-6-2008 Days
Short-term deposits with licensed banks under short-term money market deposit	-	3.44	-	1

#### 7. AMOUNT DUE FROM MANAGER

	30-9-2008 RM	30-6-2008 RM
Net creation of units*	44,284	44,284
Manager's fee payable	(1,924)	(2,249)
Application fee payable to Manager	(5,000)	(5,000)
	<u>37,360</u>	<u>37,035</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 April 2008 to 30 June 2008) per annum of the net asset value of the Fund, calculated on daily basis, for the financial period 1 July 2008 to 30 September 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 April 2008 to 30 June 2008) per annum of the net asset value of the Fund, calculated on daily basis, for the financial period 1 July 2008 to 30 September 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 April 2008 to 30 June 2008) per annum of the net asset value of the Fund, calculated on daily basis, for the financial period 1 July 2008 to 30 September 2008.

10. **NET ASSET VALUE ATTRIBUTABLE TO UNITHOLDERS**

Net asset value attributable to unitholders is represented by:

		<b>30-9-2008</b>	<b>30-6-2008</b>
		<b>RM</b>	<b>RM</b>
Unitholders' contribution	(a)	5,431,641	5,431,641
Accumulated loss	(b)	<u>(1,143,118)</u>	<u>(393,293)</u>
		<u>4,288,523</u>	<u>5,038,348</u>

(a) **UNITHOLDERS' CONTRIBUTION/UNITS IN CIRCULATION**

	<b>1-7-2008 to 30-9-2008</b>		<b>1-4-2008 to 30-6-2008</b>	
	<b>No. of units</b>	<b>RM</b>	<b>No. of units</b>	<b>RM</b>
At beginning of the period	650,000	5,431,641	650,000	5,409,828
Created during the period	-	-	130,000	1,015,488
Released during the period	<u>-</u>	<u>-</u>	<u>(130,000)</u>	<u>(993,675)</u>
At end of period	<u>650,000</u>	<u>5,431,641</u>	<u>650,000</u>	<u>5,431,641</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 September 2008 and 30 June 2008. Holdings by parties related to the Manager as at 30 September 2008 were 205,800 (193,800 as at 30 June 2008) units value at RM1,325,352 (RM1,505,826 as at 30 June 2008).

(b) **ACCUMULATED LOSS**

	<b>Note</b>	<b>1-7-2008 to 30-9-2008 RM</b>	<b>1-4-2008 to 30-6-2008 RM</b>
Accumulated loss at beginning of period		(393,293)	(17,395)
Net loss for the period		(684,825)	(372,532)
Distribution equalisation	13	-	(3,366)
Income distribution	14	(65,000)	-
		<u>(1,143,118)</u>	<u>(393,293)</u>
Accumulated loss at end of period			

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

The net asset value per unit (ex distribution) is calculated by dividing the net assets of RM4,288,523 (RM5,038,348 as at 30 June 2008) by the 650,000 (650,000 as at 30 June 2008) units in issue as at 30 September 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:

	<b>1-7-2008 to 30-9-2008 RM</b>	<b>1-4-2008 to 30-6-2008 RM</b>
Net loss before income tax	<u>(676,324)</u>	<u>(363,032)</u>
Taxation at Malaysian statutory rate of 26%	(175,800)	(94,400)
Tax effect of:		
Loss not subject to tax	181,400	100,000
Permitted expenses not deductible for tax purposes	2,400	2,300
Non-permitted expenses for tax purposes	<u>500</u>	<u>1,600</u>
Tax expense for the financial period	<u>8,500</u>	<u>9,500</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:

	<b>1-7-2008 to 30-9-2008 RM</b>	<b>1-4-2008 to 30-6-2008 RM</b>
Undistributed net income brought forward - realised	84,637	-
Gross dividend income from shares quoted in Malaysia	6,226	-
Interest income	-	-
Distribution/Loss equalisation	-	-
Net realised loss on sale of quoted investments	<u>(4,897)</u>	<u>-</u>
	85,966	-
Less: Expenses	(12,466)	-
Taxation	<u>(8,500)</u>	<u>-</u>
Total amount of distribution	<u>65,000</u>	<u>-</u>

Included in the above is an amount of RM84,637 (nil for the financial period 1 April 2008 to 30 June 2008) distributed from previous financial period's realised income.

The distribution above has been proposed before taking into account the net realised gain brought forward of RM577,590, and net unrealised loss for the financial period of RM701,448 and net unrealised loss brought forward of RM1,872,473, which are carried forward to the next financial period.

	<b>1-7-2008 to 30-9-2008 Date of distribution</b>	<b>RM</b>	<b>1-4-2008 to 30-6-2008 Date of distribution</b>	<b>RM</b>
GROSS				
Interim distribution*				
- 11.5244 sen per unit (Nil in financial quarter ended 30 June 2008)	11 July 2008	<u>65,000</u>	-	<u>-</u>



	<b>1-7-2008 to 30-9-2008</b>		<b>1-4-2008 to 30-6-2008</b>	
	<b>Date of</b>	<b>RM</b>	<b>Date of</b>	<b>RM</b>
	<b>distribution</b>		<b>distribution</b>	
NET				
Interim distribution*				
- 10.0000 sen per unit (Nil in financial quarter ended 30 June 2008)	11 July 2008	<u>65,000</u>	-	<u>-</u>

\* Interim distribution for the financial year ended 31 December 2008.

## 15. CASH AND CASH EQUIVALENTS

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

	<b>30-9-2008</b>	<b>30-6-2008</b>
	<b>RM</b>	<b>RM</b>
Cash at banks	5,266	722
Short-term deposits with licensed banks under short-term money market deposits (Note 6)	<u>-</u>	<u>59,706</u>
	<u>5,266</u>	<u>60,428</u>

## 16. MANAGEMENT EXPENSE RATIO AND PORTFOLIO TURNOVER RATIO

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

	<b>1-7-2008 to</b>	<b>1-4-2008 to</b>
	<b>30-9-2008</b>	<b>30-6-2008</b>
	<b>%</b>	<b>%</b>
Manager's fee	0.50	0.50
Trustee's fee	0.06	0.06
License's fee	0.04	0.04
Trust expenses	<u>0.48</u>	<u>0.52</u>
Total MER	<u>1.08</u>	<u>1.12</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 0.01 times for the financial period 1 July 2008 to 30 September 2008 (1.74 times for the financial period 1 April 2008 to 30 June 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:

	<b>Quoted securities RM</b>	<b>Unquoted securities RM</b>	<b>Derivatives RM</b>	<b>Total RM</b>
<b>30 September 2008</b>				
<b>Revenue</b>				
Segment loss representing segment results	<u>(514,127)</u>	<u>-</u>	<u>(149,732)</u>	(663,859)
Unallocated expenditure				<u>(12,466)</u>
Loss before income tax				(676,325)
Income tax expense				<u>(8,500)</u>
Net loss after income tax				<u>(684,825)</u>
<b>Assets</b>				
Segment assets – investments	3,399,572	-	857,459	4,257,031
Sundry receivables	<u>11,298</u>	<u>-</u>	<u>-</u>	11,298
Other unallocated assets				<u>49,871</u>
				<u>4,318,200</u>
<b>Liabilities</b>				
Other unallocated liabilities				<u>29,677</u>

	<b>Quoted securities RM</b>	<b>Unquoted securities RM</b>	<b>Derivatives RM</b>	<b>Total RM</b>
<b>30 June 2008</b>				
<b>Revenue</b>				
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>(372,532)</u>
<b>Assets</b>				
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>5,074,447</u>
<b>Liabilities</b>				
Other unallocated liabilities				<u>36,099</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 July 2008 to 30 September 2008 are as follows:

Financial institutions/ Brokers	Transaction value		Brokerage fee, stamp duty and clearing fee paid	
	RM	%	RM	%
AmInvestment Bank Berhad*	<u>49,781</u>	<u>100.00</u>	<u>1,078</u>	<u>100.00</u>
	<u>49,781</u>	<u>100.00</u>	<u>1,078</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.