

FBM KLCI etf (formerly known as FBM30etf)

**Manager's Report And Financial Statements (unaudited)
For The Period 1 October 2009 to 31 December 2009**

(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
Dato' Dr Mahani Zainal Abidin
Lee Siang Korn @ Lee Siang Chin

INVESTMENT COMMITTEE

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

INVESTMENT MANAGER

AmInvestment Management Sdn Bhd

TRUSTEE

HSBC (Malaysia) Trustee Berhad

AUDITORS AND REPORTING ACCOUNTANTS

Ernst & Young

TAXATION ADVISER

Deloitte KassimChan Tax Services Sdn Bhd

FBM KLCI etf (formerly known as FBM30etf)

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FBM KLCI etf (formerly known as FBM30etf)

PERFORMANCE DATA

Details of portfolio composition of FBM KLCI etf (“the Fund”) for the financial periods as at 31 December 2009 and 30 September 2009 and three financial years/period as at 31 December are as follows:

	As at 31-12-2009 %	As at 30-09-2009 %	FY 2009 %	FY 2008 %	As at 31-12-2007 %
Construction	1.6	1.8	1.6	1.6	3.7
Consumer products	5.6	5.5	5.6	4.8	4.8
Finance	35.1	34.5	35.1	25.2	31.4
Industrial products	1.4	1.6	1.4	1.9	1.5
Infrastructure project companies	2.8	3.2	2.8	3.4	3.0
Plantations	9.0	8.7	9.0	6.5	10.2
Trading/Services	42.0	42.9	42.0	35.1	44.5
Options	-	-	-	20.3	-
Cash and others	2.5	1.8	2.5	1.2	0.9
	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>

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

FBM KLCI etf (formerly known as FBM30etf)

Performance details of the Fund for the financial periods ended 31 December 2009, 30 September 2009 and three financial years/period as at 31 December are as follows:

	3 months ended 31-12-2008	3 months ended 30-9-2009	FY 2009	FY 2008	7 months ended 31-12-2007
Net asset value (RM'000)	4,323	4,074	4,323	3,748	22,020
Units in circulation ('000)	3,344 ^(a)	3,344 ^(a)	3,344 ^(a)	650 ^(b)	2,340 ^(b)
Net asset value per unit (RM)	1.2927**	1.2184**	1.2927**	5.7668*	9.4103*
Highest net asset value per unit (RM)	1.2957**	1.2373**	7.0489*	9.9339*	9.4196*
Lowest net asset value per unit (RM)	1.2226**	1.0900**	1.0900**	5.4137*	7.7107*
Closing quoted price (RM/unit)	1.300**	1.170**	1.3000**	5.810*	9.370*
Highest quoted price (RM/unit)	1.315**	1.185**	1.3150**	9.930*	9.370*
Lowest quoted price (RM/unit)	1.150**	1.070**	0.8523**	5.450*	7.680*
Total return (%) ⁽¹⁾	6.1	12.8	46.42	-37.2	7.61
- Capital growth (%)	6.1	12.2	39.82	-57.2	7.61
- Income distribution (%)	-	0.60	6.60	20.00	-
Gross distribution per unit (sen)	-	0.78	7.74	21.72	-
Net distribution per unit (sen)	-	0.60	6.60	20.00	-
Distribution yield (%) ⁽²⁾	-	0.51	5.08	3.44	-
Management expense ratio (%) ⁽³⁾	1.16	1.09	1.18	1.06	1.21
Portfolio turnover ratio (times) ⁽⁴⁾	0.04	0.01	0.08	1.69	1.48

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

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

(a) After unit split

(b) Before unit split

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) Distribution yield is calculated based on the total distribution for the period divided by the closing quoted price.

(3) 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 0.07% as compared to 1.09% per annum for the quarter ended 30 September 2009 mainly due to decrease in average fund size.

(4) Portfolio turnover ratio ("PTR") is computed based on the average of the total acquisitions and total disposals of investment securities of the Fund divided by the average fund size calculated on a daily basis. The PTR increased by 0.03 times (300%) as compared to 0.01 times for the quarter ended 30 September 2009 due to increase in investing activities.

Average Total Return (as at 31 December 2009)

	FBM KLCI etf ^(a) %	FBM KLCI/ FBM30 Index ^(c) %
One year	46.4	47.1
Since launch of fund (19 July 2007)	-0.3	-2.0

Annual Total Return

Financial Years/Period End (31 December)	FBM KLCI etf ^(a) %	FBM KLCI/ FBM30 Index ^(c) %
2009	46.4	47.1
2008	-37.2	-39.7
2007 ^(b)	7.6	7.1

(a) Independently verified by Perkasa Normandy Advisers Sdn Bhd

(b) Actual returns for the financial period 19 July 2007 (date listed on Bursa Malaysia) to 31 December 2007

(c) Effective from 6 July 2009, the FTSE Bursa Malaysia Large 30 Index (“FBM30 Index”) has been renamed FTSE Bursa Malaysia KLCI (“FBM KLCI”)

The Fund’s performance above is calculated based on net asset value per unit. Average total returns for both FBM KLCI etf and FTSE Bursa Malaysia KLCI (“FBM KLCI 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 October 2009 to 31 December 2009**

Dear Unitholders

We are pleased to present you the Manager's Report and the unaudited accounts of FBM KLCI etf (formerly known as FBM30etf) ("the Fund") for the financial period 1 October 2009 to 31 December 2009.

Investment Objectives

FBM KLCI etf (formerly known as 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 KLCI (formerly known as FTSE Bursa Malaysia Large 30 Index) ("FBM KLCI"), balanced with the need to facilitate liquidity provision.

FBM KLCI etf 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 31 December 2009 are as follows:

Stock code	Company's name	Percentage weight (%)	Shares in issue ('million units)
1023	CIMB Group Holdings Berhad	11.61	3,578.08
4197	Sime Darby Berhad	10.20	5,997.99
1295	Public Bank Berhad	10.08	3,531.93
1155	Malayan Banking Berhad	9.20	7,077.61
1961	IOI Corporation Berhad	6.91	6,662.35
5347	Tenaga Nasional Berhad	6.88	4,322.56
3182	Genting Berhad	5.14	3,694.24
6888	Axiata Group Berhad	4.88	8,445.15
3816	Malaysia International Shipping Corporation Berhad	3.16	3,719.83
6012	Maxis Berhad	3.05	7,500.00
1015	AMMB Holdings Berhad	2.86	3,014.18
4065	PPB Group Berhad	2.39	1,185.50
2445	Kuala Lumpur Kepong Berhad	2.23	1,068.77
4715	Genting Malaysia Berhad	2.08	5,872.40
4863	Telekom Malaysia Berhad	2.07	3,577.40

(Forward)

Stock code	Company's name	Percentage weight (%)	Shares in issue ('million units)
4677	YTL Corporation Berhad	1.75	1,897.12
6947	DiGi.Com Berhad	1.73	777.50
5052	PLUS Expressways Berhad	1.65	5,000.00
4162	British American Tobacco (M) Berhad	1.54	285.53
6033	PETRONAS Gas Berhad	1.48	1,978.73
6742	YTL Power International Berhad	1.34	5,938.68
4588	UMW Holdings Berhad	1.33	1,107.90
5819	Hong Leong Bank Berhad	1.30	1,580.11
1562	Berjaya Sports Toto Berhad	1.11	1,351.03
2267	Tanjong plc	0.86	403.26
2194	MMC Corporation Berhad	0.75	3,045.06
5681	PETRONAS Dagangan Berhad	0.66	993.45
5076	Nestle (Malaysia) Berhad	0.59	234.50
5076	Astro All Asia Networks Berhad	0.59	1,933.75
1066	RHB Capital Berhad	0.58	2,153.48

Fund Performance Review

	As at 31 December 2009	As at 30 September 2009	Changes (%)
FTSE Bursa Malaysia KLCI	1,272.78	1,202.08	5.88
Net asset value (RM)	4,322,755	4,074,221	6.10
Units in circulation	3,344,000	3,344,000	-
Total returns (%)	6.10 ^(a)	12.77 ^(b)	-6.67
Benchmark return (%)	5.88 ^(a)	13.32 ^(b)	-7.44
Net asset value per unit (RM)	1.2927	1.2184	6.10
Closing price quoted at Bursa Malaysia (RM)	1.30	1.17	11.11

(a) Total actual return for the financial period 1 October 2009 to 31 December 2009.

(b) Total actual return for the financial period 1 July 2009 to 30 September 2009.

Note: Benchmark – FTSE Bursa Malaysia KLCI (formerly known as FTSE Bursa Malaysia Large 30 Index) (“FBM KLCI”)

For financial quarter ended 31 December 2009, the Fund's net value assets (NAV) stood at RM4,322,755, increased by 6.10% as compared to RM4,074,221 as of 30 September 2009. Units in circulation of the Fund stood at 3,344,000 units were at par with the period ended 30 September 2009. The Fund registered a return of 6.10%, which is entirely capital growth in nature.

The Fund outperformed its benchmark, FTSE Bursa Malaysia KLCI Index by 0.22%. FTSE Bursa Malaysia KLCI Index registered a return 5.88%, a decrease of 7.44% from 13.32% as of 30 September 2009. The NAV of the Fund valued at RM1.2927, increased by 6.10% as compared to RM1.2184 as of 30 September 2009. As at 31 December 2009, the closing price of the Fund quoted on Bursa Malaysia was RM1.30, increasing by 11.11% as compared to RM1.17 as of 30 September 2009.

There was no unit split during the period under review and no significant changes in the state of affairs of the Fund that will materially affect the interest of the unitholders.

The Fund's income (if any) is distributed semi-annually. During the financial period under review, the Fund did not declare an income distribution. However, subsequent to the financial period under review, the Fund declared a final income distribution of 1.60 sen per unit on 12 January 2010, details as follows:-

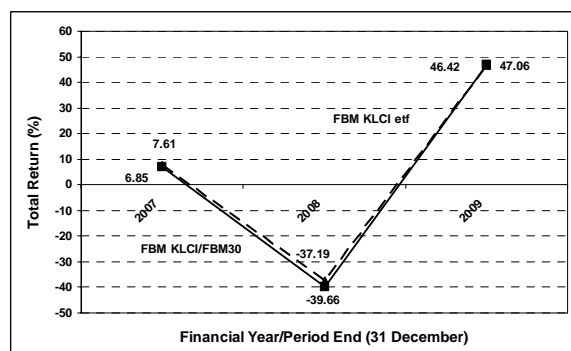
1.60 sen per unit final income distribution*	Changes in the unit price prior and subsequent to the final income distribution	Before income distribution on 12 January 2010 (RM)	After income distribution on 12 January 2010 (RM)
		Net asset value per unit	1.3124

* Final income distribution for the financial year ended 31 December 2009.

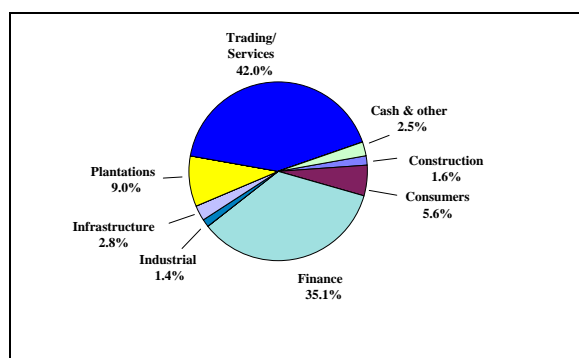
Comparison between the annual performance of FBM KLCI etf and its benchmark for each of the last financial year/period ended 31 December is as follows:

Financial Year/Period End (31 December)	FBM KLCI etf (%)	FBM KLCI/ FBM 30 (%)	Changes (%)
2009	46.42	47.06	-0.64
2008	-37.19	-39.66	2.47
2007*	7.61	6.85	0.76

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



Sectoral Composition as at 31 December 2009



	31 December 2009 (%)	30 September 2009 (%)	Changes (%)
Construction	1.6	1.8	-0.2
Consumer products	5.6	5.5	0.1
Finance	35.1	34.5	0.6
Industrial products	1.4	1.6	-0.2
Infrastructure project companies	2.8	3.2	-0.4
Plantations	9.0	8.7	0.3
Trading/Services	42.0	42.9	-0.9
Cash and others	2.5	1.8	0.7
Total	100.0	100.0	

Significant changes to asset allocation as at 31 December 2009

During the period under review 1 October 2009 to 31 December 2009, 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 KLCI, the fund weighting was rebalanced over the period under review to reflect this. As such, weighting in the construction, industrial products, infrastructure project companies, and trading/services were reduced by 0.2%, 0.2%, 0.4%, and 0.9% respectively. Allocation to finance increased by 0.6%, plantations by 0.3%, and consumer products by 0.1%. As a result, the fund's cash holding increase by 0.7% to 2.5%.

Break down of unitholding by size

Size of holding	As at 31 December 2009		As at 30 September 2009	
	No. of units held ('000)	Number of unitholders	No. of units held ('000)	Number of unitholders
Less than 100	0.7	20	-	-
100 -1,000	22.6	34	19.0	37
1,001 – 10,000	479.1	116	551.5	123
10,001 to less than 5 % of issue units	1,246.0	44	1,412.3	53
5% and above of issue units	1,595.6	2	1,361.2	2

Note: 5% of unit in issue = 167,200 units

Market Review

It was another strong quarter for Malaysia as the FBM KLCI gained 70.7 points or 5.9% to close at 1,272.78 points. However, the broader market's performance was slightly lower than the KLCI as FBM Emas and FBM100 gained 5.06% and 5.44% respectively. Key events during this period included:

- The introduction of RON95 petrol grade at RM1.80/litre and RON97 at RM2.05/litre had a minimal impact on overall Consumer Price Index (CPI) growth as inflation was at 0.5% year-on-year (YoY) (January to November 2009).
- The international reserves of Bank Negara Malaysia fell by US\$0.1billion to US\$95.9billion (RM334.2billion) as at 15 October 2009 from US\$96billion as at end of September 2009.
- Towards end of November 2009, however, heavy profit taking activities took place as concerns about Dubai's solvency affected sentiment in emerging markets.
- Exports continue to contract by 24.2% year-on-year in September (-19.9% in Aug) for the twelfth consecutive month.

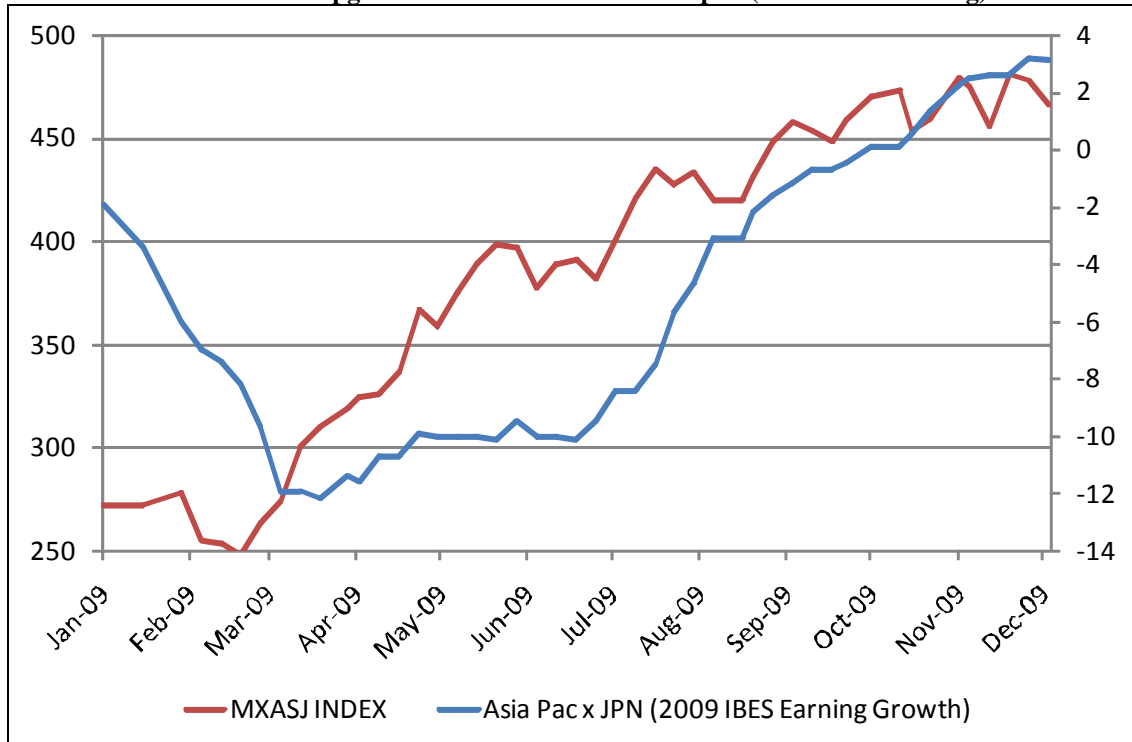
Market Outlook

For the year 2010, we can sum up our forecast in 4 statements:

- Growth will be positive, strong in Asia ex Japan but sub-par in developed economies.
- Inflation will be mild.
- Volatility will increase in the second half of 2010 (2H10).
- Government exit policy will be controlled and moderate.

For equities, this will imply a temporary favorable condition before inflation worries set in towards the later part of 2010. Market corrections have been short-lived so far due to favorable earnings revisions (Chart 1) and abundant liquidity. A larger correction would have provided us with more comfort. Although timing corrections are difficult, we believe that near term downside risk is not large enough to justify underweighting equities at this juncture. We view 2010 as a tale of two halves, markets rising moderately in the 1H followed by uncertainty plus volatility with price retracement in the second half (2H) presenting buying opportunities.

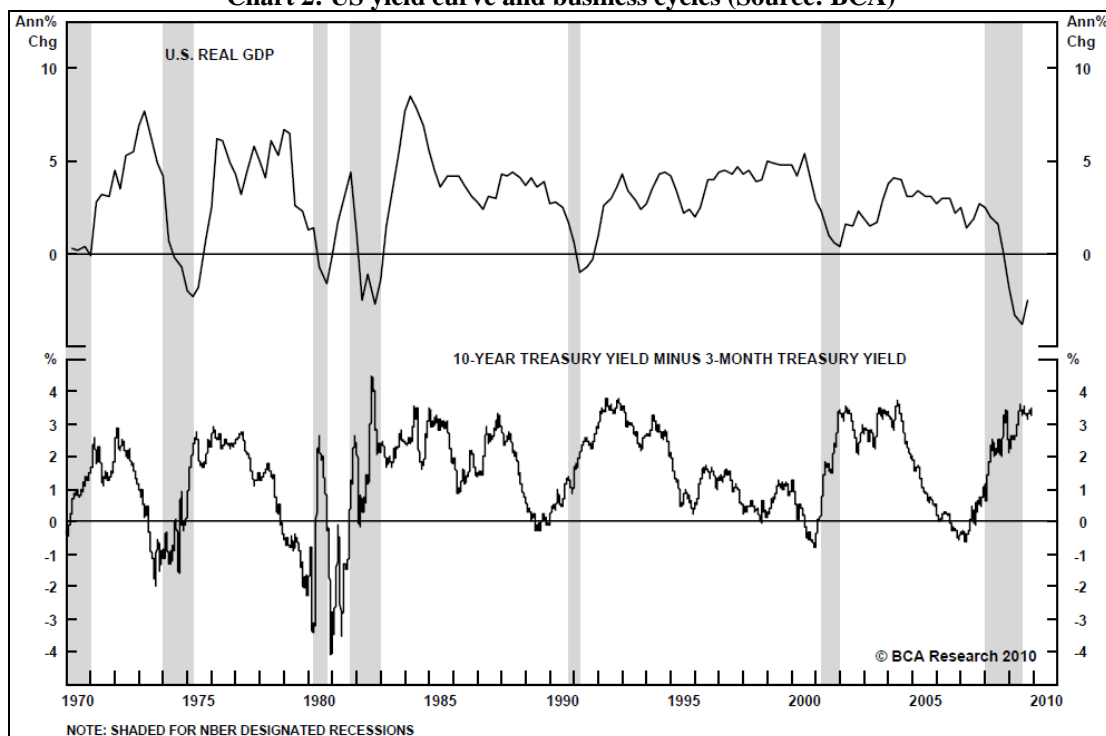
Chart 1: EPS upgrades versus MSCI Asia ex Japan (Source: Bloomberg)



We believe in economic cycles (8 to 10 years duration, Chart 2) and despite headwinds from the need to unwind extremely loose monetary policies, our base case is that of a typical business pattern although this cycle might be shorter than historical average (explained later under risk).

Economic activity is recovering but not exactly booming. It is worth reiterating that the bull market has moved from being liquidity to earnings driven. Current valuations provide no cushion should macro data disappoint. However, our base case assumption is for a self reinforced slow recovery.

Chart 2: US yield curve and business cycles (Source: BCA)



Road Maps

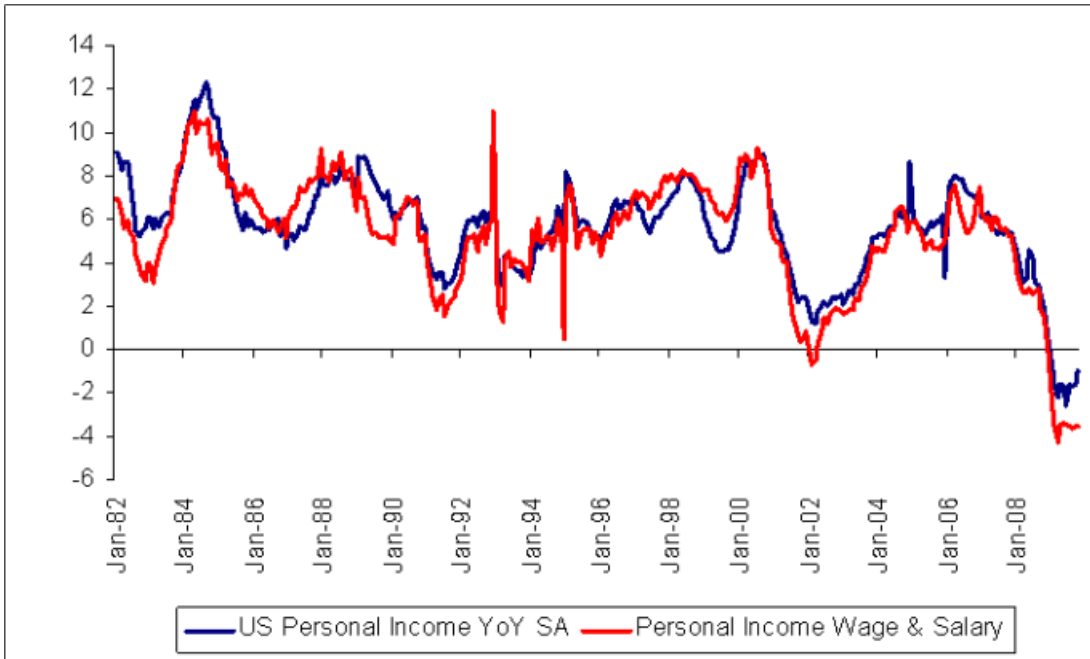
US employment market, consumer confidence and spending (1990/91 recession)

The sluggish recovery post the 1990/91 recession could provide us with a road map for the current cycle. After the initial liquidity driven recovery, the market was range bound with a slight downward bias for the bulk of 1991 (Chart 3). Consumer confidence improved early in 1991 but spending did not begin to grow until the employment market stabilized 12 months later. The market rallied only in 1992 when it became clear that consumer spending was reviving. We believe a similar pattern might unfold for the second half of 2010 (2H10) and a rally might only materialize in 2011 provided unemployment rate begins to fall, personal income (Chart 4) and consumer confidence plus spending starts to improve meaningfully.

Chart 3: MSCI Asia ex Japan (Source: Bloomberg)

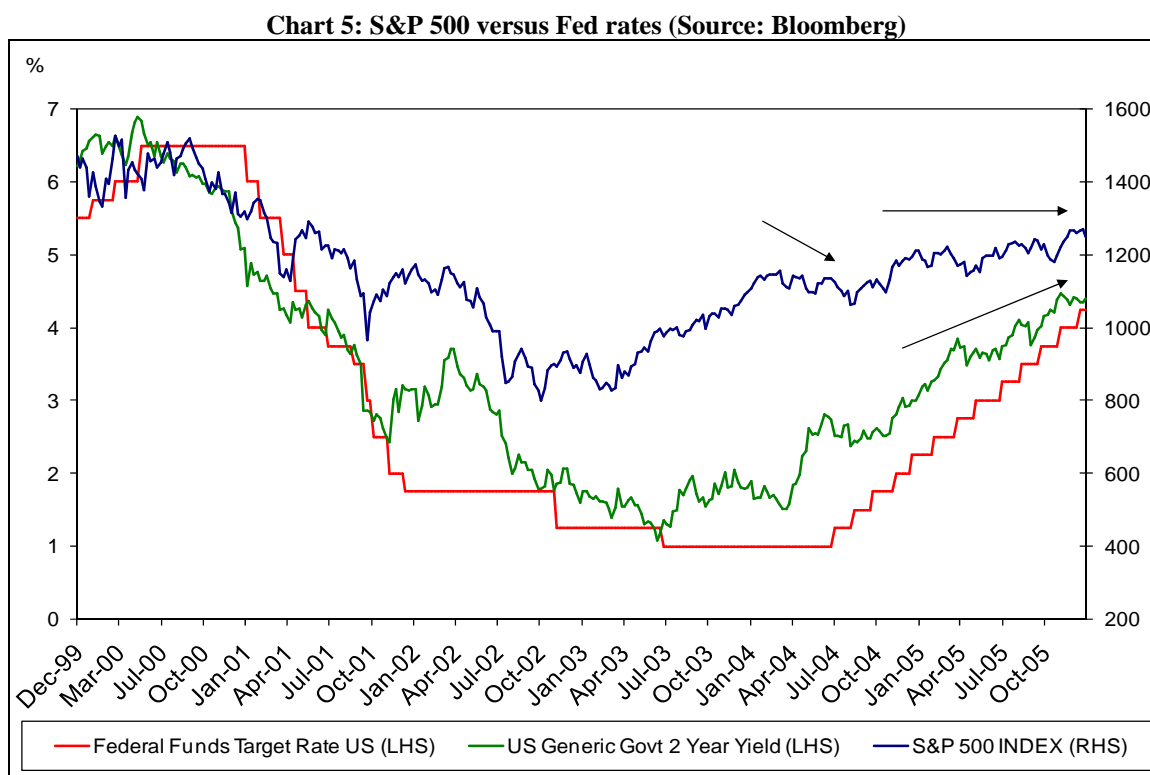


Chart 4: US Personal Income Wage and salary (Source: Bloomberg)



Rising interest rates (2000/02 recession)

Another concern for equity investors is rising interest rates. In both the previous severe bear markets of 1973 – 1974 and 2000 – 2002, the rally did not correct until the 2 year government yields began to rise sharply (Chart 5). However, we are of the view that the Fed will not begin to tighten until at least 2H10 as unemployment is still high and consumer confidence is fragile.



Improving macro data

There has been a barrage of negative news posed by mainstream media such as CNBC, Bloomberg etc highlighting consumer deleveraging, weak credit growth and uncertainties in the banking asset qualities. While we would be lying to say we are not worried, these negatives are known and have been at least partially discounted. What is not discounted is synchronized global growth, which some indicators are beginning to show although we must caution into reading too much into one month data. One such data is the US ISM new order series. The strength of the index suggests that Asian exports to US will be expanding to 10 to 15% YoY in 2010 (Chart 6).

Chart 6: US ISM new order and Asia exports (Source: CEIC)



Investment Strategy

The Fund has met its investment objective, which is to mimic the performance of the FBM KLCI (formerly known as the FBM30). Over the period under review, The Fund returned -7.44%; marginally underperforming the benchmark FBM KLCI returns of -6.67%. The Fund continues to be rebalanced periodically to ensure that weighting of the stocks in the Fund is similar to that of the benchmark 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

29 January 2010

FBM KLCI etf (formerly known as FBM30etf)**STATEMENT OF ASSETS AND LIABILITIES (unaudited)
AS AT 31 DECEMBER 2009**

	Note	2009 RM	2008 RM
ASSETS			
Quoted investments	4	4,234,926	2,896,888
Unquoted investments	6	108,506	-
Sundry receivables		18,527	54,230
Cash at bank		521	45,066
Investments in derivatives	5	-	749,507
Amount due from Manager	7	-	37,437
		<hr/>	<hr/>
Total Assets		4,362,480	3,783,128
LIABILITIES			
Amount due to Manager	7	7,225	-
Amount due to index provider	8	2,168	2,180
Amount due to Trustee	9	219	198
Sundry payables and accrued expenses		30,113	32,300
		<hr/>	<hr/>
Total Liabilities excluding Net Asset Value Attributable to Unitholders		39,725	34,678
		<hr/>	<hr/>
NET ASSET VALUE AS AT 31 DECEMBER	10	4,322,755	3,748,450
		<hr/>	<hr/>
UNITS IN CIRCULATION	10(a)	3,344,000	650,000
		<hr/>	<hr/>
NET ASSET VALUE PER UNIT – EX DISTRIBUTION	11	129 sen	577 sen
		<hr/>	<hr/>

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

FBM KLCI etf (formerly known as FBM30etf)

**STATEMENT OF INCOME AND EXPENDITURE (unaudited)
FOR THE PERIOD 1 OCTOBER 2009 TO 31 DECEMBER 2009**

	Note	1-10-2009 to 31-12-2009 RM	1-10-2008 to 31-12-2008 RM
INVESTMENT INCOME			
Net unrealised gain/(loss) on changes in value of quoted investments		246,182	(400,362)
Dividend income		28,320	90,661
Interest income		17	-
Net unrealised loss on change in value of investments in derivatives		-	(107,952)
Net realised loss on sale of quoted investments		(10,966)	(97,393)
Gross Income/(Loss)		<u>263,553</u>	<u>(515,046)</u>
EXPENDITURE			
Manager's fee	7	5,373	4,743
Trustee's fee	9	645	569
License fee	8	430	379
Audit fee		2,008	1,257
Tax agent's fee		1,260	1,257
Administrative expenses		2,803	2,622
Total Expenditure		<u>12,519</u>	<u>10,827</u>
NET INCOME/(LOSS) BEFORE INCOME TAX		251,034	(525,873)
LESS: INCOME TAX EXPENSE	12	(2,500)	(14,200)
NET INCOME/(LOSS) AFTER INCOME TAX		<u>248,534</u>	<u>(540,073)</u>
Net Income/(Loss) After Income Tax comprises the following:			
Realised gain/(loss)		2,352	(31,759)
Unrealised gain/(loss)		246,182	(508,314)
		<u>248,534</u>	<u>(540,073)</u>

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

FBM KLCI etf (formerly known as FBM30etf)

**STATEMENT OF CHANGES IN NET ASSET VALUE *(unaudited)*
FOR THE PERIOD 1 OCTOBER 2009 TO 31 DECEMBER 2009**

	1-10-2009 to 31-12-2009 RM	1-10-2008 to 31-12-2008 RM
Net asset value at beginning of period	4,074,221	4,288,523
Net gain/(loss) for the period	<u>248,534</u>	<u>(540,073)</u>
Net asset value at end of period	<u><u>4,322,755</u></u>	<u><u>3,748,450</u></u>

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

FBM KLCI etf (formerly known as FBM30etf)**CASH FLOW STATEMENT (unaudited)
FOR THE PERIOD 1 OCTOBER 2009 TO 31 DECEMBER 2009**

	Note	1-10-2009 to 31-12-2009 RM	1-10-2008 to 31-12-2008 RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES			
Proceeds from sale of investments		178,252	84,084
Dividend received		35,903	40,774
Interest received		18	-
License fee paid		(442)	-
Trustee's fee paid		(668)	(602)
Payment for other administrative expenses		(2,896)	(281)
Manager's fee paid		(5,365)	(5,019)
Purchase of investments		<u>(170,419)</u>	<u>(79,156)</u>
Net Cash Generated From Operating And Investing Activities		<u>34,383</u>	<u>39,800</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment for release of units		<u>-</u>	<u>-</u>
Net Cash Used In Financing Activities		<u>-</u>	<u>-</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		34,383	39,800
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		<u>74,644</u>	<u>5,266</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	14	<u>109,027</u>	<u>45,066</u>

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

FBM KLCI etf (formerly known as FBM30etf)

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

FBM KLCI etf (“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.

On 6 July 2009, the Fund’s benchmark, FTSE Bursa Malaysia Large 30 Index (“FBM30”) has been renamed FTSE Bursa Malaysia KLCI and concurrent with this change, the Fund also announced the change of name to FTSE Bursa Malaysia KLCI etf (short name: FBM KLCI etf). The Fund changed of its name is pursuant to the Third Supplemental Deed dated 29 June 2009.

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

FRSs, IC Interpretations and Amendments to FRS	Effective for financial periods beginning on or after
FRS 1: First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3: Business Combinations	1 July 2010
FRS 4 : Insurance Contracts	1 January 2010
FRS 7: Financial Instruments: Disclosures	1 January 2010
FRS 8: Operating Segments	1 July 2009
FRS 101: Presentation of Financial Statements	1 January 2010
FRS 123: Borrowing Costs	1 January 2010
FRS 127: Consolidated and Separate Financial Statements	1 July 2010

(forward)

FRSs, IC Interpretations and Amendments to FRS	Effective for financial periods beginning on or after
FRS 139: Financial Instruments: Recognition and Measurement	1 January 2010
IC Interpretation 9: Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10: Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11: FRS 2 – Group and Treasury Share Transactions	1 January 2010
IC Interpretation 12: Service Concession Arrangements	1 July 2010
IC Interpretation 13: Customer Loyalty Programmes	1 January 2010
IC Interpretation 14: FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2010
IC Interpretation 15: Agreements for the Construction of Real Estate	1 July 2010
IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17: Distributions of Non-cash Assets to Owners	1 July 2010
Amendments to FRS 1 First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
Amendments to FRS 2 Share-based Payment: Vesting Conditions and Cancellations	1 January 2010
Amendments to FRS 2: Share-based Payment	1 July 2010
Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendments to FRS 132 Financial Instruments: Presentation	1 January 2010
Amendments to FRS 139 Financial Instruments: Recognition and Measurement, FRS 7 Financial Instruments: Disclosures and IC Interpretation 9 Reassessment of Embedded Derivatives	1 January 2010
Amendments to FRSs contained in the document entitled "Improvements to FRSs (2009)"	1 January 2010
Amendments to FRS 138: Intangible Assets	1 July 2010
Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives	1 July 2010

The Fund is exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 7, FRS 139 and FRS 101.

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 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 31 December 2009, there were no significant temporary differences.

Functional and Presentation Currency

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

Cash Flow Statement

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

Cash equivalents are short-term, highly liquid investments with maturity of 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 asset 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

	2009 RM	2008 RM
At cost		
Shares quoted in Malaysia	<u>4,203,734</u>	<u>4,287,905</u>
At valuation		
Shares quoted in Malaysia	<u><u>4,234,926</u></u>	<u><u>2,896,888</u></u>

Details of quoted investments as at 31 December 2009 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>9,674</u>	<u>70,620</u>	<u>73,180</u>	<u>1.63</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				
Consumer Products				
British American Tobacco (M) Berhad	1,600	68,480	66,754	1.58
Nestle (Malaysia) Berhad	600	19,860	19,635	0.46
PPB Group Berhad	6,500	103,740	54,641	2.40
UMW Holdings Berhad	8,200	52,070	56,799	1.21
	<u>16,900</u>	<u>244,150</u>	<u>197,829</u>	<u>5.65</u>
Finance				
AMMB Holdings Berhad	24,600	123,000	98,451	2.85
CIMB Group Holdings Berhad	39,000	500,760	426,814	11.58
Hong Leong Bank Berhad	6,100	49,593	38,380	1.15
Malayan Banking Berhad	57,915	397,297	428,849	9.19
Public Bank Berhad	38,485	434,881	381,379	10.06
RHB Capital Berhad	3,400	18,020	16,933	0.42
	<u>169,500</u>	<u>1,523,551</u>	<u>1,390,806</u>	<u>35.25</u>
Industrial Products				
PETRONAS Gas Berhad	6,000	59,220	63,083	1.37
Infrastructure				
DiGi.Com Berhad	3,200	70,272	74,054	1.62
YTL Power International Berhad	23,271	52,127	52,668	1.21
	<u>26,471</u>	<u>122,399</u>	<u>126,722</u>	<u>2.83</u>
Plantation				
IOI Corporation Berhad	54,285	296,939	310,691	6.87
Kuala Lumpur Kepong Berhad	5,800	95,700	79,253	2.21
	<u>60,085</u>	<u>392,639</u>	<u>389,944</u>	<u>9.08</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				
Trading/Service				
Astro All Asia Networks PLC	6,500	19,500	14,869	0.45
Axiata Group Berhad	69,000	210,450	271,086	4.87
Berjaya Sports Toto Berhad	9,628	41,882	45,622	0.97
Genting Berhad	30,200	221,668	239,270	5.13
Genting Malaysia Berhad	32,000	89,920	117,138	2.08
MISC Berhad	16,200	136,242	157,816	3.15
Maxis Berhad	24,500	131,565	132,311	3.04
MMC Corporation Berhad	10,700	26,001	34,231	0.60
PETRONAS Dagangan Berhad	2,600	22,620	20,969	0.52
PLUS Expressways Berhad	20,000	65,200	64,481	1.51
Sime Darby Berhad	48,989	439,431	406,576	10.17
Tanjong Plc	1,900	31,996	34,331	0.74
Telekom Malaysia Berhad	29,200	89,352	60,406	2.07
Tenaga Nasional Berhad	35,300	296,520	363,064	6.86
	<u>336,717</u>	<u>1,822,347</u>	<u>1,962,170</u>	<u>42.16</u>
Total quoted investments	<u>625,347</u>	<u>4,234,926</u>	<u>4,203,734</u>	<u>97.97</u>

5. INVESTMENTS IN DERIVATIVES

	2009 RM	2008 RM
At cost		
Option	<u>-</u>	<u>1,037,829</u>
At valuation		
Option	<u>-</u>	<u>749,507</u>

6. **UNQUOTED INVESTMENTS**

	2009	2008
	RM	RM
At carrying value		
Short-term deposits with licensed banks under short-term money market deposits	<u>108,506</u>	<u>-</u>
At nominal value		
Short-term deposits with licensed banks under short-term money market deposits	<u>108,500</u>	<u>-</u>

Details of unquoted investment as at 31 December 2009 is as follows:

Maturity date	Issuer	Nominal value	Carrying value	Purchase cost	Carrying value as a percentage of net asset value
		RM	RM	RM	%
Short-term deposits with licensed banks under short-term money market deposits					
04.01.2010	Hong Leong Bank (M) Berhad	<u>108,500</u>	<u>108,506</u>	<u>108,500</u>	<u>2.51</u>

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

	Weighted average interest rate		Remaining maturities	
	2009	2008	2009	2008
	%	%	Days	Days
Short-term deposits with licensed banks under short-term money market deposits	<u>2.00</u>	<u>-</u>	<u>4</u>	<u>-</u>

7. **AMOUNT DUE (TO)/FROM MANAGER**

	2009	2008
	RM	RM
Net creation of units*	-	44,284
Manager's fee payable	(1,825)	(1,647)
Application fee payable to Manager	(5,400)	(5,200)
	<u>(7,225)</u>	<u>37,437</u>

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

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 0.5% (0.5% for the financial period 1 October 2008 to 31 December 2008) per annum of the net asset value of the Fund, calculated on daily basis, for the financial period 1 October 2009 to 31 December 2009.

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 the benchmark index.

License fee was charged at a rate of 0.04% (0.04% for the financial period 1 October 2008 to 31 December 2008) per annum of the net asset value of the Fund, calculated on daily basis, for the financial period 1 October 2009 to 31 December 2009.

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 October 2008 to 31 December 2008) per annum of the net asset value of the Fund, calculated on daily basis, for the financial period 1 October 2009 to 31 December 2009.

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

Net asset value attributable to unitholders is represented by:

		2009	2008
		RM	RM
Unitholders' contribution	(a)	4,339,300	5,431,641
Accumulated loss	(b)	<u>(16,545)</u>	<u>(1,683,191)</u>
		<u>4,322,755</u>	<u>3,748,450</u>

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

	1-10-2009 to 31-12-2009		1-10-2008 to 31-12-2008	
	No. of units	RM	No. of units	RM
At beginning of the period	<u>3,344,000</u>	<u>4,339,300</u>	<u>650,000</u>	<u>5,431,641</u>
At end of period	<u>3,344,000</u>	<u>4,339,300</u>	<u>650,000</u>	<u>5,431,641</u>

As provided in the Deed, 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 31 December 2009 and 31 December 2008. Holdings by parties related to the Manager as at 31 December 2009 were 1,413,354 units valued at RM1,827,043 (263,600 units valued at RM1,520,128 as at 31 December 2008).

(b) **ACCUMULATED LOSS**

	Note	1-10-2009 to 31-12-2009	1-10-2008 to 31-12-2008
		RM	RM
Accumulated loss at beginning of period		(265,079)	(1,143,118)
Net gain/(loss) for the period		<u>248,534</u>	<u>(540,073)</u>
Accumulated loss at end of period		<u>(16,545)</u>	<u>(1,683,191)</u>

11. NET ASSET VALUE PER UNIT

The net asset value per unit (ex distribution) is calculated by dividing the net assets of RM4,322,755 by the 3,344,000 units in issue as at 31 December 2009 (RM3,748,450 by the 650,000 units as at 31 December 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:

	1-10-2009 to 31-12-2009 RM	1-10-2008 to 31-12-2008 RM
Net gain/(loss) before income tax	<u>251,034</u>	<u>(525,873)</u>
Taxation at Malaysian statutory rate of 25% (26% in 2008)	62,700	(136,700)
Tax effect of: (Income not subject to tax)/Loss not deductible for tax purposes	(63,100)	120,200
Permitted expenses not deductible for tax purposes	2,200	2,100
Non-permitted expenses for tax purposes	<u>700</u>	<u>200</u>
Tax expense for the financial period	<u>2,500</u>	<u>(14,200)</u>

13. INCOME DISTRIBUTION

No income distribution was declared during the financial period 1 October 2009 to 31 December 2009 (nil for the financial period 1 October 2008 to 31 December 2008).

14. **CASH AND CASH EQUIVALENTS**

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

	2009 RM	2008 RM
Cash at banks	521	45,066
Short-term deposits with licensed banks under short-term money market deposits (Note 6)	<u>108,506</u>	<u>-</u>
	<u>109,027</u>	<u>45,066</u>

15. **MANAGEMENT EXPENSE RATIO AND PORTFOLIO TURNOVER RATIO**

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

	1-10-2009 to 31-12-2009 %	1-10-2008 to 31-12-2008 %
Manager's fee	0.50	0.50
Trustee's fee	0.06	0.06
License's fee	0.04	0.04
Trust expenses	<u>0.56</u>	<u>0.54</u>
Total MER	<u>1.16</u>	<u>1.14</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 0.04 times for the financial period 1 October 2009 to 31 December 2009 (0.02 times for the financial period 1 October 2008 to 31 December 2008).

16. 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
31 December 2009				
Revenue				
Segment income representing segment results	<u>263,536</u>	<u>17</u>	<u>-</u>	263,553
Unallocated expenditure				<u>(12,519)</u>
Net income before income tax				251,034
Income tax expense				<u>(2,500)</u>
Net income after income tax				<u><u>248,534</u></u>
Assets				
Segment assets – investments	4,234,926	108,506	-	4,343,432
Dividend receivables	<u>8,789</u>	<u>-</u>	<u>-</u>	8,789
Other unallocated assets				<u>10,259</u>
				<u><u>4,362,480</u></u>
Liabilities				
Other unallocated liabilities				<u>39,725</u>

(Forward)

	Quoted securities RM	Unquoted securities RM	Derivatives RM	Total RM
31 December 2008				
Revenue				
Segment loss representing segment results	<u>(407,094)</u>	<u>-</u>	<u>(107,952)</u>	(515,046)
Unallocated expenditure				<u>(10,827)</u>
Net loss before income tax				(525,873)
Income tax expense				<u>(14,200)</u>
Net loss after income tax				<u>(540,073)</u>
Assets				
Segment assets – investments	2,896,888	-	749,507	3,646,395
Sundry receivables	<u>44,574</u>	<u>-</u>	<u>-</u>	44,574
Other unallocated assets				<u>92,159</u>
				<u>3,783,128</u>
Liabilities				
Other unallocated liabilities				<u>34,678</u>

(b) Geographical Segment

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

17. TRANSACTIONS WITH BROKERS AND FINANCIAL INSTITUTIONS

Details of transactions with brokers and financial institutions for the financial period 1 October 2009 to 31 December 2009 are as follows:

Financial institutions/ Brokers	Transaction value		Brokerage fee, stamp duty and clearing fee paid	
	RM	%	RM	%
AmInvestment Bank Berhad*	<u>349,295</u>	<u>100.00</u>	<u>1,992</u>	<u>100.00</u>
	<u>349,295</u>	<u>100.00</u>	<u>1,992</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.

18. 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.

19. **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.