

FBM KLCI etf (formerly known as FBM30etf)

**Manager's Report And Financial Statements (unaudited)
For The Period 1 January 2010 to 31 March 2010**

(Ringgit Malaysia)

MANAGER

AmInvestment Services Berhad
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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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PERFORMANCE DATA

Details of portfolio composition of FBM KLCI etf (“the Fund”) for the financial period as at 31 March 2010, 31 December 2009 and three financial years/period ended 31 December are as follows:

	As at 31-3-2010 %	As at 31-12-2009 %	FY 2009 %	FY 2008 %	As at 31-12-2007 %
Construction	1.7	1.6	1.6	1.6	3.7
Consumers	5.9	5.6	5.6	4.8	4.8
Finance	36.2	35.1	35.1	25.2	31.4
Industrial	1.4	1.4	1.4	1.9	1.5
	3.0	2.8			
Infrastructure			2.8	3.4	3.0
Plantations	8.7	9.0	9.0	6.5	10.2
Trading/Services	42.5	42.0	42.0	35.1	44.5
Options	-	-	-	20.3	-
Cash and others	0.6	2.5	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.

Performance details of the Fund for the financial period as at 31 March 2010 and 31 December 2009 and three financial years/period ended 31 December are as follows:

	3 months ended 31-3-2010	3 months ended 31-12-2009	FY 2009	FY 2008	7 months ended 31-12-2007
Net asset value (RM'000)	4,442	4,323	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)	1.3283**	1.2927**	1.2927**	5.7668*	9.4103*
Highest net asset value per unit (RM)	1.3337**	1.2957**	7.0489*	9.9339*	9.4196*
Lowest net asset value per unit (RM)	1.2380**	1.2226**	1.0900**	5.4137*	7.7107*
Closing quoted price (RM/unit)	1.3050**	1.3000**	1.3000**	5.810*	9.370*
Highest quoted price (RM/unit)	1.3400**	1.3150**	1.3150**	9.930*	9.370*
Lowest quoted price (RM/unit)	1.2400**	1.1500**	0.8523**	5.450*	7.680*
Total return (%) ⁽¹⁾	4.0	6.1	46.42	-37.2	7.61
- Capital growth (%)	2.4	6.1	39.82	-57.2	7.61
- Income distribution (%)	1.6	-	6.60	20.00	-
Gross distribution per unit (sen)	1.8	-	7.74	21.72	-
Net distribution per unit (sen)	1.6	-	6.60	20.00	-
Distribution yield (%) ⁽²⁾	1.23	-	5.08	3.44	-
Management expense ratio (%) ⁽³⁾	1.27	1.16	1.18	1.06	1.21
Portfolio turnover ratio (times) ⁽⁴⁾	0.01	0.04	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 exercise.

(a) After unit split

(b) Before unit split

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

(2) Distribution yield is calculated based on the total distribution for the period/year 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 0.11% as compared to 1.16% per annum for the financial period ended 31 December 2009 mainly due to increase in trust expenses.

(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 decreased 0.03 times (75.0%) as compared to 0.04 times for the financial period ended 31 December 2009 mainly due to decrease in investing activities.

Average Total Return (as at 31 March 2010)

	FBM KLCI etf ^(a) %	FBM KLCI/ FBM30 Index [©] %
One year	54.0	53.7
Since launch of fund (19 July 2007)	1.2	-0.5

Annual Total Return

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

- Independently verified by Perkasa Normandy Advisers Sdn Bhd.
- Total actual return for the financial period from 19 July 2007 (date of listed on Bursa Malaysia) to 31 December 2007.
- 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 January 2010 to 31 March 2010**

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 January 2010 to 31 March 2010.

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 March 2010 are as follows:

Stock code	Company's name	Percentage weight (%)	Shares in issue ('million units)
1023	CIMB Group Holdings Berhad	12.05	3,531.77
1295	Public Bank Berhad	9.98	3,531.93
1155	Malayan Banking Berhad	9.62	7,077.61
4197	Sime Darby Berhad	9.51	5,997.99
1961	IOI Corporation Berhad	6.54	6,662.35
5347	Tenaga Nasional Berhad	6.31	4,322.56
6888	Axiata Group Berhad	5.92	8,445.15
3182	Genting Berhad	4.44	3,694.24
3816	Malaysia International Shipping Corporation Berhad	3.51	4,463.79
6012	Maxis Berhad	2.92	7,500.00
1015	AMMB Holdings Berhad	2.74	3,014.18
4065	PPB Group Berhad	2.59	1,185.50
4863	Telekom Malaysia Berhad	2.24	3,577.40
2445	Kuala Lumpur Kepong Berhad	2.16	1,068.77
4715	Genting Malaysia Berhad	2.05	5,872.40

(Forward)

Stock code	Company's name	Percentage weight (%)	Shares in issue ('million units)
4677	YTL Corporation Berhad	1.73	1,897.12
6947	DiGi.Com Berhad	1.70	777.50
5052	PLUS Expressways Berhad	1.64	5,000.00
4162	British American Tobacco (M) Berhad	1.53	285.53
6742	YTL Power International Berhad	1.46	6,858.60
6033	PETRONAS Gas Berhad	1.41	1,978.73
5819	Hong Leong Bank Berhad	1.33	1,580.11
4588	UMW Holdings Berhad	1.30	1,126.31
1562	Berjaya Sports Toto Berhad	1.10	1,351.03
2267	Tanjong plc	0.88	403.26
5076	Astro All Asia Networks Berhad	0.80	1,933.75
2194	MMC Corporation Berhad	0.72	3,045.06
5681	PETRONAS Dagangan Berhad	0.65	993.45
1066	RHB Capital Berhad	0.59	2,153.48
5076	Nestle (Malaysia) Berhad	0.58	234.50

Fund Performance Review

	As at 31 March 2010	As at 31 December 2009	Changes (%)
FTSE Bursa Malaysia KLCI	1,320.57	1,272.78	3.75
Net asset value (RM)	4,441,776	4,322,755	2.75
Units in circulation	3,344,000	3,344,000	-
Total returns (%)	4.02 ^(a)	6.10 ^(b)	-2.08
Benchmark return (%)	3.75 ^(a)	5.88 ^(b)	-2.13
Net asset value per unit (RM)	1.3283	1.2927	2.75
Closing price quoted at Bursa Malaysia (RM)	1.305	1.300	0.38

(a) Total actual return for the financial period 1 January 2010 to 31 March 2010.

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

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

For financial period ended 31 March 2010, the Fund’s net value assets (NAV) of the Fund stood at RM4,441,776, an increased by 2.75% as compared to RM4,322,755 as of 31 December 2009. Units in circulation of the Fund registered 3,344,000 units par with the previous reporting period. The Fund registered a return of 4.02% for the period ending 31 March 2010, comprises of 1.60% income distribution, and 2.42% capital growth.

The Fund outperformed its benchmark, FTSE Bursa Malaysia KLCI Index by 0.27%. FTSE Bursa Malaysia KLCI Index registered a return 3.75%, a decreased by 2.13% from 5.88% as of 31 December 2009. The NAV of the Fund valued at RM1.3283 per unit. As at 31 March 2010, the closing price of the Fund quoted at Bursa Malaysia was valued at RM1.305 per unit an increased by 0.38% from the previous reporting period.

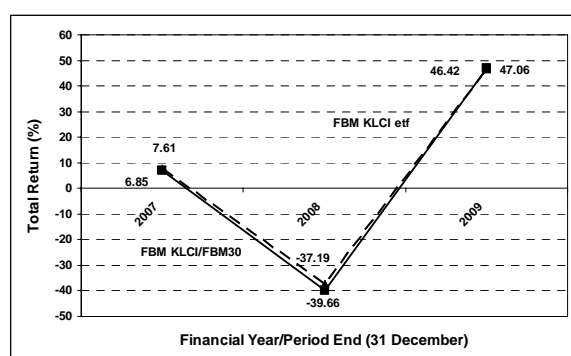
The Fund may periodically be entitled to and receive dividends on the holdings of shares and yields on the placement or investment of its cash. The Manager endeavors to pay out all such income after deducting appropriate fees, expenses and tax, however, the exact amount to be determined will be at the absolute discretion of the Manager. Cash distributions (if any) are expected to be made semi-annually of which details of declaration dates, distribution amounts, ex-distribution dates and distribution payment dates will be duly published on www.bursamalaysia.com. However the Fund did not declare any income distribution for the period under review.

There were also no significant changes in the state of affairs of the Fund and no unit split and circumstances that materially affected the interested of the unitholders for the period under review.

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

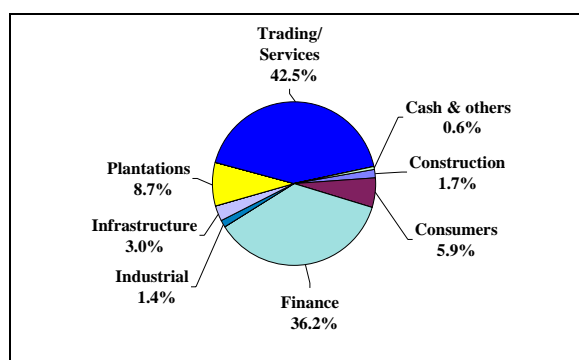


During the period under review, the Fund has declared the following income distribution :-

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	1.2964

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

Sectoral Composition as at 31 March 2010



	31 March 2010 (%)	31 December 2009 (%)	Changes (%)
Construction	1.7	1.6	0.1
Consumer products	5.9	5.6	0.3
Finance	36.2	35.1	1.1
Industrial products	1.4	1.4	-
Infrastructure project companies	3.0	2.8	0.2
Plantations	8.7	9.0	-0.3
Trading/Services	42.5	42.0	0.5
Cash and others	0.6	2.5	-1.9
Total	100.0	100.0	

Significant changes to asset allocation since 31 March 2010

During the period under review 1 January 2010 to 31 March 2010, 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, consumer products, finance infrastructure project companies, and trading/services increased by 0.1%, 0.3%, 1.1%, 0.2% and 0.5% respectively. Allocation to plantations was reduced by 0.3%, while allocation to the industrial products sector remained unchanged at 1.4% consumer products by 0.1%. As a result, the fund's cash holding decreased by 1.9% to 0.6%.

Break down of unitholding by size

Size of holding	As at 31 March 2010		As at 31 December 2009	
	No. of units held ('000)	Number of unitholders	No. of units held ('000)	Number of unitholders
Less than 100	1.0	26	0.7	20
100 -1,000	23.3	36	22.6	34
1,001 – 10,000	466.6	108	479.1	116
10,001 to less than 5 % of issue units	1,238.0	43	1,246.0	44
5% and above of issue units	1,615.1	2	1,595.6	2

Note: 5% of issue units = 167,200 units (2009=167,200 units)

Market Review

It was a good first quarter for Malaysia as the Bursa Malaysia Kuala Lumpur Composite Index (KLCI) scaled 24-month highs on the back of the steady rise on Wall Street. The KLCI ended the quarter at 1320.57, up 47.79 points or 3.75%.

Two major conferences on Malaysia in the region, with official government participation and major corporate presence also boosted interest in Malaysian stocks. The long awaited New Economic Model was announced towards the end of March 2010, which helped give the market a lift.

The key market concerns in the first quarter of 2010 (1Q10) pertained to monetary tightening risk and policy risk with regard to controlling a perceived property bubble in markets such as China, Hong Kong and Singapore. Hikes in China's reserve requirement ratio served to bring forward concerns of earlier than expected interest rate hikes. Meanwhile Bank Negara Malaysia (BNM) also started raising interest rates with the view that interest rates should not be kept too low for too long. The global markets were also concerned over Greece's debt issues and the possible contagion impact, leading to a weakening Euro and a flight to safety.

Market Outlook

It is all about earnings

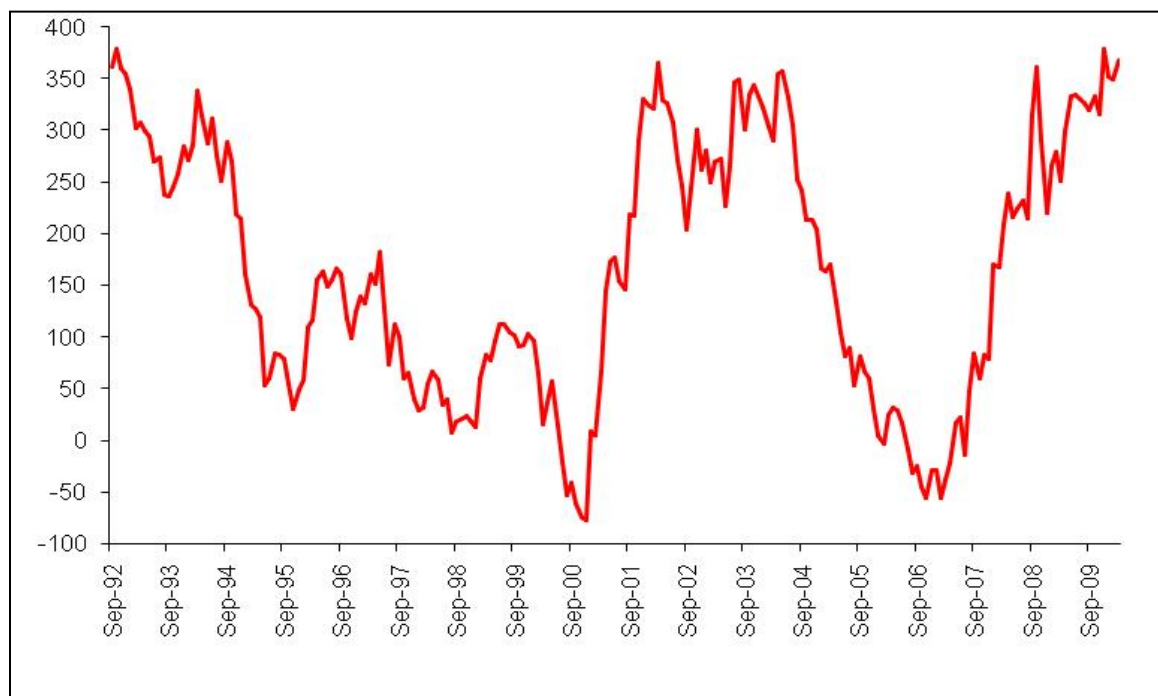
There are still significant events occurring in the global economy that warrant monitoring. These include ongoing uncertainty about how Greece's financial woes will be resolved, rising tensions between US and China and renewed softness in US housing activity. After the recent run up, valuations are fair but that does not mean we should reduce our weights. It is because there are still too many uncertainties that governments in the developed world will not want to risk policy mistakes and hence relatively easy monetary conditions will still prevail. We are not advocating an extreme bullish stance but above average exposure are warranted, with signs of a coming mini boom coupled with relatively easy monetary conditions.

Continued signs of a mini boom

Sovereign default risk scares in smaller EU countries may occur but these events may be the catalyst for market corrections. However as long as the US and China's economies remain intact, we do not see the need to scale back our investment stance towards equity subject to peaking valuations.

With reference to Chart 1 (US Treasury yield curve), the probability is stacked in favor of a coming mini macro boom. The yield curve is very close to the historical highs suggesting the start of a new business cycle. Recessions are normally associated with an inverted yield curve and we are far from it.

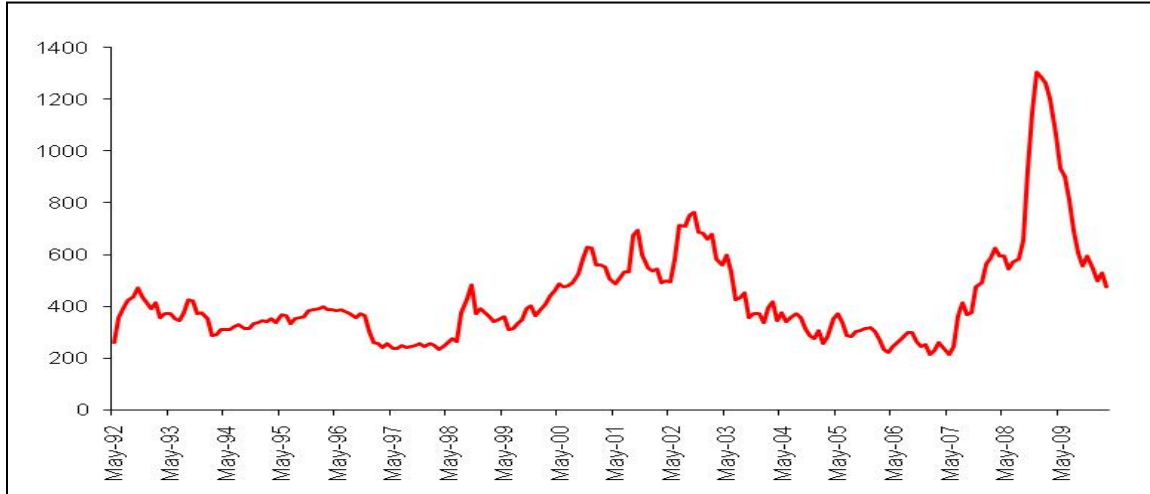
Chart 1: US 10 Year Treasury minus 3 month T-bill



Source: Bloomberg

Credit spreads are also declining (Chart 2) implying risk taking will rise. This will lead to momentum investing, that is, buy on rumors but sell on facts and hence the need to stay invested in emerging markets. Please do not be mistaken, we are not advocating speculative investing but rather not to sell prematurely, allowing space for price appreciation.

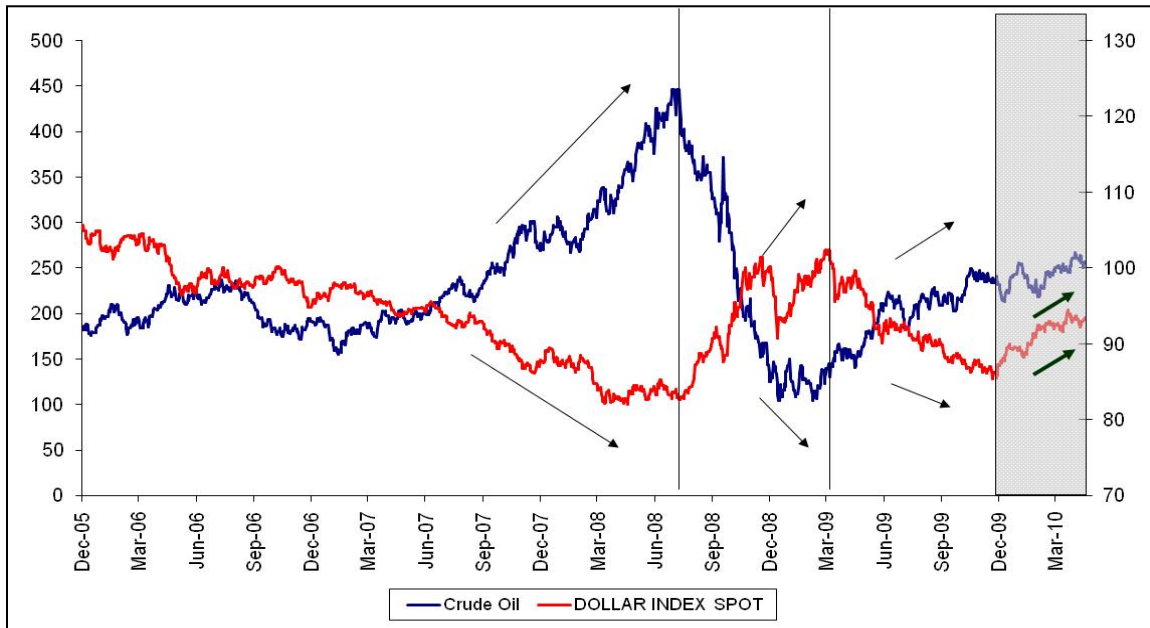
Chart 2: US 5-Year Credit Spreads



Source: Bloomberg

Oil prices have been rising even though the dollar has been strong, suggesting that the recent rise in commodity prices has not been due to a weak US dollar but rather rising demand especially in China (Chart 3).

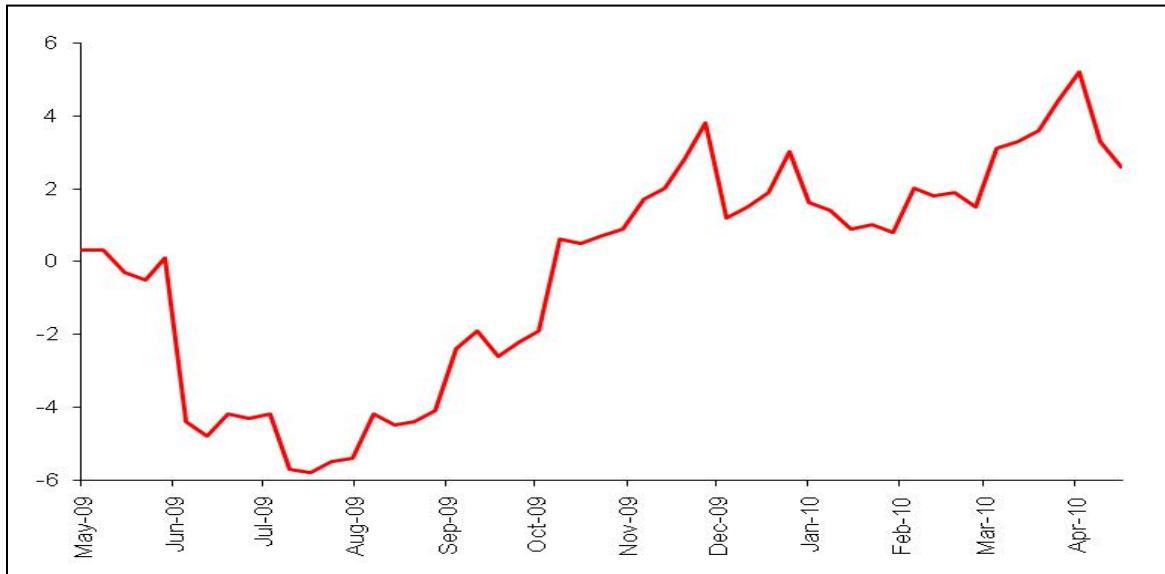
Chart 3: US\$ Versus Oil Prices



Source: Bloomberg

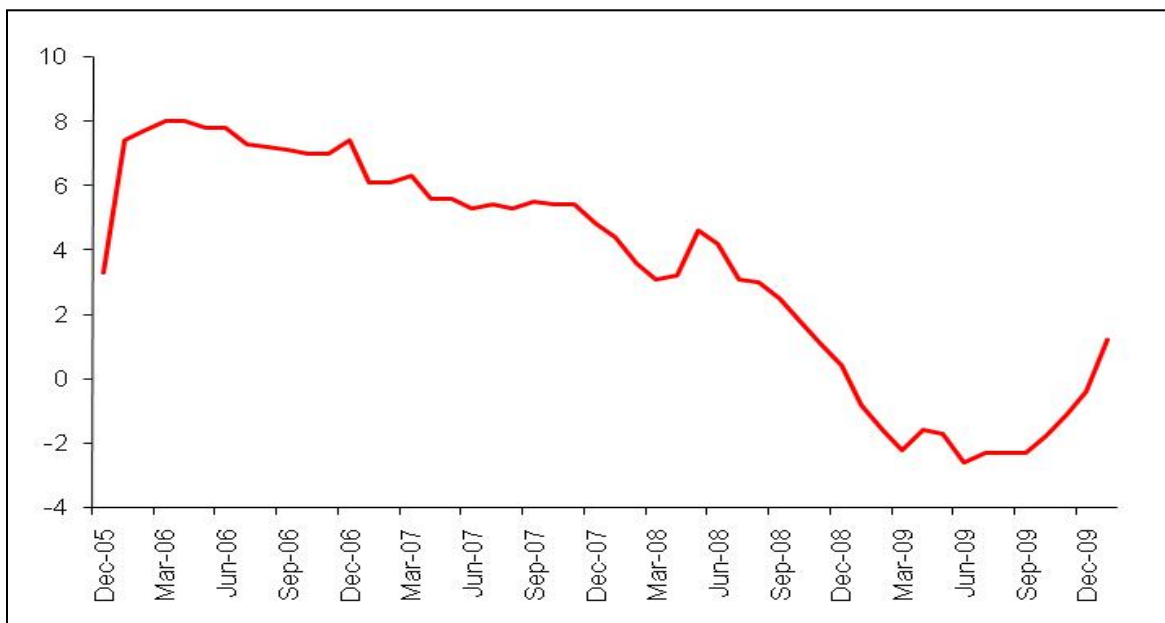
US retail sales are also rising (Chart 4) since mid-2009 suggesting some form of consumer spending recovery. This cannot be explained by declining savings rate (the reverse is happening) but rather improving income (Chart 5) and falling employment claims (Chart 6). However we need to monitor employment claims as a proxy to US employment recovery as historical observation suggest attractive returns in Asia after 6 consecutive months of US employment gains (Table 1).

Chart 4: Rising US Retail Sales



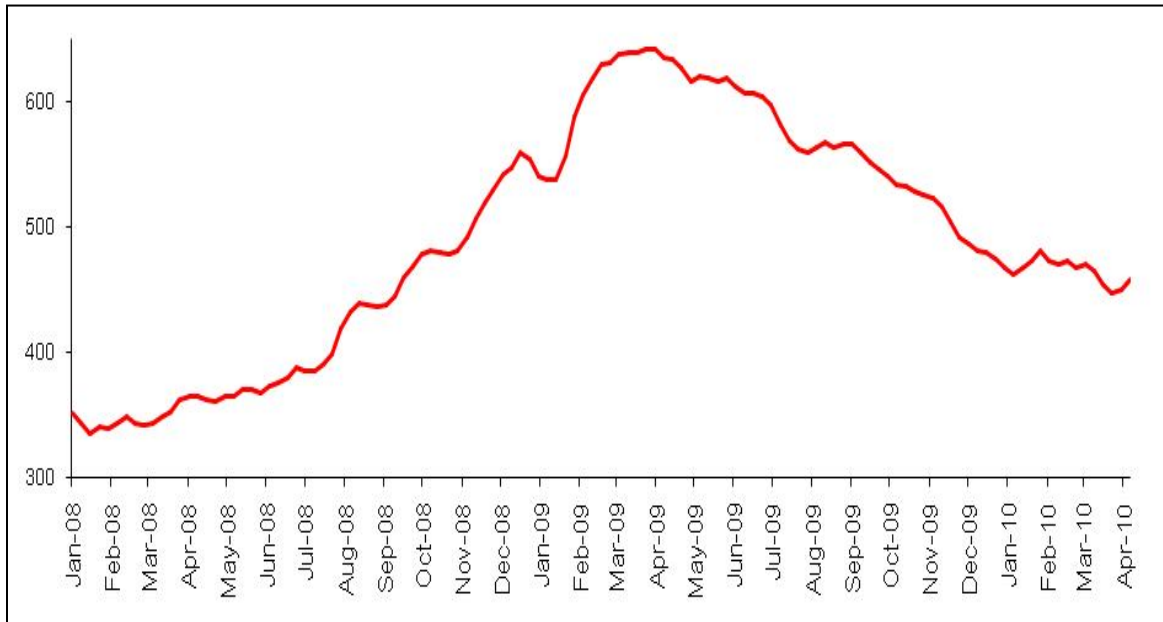
Source: Bloomberg

Chart 5: Improving Income in the US



Source: Bloomberg

Chart 6: Declining US unemployment claims



Source: Bloomberg

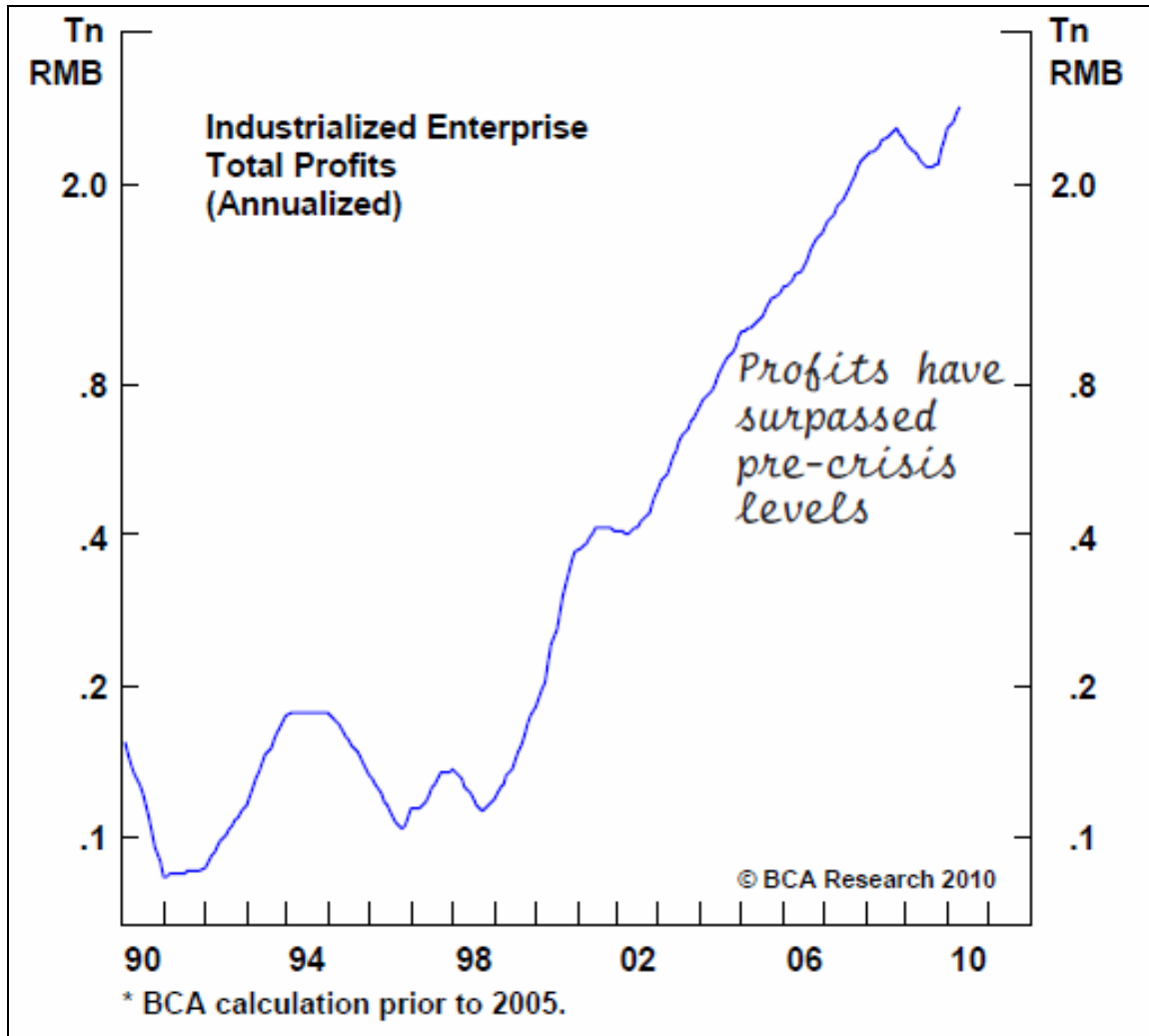
Table 1: Asia ex Japan after sustained rises in US payrolls

US Recoveries	Asia after 6 months
1975	31.5
1980	36.7
1983	4.0
1993	16.1
2003	25.2
Average	22.7

Source: Credit Suisse Research

News coming out of China apart from property legislations is positive and this is evident as corporate profits are booming again while inflation at the core level is tame (Chart 7). In fact industrialized enterprise profits have surpassed pre-crisis levels.

Chart 7: Profits in Corporate China



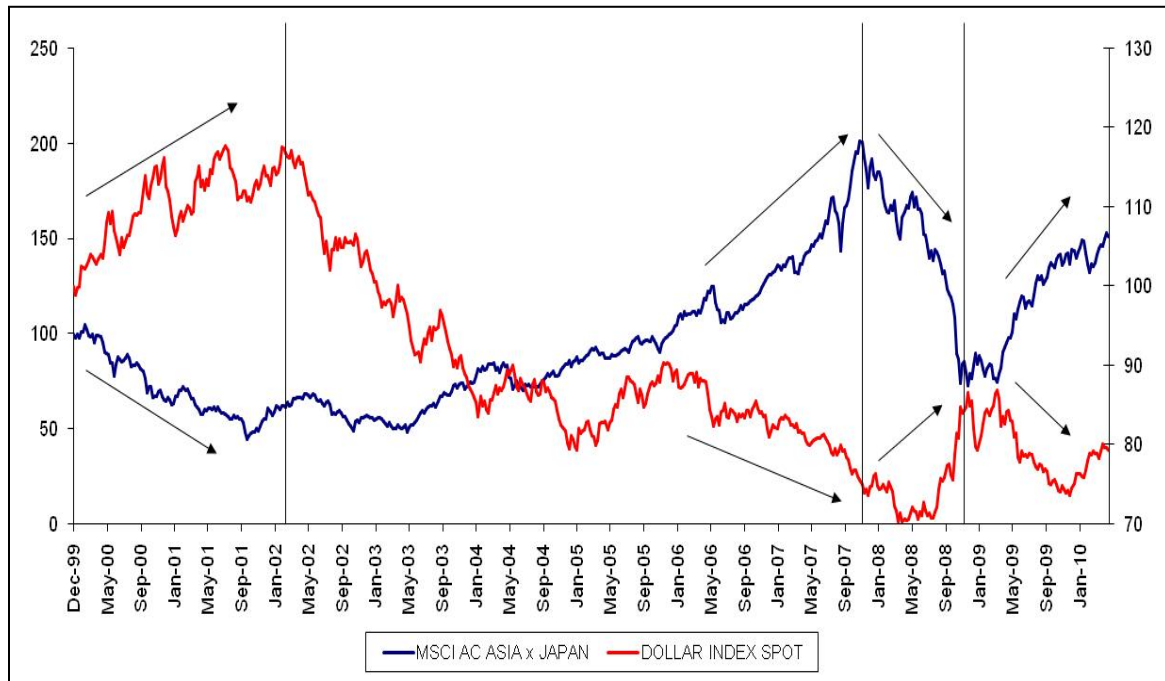
Source: BCA Research

US\$ versus Asia ex Japan historically

China's President, Hu Jintao, said Beijing will not bow to foreign pressure to change her currency exchange rate policy in a recent meeting with US President, Barack Obama. However, he also mentioned that China is firmly committed to advancing exchange rate formation mechanism but subject to China's own needs in economic and social development. A mouth full to digest but we believe it is a polite way of saying that the Remimbi will appreciate and at the same time not to be seen bowing to US pressure.

Looking at Chart 8, history tells us that it is unwise to bet against the market when the US dollar is weak and declining.

Chart 8: US\$ versus MSCI Asia ex-Japan

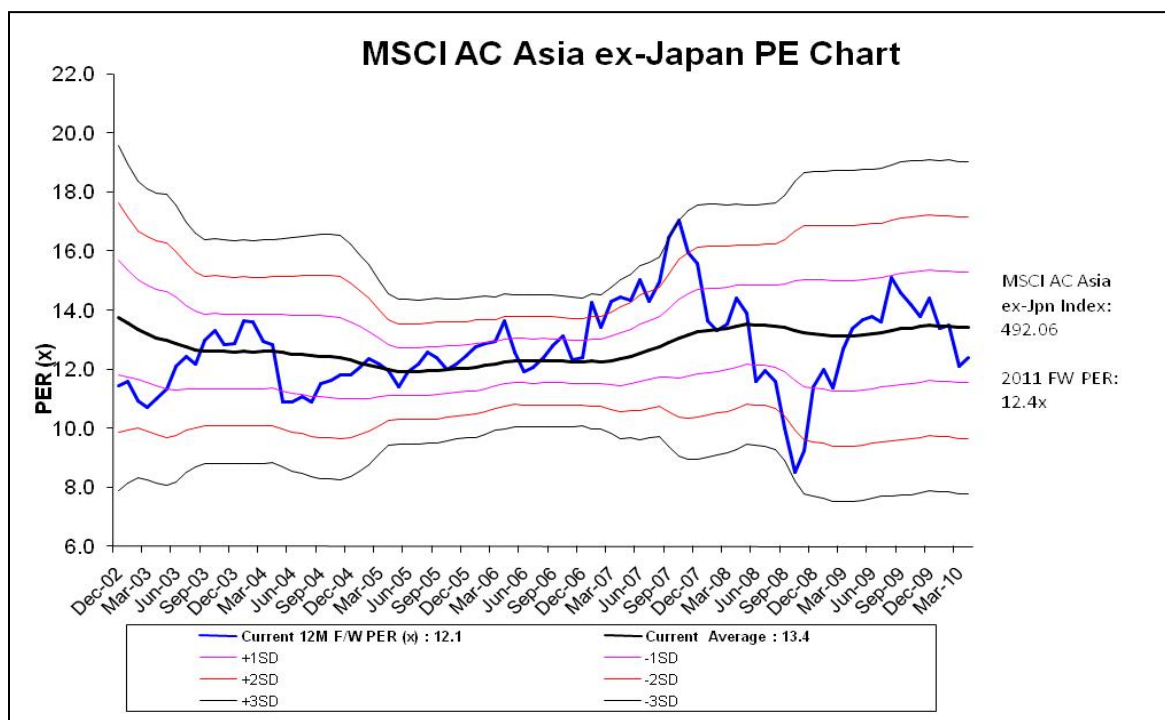


Source: Bloomberg

Valuation

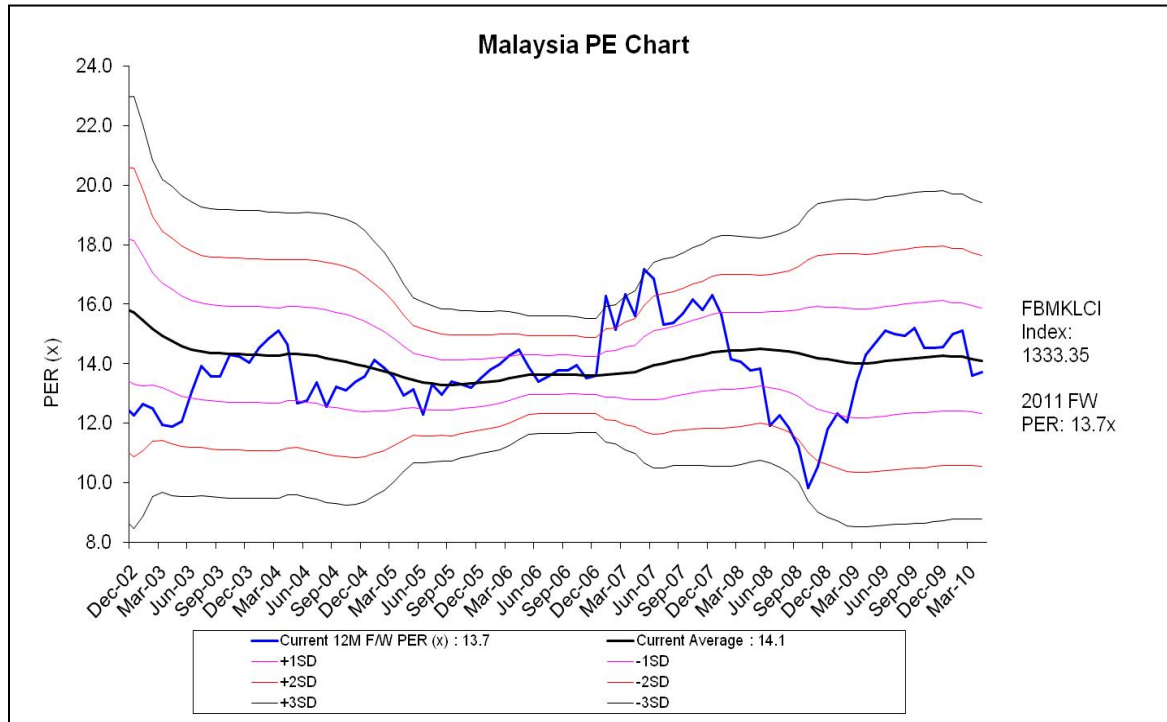
As believers in cycles, once an economic recovery process begins, it tends to continue barring policy mistakes. Neutral valuation, recovering earnings growth and relatively low interest rates will sustain performance in the equity market although returns will be modest compared to 2009. It is too soon to be defensive as risk assets should continue to outperform cash and treasury. Equity valuation is no longer cheap but it is not a constraint for further price appreciation as long as earnings are delivered, hence **it is all about earnings**. Our strategy will remain the same that we would not chase the rally but buy the dips with rotation into laggard sectors.

Chart 9: MSCI Asia ex-Japan PE Ratio



Source: I/B/E/S

Chart 10: Malaysia PE Ratio



Source: In-house data

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 4.02%, marginally outperforming the benchmark FBM KLCI return of 3.75%. 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

30 April 2010

FBM KLCI etf (formerly known as FBM30etf)**STATEMENT OF ASSETS AND LIABILITIES (unaudited)
AS AT 31 MARCH 2010**

	Note	31-3-2010 RM	31-3-2009 RM
ASSETS			
Quoted investments	4	4,410,437	2,871,051
Investment in derivatives	5	-	733,457
Amount due from Manager	6	-	37,480
Sundry receivables		34,276	10,029
Cash at banks		27,394	51,895
		<u>4,472,107</u>	<u>3,703,912</u>
LIABILITIES			
Amount due to Manager	6	7,440	-
Amount due to index provider	7	2,171	2,026
Amount due to Trustee	8	245	192
Sundry payables and accrued expenses		20,475	32,807
		<u>30,331</u>	<u>35,025</u>
Total Liabilities excluding Net Asset Value Attributable to Unitholders		<u>30,331</u>	<u>35,025</u>
NET ASSET VALUE AS AT 31 MARCH	9	<u>4,441,776</u>	<u>3,668,887</u>
UNITS IN CIRCULATION	9(a)	<u>3,344,000</u>	<u>650,000</u>
NET ASSET VALUE PER UNIT – EX DISTRIBUTION	10	<u>133 sen</u>	<u>564 sen</u>

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 FROM 1 JANUARY 2010 TO 31 MARCH 2010**

	Note	1-1-2010 to 31-3-2010 RM	1-1-2009 to 31-3-2009 RM
INVESTMENT INCOME			
Net unrealised gain/(loss) on changes in value of quoted investments		150,568	(5,862)
Dividend income		37,937	20,355
Net realised gain/(loss) on sale of quoted investments		2,302	(20,297)
Interest income		193	-
Net unrealised gain on change in value of investments in derivatives		-	314,904
Net realised loss on sale of investments in derivatives		-	(330,954)
Gross Income/(Loss)		<u>191,000</u>	<u>(21,854)</u>
EXPENDITURE			
Manager's fee	6	5,326	4,651
License fee	7	426	372
Trustee's fee	8	639	558
Audit fee		986	1,233
Tax agent's fee		1,233	1,233
Administrative expenses		<u>4,965</u>	<u>4,862</u>
Total Expenditure		<u>13,575</u>	<u>12,909</u>
NET INCOME/(LOSS) BEFORE INCOME TAX			
		177,425	(34,763)
LESS: INCOME TAX EXPENSE	11	<u>(4,900)</u>	<u>(5,800)</u>
NET INCOME/(LOSS) AFTER INCOME TAX			
		<u>172,525</u>	<u>(40,563)</u>
INCOME DISTRIBUTION			
	13	<u>53,504</u>	<u>39,000</u>
Net Income/(Loss) After Income Tax comprises the following:			
Realised gain/(loss)		21,957	(349,605)
Unrealised gain		<u>150,568</u>	<u>309,042</u>
		<u>172,525</u>	<u>(40,563)</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 FROM 1 JANUARY 2010 TO 31 MARCH 2010**

	Note	1-1-2010 to 31-3-2010 RM	1-1-2009 to 31-3-2009 RM
Net asset value at beginning of period		4,322,755	3,748,450
Net income/(loss) for the period		172,525	(40,563)
Net income distribution		<u>(53,504)</u>	<u>(39,000)</u>
Net asset value at end of period		<u>4,441,776</u>	<u>3,668,887</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 FROM 1 JANUARY 2010 TO 31 MARCH 2010**

	Note	1-1-2010 to 31-3-2010 RM	1-1-2009 to 31-3-2009 RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES			
Proceeds from sale of quoted investments		40,495	35,300
Dividend received		17,288	58,756
Interest received		193	-
License fee paid		(423)	(526)
Trustee's fee paid		(613)	(564)
Manager's fee paid		(5,111)	(4,695)
Tax agent's fee paid		(5,451)	-
Payments for other fees and administrative expenses		(11,371)	(6,821)
Purchase of quoted investments		<u>(63,136)</u>	<u>(35,621)</u>
Net Cash (Used In)/Generated From Operating And Investing Activities		<u>(28,129)</u>	<u>45,829</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Distribution paid		<u>(53,504)</u>	<u>(39,000)</u>
Net Cash Used In Financing Activities		<u>(53,504)</u>	<u>(39,000)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(81,633)	6,829
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		<u>109,027</u>	<u>45,066</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	14	<u><u>27,394</u></u>	<u><u>51,895</u></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 (formerly known as 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.

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 and the Securities Commission’s Guidelines on Exchange Traded Funds in Malaysia.

The Fund has not adopted the following FRSs, amendments to FRSs, IC Interpretations, TR and SOP which have effective date as follows:

		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 (revised in 2009)	1 January 2010
FRS 123	Borrowing Costs	1 January 2010
FRS 127	Consolidated and Separate Financial Statements	1 July 2010

(Forward)

**Effective for
financial periods
beginning on or after**

FRS 139	Financial Instruments: Recognition and Measurement	1 January 2010
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards	1 January 2010
Amendments to FRS 2	Share-based Payment: Vesting Conditions and Cancellations	1 January 2010 and 1 July 2010
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued operations	1 January 2010 and 1 July 2010
Amendments to FRS 7	Financial Instruments: Disclosures	1 January 2010
Amendments to FRS 8	Operating Segments	1 January 2010
Amendments to FRS 107	Statements of Cash Flows	1 January 2010
Amendments to FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2010
Amendments to FRS 110	Events After the Reporting Period	1 January 2010
Amendments to FRS 116	Property, Plant and Equipment	1 January 2010
Amendments to FRS 117	Leases	1 January 2010
Amendments to FRS 118	Revenue	1 January 2010
Amendments to FRS 119	Employee Benefits	1 January 2010
Amendments to FRS 120	Accounting for Government Grants and Disclosures of Government Assistance	1 January 2010
Amendments to FRS 123	Borrowing Costs	1 January 2010
Amendments to 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 128	Investments in Associates	1 January 2010
Amendments to FRS 129	Financial Reporting in Hyperinflationary Economies	1 January 2010
Amendments to FRS 131	Interests in Joint Ventures	1 January 2010
Amendments to FRS 132	Financial Instruments: Presentation	1 January 2010

(Forward)

		Effective for financial periods beginning on or after
Amendments to FRS 134	Interim Financial Reporting	1 January 2010
Amendments to FRS 136	Impairment of Assets	1 January 2010
Amendments to FRS 138	Intangible assets	1 January 2010 and 1 July 2010
Amendments to FRS 139	Financial Instruments: Recognition and Measurement	1 January 2010 and 1 July 2010
Amendments to FRS 140	Investment Property	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 IC Interpretation 9	Reassessment of Embedded Derivatives	1 January 2010
TR i-3	Presentation of Financial Statements of Islamic Financial Institutions	1 January 2010
SOP i-1	Financial Reporting from an Islamic Perspective	1 January 2010

Other than FRS 7, FRS 101 (revised in 2009) and FRS 139, the other FRSs, amendments to FRSs, IC Interpretations, TR and SOP are either not applicable or are expected not to have any significant impact on the financial statements of the Fund upon their initial application.

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

The adoption of FRS 101 (revised in 2009) will have the following impacts to the financial statements of the Fund upon its initial application:

- Entity to present, in a statement of changes in equity, all owner changes in equity. All non-owner changes in equity (i.e. comprehensive income) are required to be presented in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). Components of comprehensive income are not permitted to be presented in the statement of changes in equity.
- When entity restated its comparative figures in financial statements or retrospectively applies a new accounting policy, a statement of financial position must be presented as at the beginning of the earliest comparative period in a complete set of financial statements.
- Entities must disclose amount reclassified to profit or loss that were previously recognized in other comprehensive income and the income tax relating to each component of other comprehensive income, either in the statement of comprehensive income or in the notes;

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 March 2010, 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 issues 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

	31-3-2010 RM	31-3-2009 RM
At cost		
Shares quoted in Malaysia	<u>4,228,677</u>	<u>4,267,930</u>
At valuation		
Shares quoted in Malaysia	<u><u>4,410,437</u></u>	<u><u>2,871,051</u></u>

Details of quoted investments as at 31 March 2010 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>9,874</u>	<u>74,055</u>	<u>74,703</u>	<u>1.67</u>
Consumer Products				
British American Tobacco (M) Berhad	1,600	70,624	66,754	1.59
Nestle (Malaysia) Berhad	600	20,484	19,635	0.46
PPB Group Berhad	6,500	117,000	54,641	2.63
UMW Holdings Berhad	<u>8,800</u>	<u>55,880</u>	<u>60,594</u>	<u>1.26</u>
	<u>17,500</u>	<u>263,988</u>	<u>201,624</u>	<u>5.94</u>
Finance				
AMMB Holdings Berhad	24,400	122,000	97,651	2.75
CIMB Group Holdings Berhad	38,100	535,686	416,964	12.06
Hong Leong Bank Berhad	6,600	57,024	42,701	1.28
Malayan Banking Berhad	57,315	428,143	424,406	9.64
Public Bank Berhad	38,100	443,484	372,101	9.98
RHB Capital Berhad	<u>3,400</u>	<u>19,176</u>	<u>16,933</u>	<u>0.43</u>
	<u>167,915</u>	<u>1,605,513</u>	<u>1,370,756</u>	<u>36.14</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				
PETRONAS Gas Berhad	6,200	60,760	65,072	1.37
Infrastructure				
DiGi.Com Berhad	3,200	72,256	74,054	1.62
YTL Power International Berhad	28,571	62,570	64,436	1.41
	31,771	134,826	138,490	3.03
Plantation				
IOI Corporation Berhad	53,885	290,440	308,401	6.54
Kuala Lumpur Kepong Berhad	5,800	96,744	79,253	2.18
	59,685	387,184	387,654	8.72
Trading/Service				
Astro All Asia Networks PLC	6,500	27,820	14,869	0.63
Axiata Group Berhad	68,300	262,955	268,336	5.92
Berjaya Sports Toto Berhad	10,328	46,270	48,768	1.04
Genting Berhad	29,900	197,340	236,893	4.44
Genting Malaysia Berhad	32,000	91,840	117,138	2.07
MISC Berhad	19,440	157,464	180,496	3.54
Maxis Berhad	24,500	130,830	132,311	2.95
MMC Corporation Berhad	12,200	29,768	37,877	0.67
PETRONAS Dagangan Berhad	3,000	27,150	24,538	0.61
PLUS Expressways Berhad	20,900	70,642	67,568	1.59
Sime Darby Berhad	48,589	423,210	403,256	9.53
Tanjong Plc	2,100	37,674	37,944	0.85
Telekom Malaysia Berhad	29,200	100,448	60,406	2.26
Tenaga Nasional Berhad	35,000	280,700	359,978	6.32
	341,957	1,884,111	1,990,378	42.42
Total quoted investments	634,902	4,410,437	4,228,677	99.29

5. INVESTMENTS IN DERIVATIVES

	31-3-2010	31-3-2009
	RM	RM
At cost		
Option	-	706,875
	<u> </u>	<u> </u>
At valuation		
Option	-	733,457
	<u> </u>	<u> </u>

6. AMOUNT DUE (TO)/FROM MANAGER

	31-3-2010	31-3-2009
	RM	RM
Net creation of units*	-	44,283
Manager's fee payable	(2,040)	(1,603)
Application fee payable to Manager	(5,400)	(5,200)
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>
	(7,440)	37,480

* 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% per annum of the net asset value of the Fund, calculated on a daily basis, for the financial period from 1 January 2010 to 31 March 2010 (0.5% for the financial period from 1 January 2009 to 31 March 2009).

7. 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% per annum of the net asset value of the Fund, calculated on a daily basis, for the financial period from 1 January 2010 to 31 March 2010 (0.04% for the financial period from 1 January 2009 to 31 March 2009).

8. AMOUNT DUE TO TRUSTEE

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

Trustee fee was charged at a rate of 0.06% per annum of the net asset value of the Fund, calculated on a daily basis, for the financial period from 1 January 2010 to 31 March 2010 (0.06% for the financial period from 1 January 2009 to 31 March 2009).

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

Net asset value attributable to unitholders is represented by:

		31-3-2010	31-3-2009
		RM	RM
Unitholders' contribution	(a)	4,339,300	5,431,641
Undistributed net income/ (Accumulated loss)	(b)	<u>102,476</u>	<u>(1,762,754)</u>
		<u>4,441,776</u>	<u>3,668,887</u>

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

	1-1-2010 to 31-3-2010		1-1-2009 to 31-3-2009	
	No. of units	RM	No. of units	RM
At beginning/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 March 2010 and 31 March 2009. Holdings by parties related to the Manager as at 31 March 2010 were 1,432,967 units valued at RM1,903,410 (269,700 units valued at RM1,522,295 as at 31 March 2009).

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

	Note	1-1-2010 to 31-3-2010 RM	1-1-2009 to 31-3-2009 RM
Accumulated loss at beginning of period		(16,545)	(1,683,191)
Net income/(loss) for the period		172,525	(40,563)
Income distribution	13	<u>(53,504)</u>	<u>(39,000)</u>
Undistributed net income/ (Accumulated loss) at end of period		<u>102,476</u>	<u>(1,762,754)</u>

10. NET ASSET VALUE PER UNIT

The net asset value per unit (ex distribution) is calculated by dividing the net assets of RM4,441,776 by the 3,344,000 units in issue as at 31 March 2010 (RM3,668,887 by the 650,000 units as at 31 March 2009).

11. INCOME TAX EXPENSE

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

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

A reconciliation of income tax expenses applicable to net income/(loss) before income tax at the statutory income tax rate to income tax expenses at the effective income tax rate of the Fund is as follows:

	1-1-2010 to 31-3-2010 RM	1-1-2009 to 31-3-2009 RM
Net income/(loss) before income tax	<u>177,425</u>	<u>(40,563)</u>
Taxation at Malaysian statutory rate of 25%	44,400	(10,100)
Tax effect of:		
(Income not subject to tax)/Loss not deductible for tax purposes	(42,700)	9,000
Permitted expenses not deductible for tax purposes	2,000	2,900
Non-permitted expenses for tax purposes	1,200	200
Under tax provision in previous year	<u>-</u>	<u>3,800</u>
Tax expense for the financial period	<u>4,900</u>	<u>5,800</u>

12. DISTRIBUTION/LOSS EQUALISATION

Distribution/Loss equalisation represents the average amount of undistributed net income/(accumulated loss) 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 the Trustee.

13. INCOME DISTRIBUTION

Distribution to unitholders is from the following sources:

	1-1-2010 to 31-3-2010 RM	1-1-2009 to 31-3-2009 RM
Accumulated Loss brought forward	(16,545)	(3,852)
Dividend income	83,004	-
Interest income	12,216	3,737
Dividend equalisation	45,938	-
Net realised gain on sale of unquoted investments	163,313	-
Net realised loss on sale of quoted investments	(104,958)	-
Net unrealised gain on sale of quoted investments	<u>-</u>	<u>57,824</u>
	182,968	57,709
Less: Expenses	(50,284)	(12,909)
Taxation	<u>(15,100)</u>	<u>(5,800)</u>
	117,584	39,000
Less: Income Distribution paid	<u>(64,080)</u>	<u>-</u>
Total amount of distribution	<u><u>53,504</u></u>	<u><u>39,000</u></u>

As distribution for the period 1 January 2010 to 31 March 2010 was paid on 12 January 2010, the income and expenses as stated above were based on position as at 31 December 2009 and it is the final income distribution for the financial year ended 31 December 2009.

	1-1-2010 to 31-3-2010		1-1-2009 to 31-3-2009	
	Date of distribution	RM	Date of distribution	RM
GROSS				
Final distribution*				
- 1.7662 (6.9646 in financial quarter ended 31 March 2009)				
sen per unit	12 January 2010	<u>59,062</u>	10 March 2009	<u>45,270</u>
NET				
Final distribution*				
- 1.6000 (6.0000 in financial quarter ended 31 March 2009)				
sen per unit	12 January 2010	<u>53,504</u>	10 March 2009	<u>39,000</u>

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

14. **CASH AND CASH EQUIVALENTS**

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

	31-3-2010 RM	31-3-2009 RM
Cash at banks	<u>27,394</u>	<u>51,895</u>

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

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

	1-1-2010 to 31-3-2010 % p.a.	1-1-2009 to 31-3-2009 % p.a.
Manager's fee	0.50	0.50
Trustee's fee	0.06	0.06
License's fee	0.04	0.04
Trust expenses	<u>0.67</u>	<u>0.79</u>
Total MER	<u>1.27</u>	<u>1.39</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 from 1 January 2010 to 31 March 2010 (0.01 times for the financial period from 1 January 2009 to 31 March 2009).

16. **SEGMENTAL REPORTING**

(b) **Business Segment**

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

	Quoted securities RM	Unquoted securities RM	Derivatives RM	Total RM
31 March 2010				
Revenue				
Segment income representing segment results	<u>190,807</u>	<u>193</u>	<u>-</u>	191,000
Unallocated expenditure				<u>(13,575)</u>
Net income before income tax				177,425
Income tax expense				<u>(4,900)</u>
Net income after income tax				<u>172,525</u>
Assets				
Segment assets – investments	4,410,437	-	-	4,410,437
Dividend receivables	<u>24,344</u>	<u>-</u>	<u>-</u>	24,344
Other unallocated assets				<u>37,326</u>
				<u>4,472,107</u>
Liabilities				
Other unallocated liabilities				<u>30,331</u>
(Forward)				

	Quoted securities RM	Unquoted securities RM	Derivatives RM	Total RM
31 March 2009				
Revenue				
Segment loss representing segment results	<u>(5,804)</u>	<u>-</u>	<u>(16,050)</u>	(21,854)
Unallocated expenditure				<u>(12,909)</u>
Net loss before income tax				(34,763)
Income tax expense				<u>(5,800)</u>
Net loss after income tax				<u>(40,563)</u>
Assets				
Segment assets – investments	2,871,051	-	733,457	3,604,508
Dividend receivables	<u>10,029</u>	<u>-</u>	<u>-</u>	10,029
Other unallocated assets				<u>89,375</u>
				<u>3,703,912</u>
Liabilities				
Other unallocated liabilities				<u>35,025</u>

(c) 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 from 1 January 2010 to 31 March 2010 are as follows:

Brokers/Financial institutions	Transaction value		Brokerage fee, stamp duty and clearing fee paid	
	RM	%	RM	%
AmInvestment Bank Berhad*	<u>80,912</u>	<u>100.00</u>	<u>875</u>	<u>100.00</u>

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

The above transactions values were in respect of listed securities.

18. RISK MANAGEMENT POLICIES

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 a 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 the 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.