

FBM KLCI etf

**Statement by the Manager and Audited Financial Statements (unaudited)
For the financial period from 1 January 2011 to 31 March 2011**

(In Ringgit Malaysia)

Trust Directory

Manager

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

Board of Directors

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

Investment Committee

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

Investment Manager

AmInvestment Management Sdn Bhd

Trustee

HSBC (Malaysia) Trustees Berhad

Auditors and Reporting Accountants

Ernst & Young

Taxation Adviser

Deloitte KassimChan Tax Services Sdn Bhd

Corporate Directory

AmInvestment Services Bhd

Registered Office

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

Head Office

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

AmInvestment Management Sdn Bhd

Registered Office

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

Head Office

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

Secretaries

Ms Koid Phaik Gunn (MAICSA 7007433)
Ms Quah Khian Khoon (MAICSA)

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

HSBC (Malaysia)Trustee Berhad

Business/Registered Office/Head Office

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

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Manager's Report

Dear Unitholders,

We are pleased to present you the Manager's report and the unaudited accounts of FTSE Bursa Malaysia KLCI etf ("FBM KLCI etf") Fund ("the Fund") for the financial period ended 1 January 2011 to 31 March 2011.

Salient Information of the Fund

Name	FTSE Bursa Malaysia KLCI
Category/Type	ETF/ Equity
Objective	The objective of the Fund is to achieve a price and yield performance, before fees, expenses and tax, that is generally similar to that of the Benchmark Index, balanced with the need to facilitate liquidity provision.

Index Details of the index component as at 31 March 2011 are as follows:

Component	Stock code	Company's name	Percentage weight (%)	Shares in issue ('million units)
	1155	Malayan Banking Berhad	10.01	7,322.24
	1295	Public Bank Berhad	9.43	3,531.93
	1023	CIMB Group Holdings Berhad	9.30	7,432.77
	4197	Sime Darby Berhad	8.45	5,997.99
	3182	Genting Berhad	6.22	3,694.24
	6888	Axiata Group Berhad	6.17	8,445.15
	1961	IOI Corporation Berhad	5.86	6,662.35
	5347	Tenaga Nasional Berhad	5.15	5,403.20
	5183	PETRONAS Chemicals Group Berhad	3.54	8,000.00
	6947	DiGi.Com Berhad	3.39	777.50
	1015	AMMB Holdings Berhad	2.98	3,014.18
	3816	MISC Berhad	2.86	4,463.79
	6012	Maxis Berhad	2.46	7,500.00
	2445	Kuala Lumpur Kepong Berhad	2.30	1,068.77
	4863	Telekom Malaysia Berhad	2.21	3,577.40
	4715	Genting Malaysia Berhad	2.20	5,872.40
	4065	PPB Group Berhad	2.05	1,185.50
	6033	PETRONAS Gas Berhad	1.84	1,978.73
	5052	PLUS Expressways Berhad	1.82	5,000.00
	5398	Gamuda Berhad	1.61	2,044.52
	4677	YTL Corporation Berhad	1.44	1,897.12
	4162	British American Tobacco (M) Berhad	1.40	285.53
	6742	YTL Power International Berhad	1.35	7,188.72
	4588	UMW Holdings Berhad	1.31	1,162.20
	(Forward)			

Stock code	Company's name	Percentage weight (%)	Shares in issue ('million units)
5819	Hong Leong Bank Berhad	1.27	1,580.11
5681	PETRONAS Dagangan Berhad	1.00	993.45
1066	RHB Capital Berhad	0.75	2,153.48
2194	MMC Corporation Berhad	0.69	3,045.06
1082	Hong Leong Financial Berhad	0.58	1,052.77
3786	Malaysia Airline System Berhad	0.38	3,341.98

Duration 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.

Performance Benchmark FTSE Bursa Malaysia KLCI (formerly known as FTSE Bursa Malaysia Large 30 Index) ("FBM KLCI")

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

Breakdown of Unit Holdings by Size For the financial period under review, the size of the Fund stood at 2,508,000 units.

Breakdown of unitholding by size

Size of holding	As at 31 March 2011		As at 31 December 2010	
	Number of units held ('000)	Number of unitholders	Number of units held ('000)	Number of unitholders
Less than 100	1.32	37	1.32	37
100 - 1,000	18.99	34	21.60	37
1,001 - 10,000	355.01	91	355.17	90
10,001 – 100,000	811.33	33	809.55	33
100,001 to less than 5% of issue units	-	-	-	-
5% and above of issue units	1,321.36	4	1,320.36	4

Fund Performance Data

Portfolio Composition

Details of portfolio composition of FTSE Bursa Malaysia KLCI etf (“FBM KLCI etf”) (“the Fund”) for the financial periods as at 31 March 2011, 31 December 2010, and three financial years ended 31 December are as follow:

	As at 31-03-2011	As at 31-12-2010	FY 2010	FY 2009	FY 2008
	%	%	%	%	%
Construction	3.0	3.1	3.1	1.6	1.6
Consumers	4.7	4.6	4.6	5.6	4.8
Finance	34.3	34.8	34.8	35.1	25.2
Industrial	5.3	4.0	4.0	1.4	1.9
Infrastructure	4.7	4.3	4.3	2.8	3.4
Plantations	8.2	8.5	8.5	9.0	6.5
Trading/Services	39.5	39.5	39.5	42.0	35.1
Options	-	-	-	-	20.3
Cash and others	0.3	1.2	1.2	2.5	1.2
	100.0	100.0	100.0	100.0	100.0

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

Performance Details Performance details of the Fund for the financial periods as at 31 March 2011, 31 December 2010, and three financial years ended 31 December are as follows:

	3 months ended 31-03-2011	3 months ended 31-12-2010	FY 2010	FY 2009	FY 2008
Net asset value (RM)	3,884,654	3,851,816	3,851,816	4,322,755	3,748,450
Units in circulation (units)	2,508,000 ^(a)	2,508,000 ^(a)	2,508,000 ^(a)	3,344,000 ^(a)	650,000 ^(b)
Net asset value per unit (RM)	1.5489**	1.5358**	1.5358**	1.2927**	5.7668*
Highest net asset per unit (RM)	1.5921**	1.5412**	1.5412**	7.0489*	9.9339*
Lowest net asset per unit (RM)	1.4897**	1.4709**	1.2380**	1.0900**	5.4137*
Closing quoted price (RM/unit)	1.5250**	1.5450**	1.5450**	1.3000**	5.8100*
Highest quoted price (RM/unit)	1.5850**	1.5450**	1.5450**	1.3150**	9.9300*
Lowest quoted price (RM/unit)	1.4850**	1.4600**	1.2400**	0.8523**	5.4500*
Benchmark performance (%)	2.42	4.99	23.79	49.95	-36.25
Total return (%) ⁽¹⁾	2.01	4.31	20.56	46.42	-37.20
- Capital growth (%)	0.26	4.31	19.10	44.86	-39.65
- Income distribution (%)	1.75	-	1.46	1.56	2.45
Gross distribution per unit (sen)	1.79	-	2.13	7.74	21.72
Net distribution per unit (sen)	1.75	-	1.93	6.60	20.00

(Forward)

	3 months ended 31-03-2011	3 months ended 31-12-2010	FY 2010	FY 2009	FY 2008
Distribution yield (%) ⁽²⁾	1.15	-	1.25	5.08	3.44
Management expense ratio (%) ⁽³⁾	1.31	1.20	1.19	1.18	1.06
Portfolio turnover ratio (times) ⁽⁴⁾	0.01	1.20	1.35	0.08	1.69

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

** Above price and net asset value per unit are shown as ex-distribution, 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/years divided by the closing quoted price.
- (3) Management expense ratio is calculated based on the total fees and expenses incurred by the Fund divided by the average fund size calculated on a daily basis. The MER increased by 0.12% as compared to 1.20% per annum for the quarter ended 31 December 2010 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 by 1.19 times (99.2%) as compared to 1.20 times for the quarter ended 31 December 2010 mainly due to decrease in investing activities.

Average Total Return

	FBM KLCI etf ^(a)	FBM KLCI/ FBM30 Index ^(b)
	%	%
One year	18.2	21.1
Three years	8.3	11.6
Since launch of Fund (19 July 2007)	5.5	7.5

Annual Total Return

Financial Years/Period (31 December)	FBM KLCI etf ^(a)	FBM KLCI/ FBM30 Index ^(b)
	%	%
2010	20.6	23.8
2009	46.4	50.0
2008	-37.2	-36.3
2007 ^(c)	7.6	7.7

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

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

(c) Total actual return for the financial period from 19 July 2007 (date of listed on Bursa Malaysia) to 31 December 2007.

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.

Fund Performance

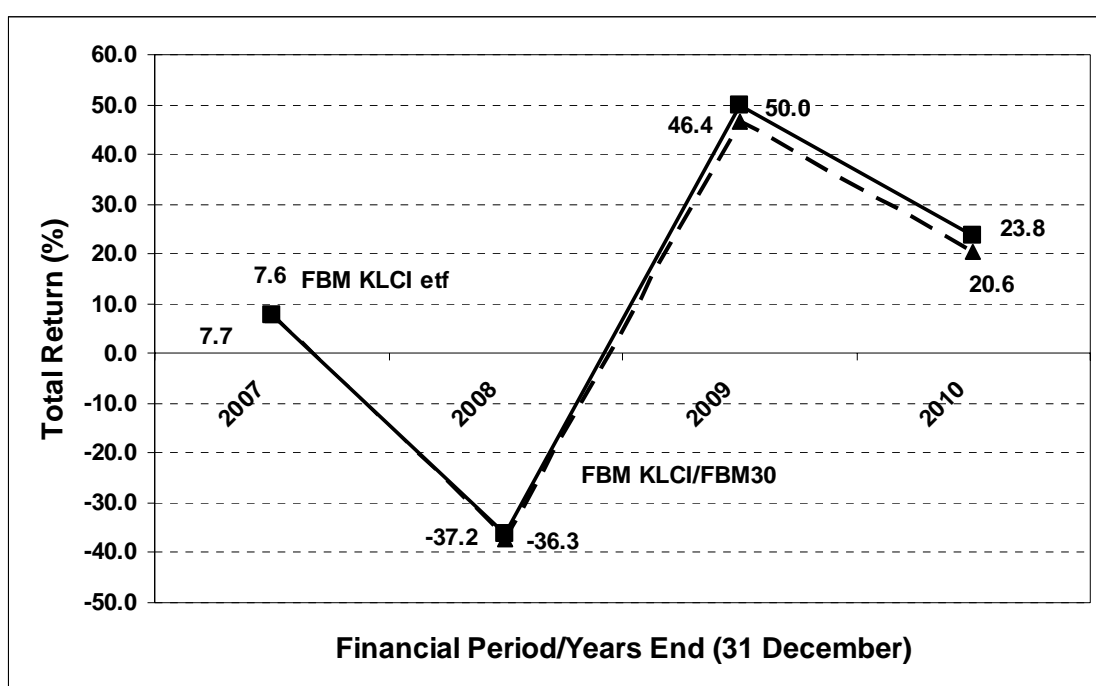
For the financial period under review, the Fund recorded a return of 2.01% comprising of 0.26% capital growth and 1.75% of income distribution.

The Fund registered a return of 2.01%, and underperformed the benchmark return of 2.42% by 0.41% as at financial period 31 December 2010.

The NAV of the Fund increased by 0.85% from RM3,851,816 to RM3,884,654. The NAV per unit of Fund increased by 0.85% from RM1.5358 to RM1.5489 while units in circulations remain unchanged amounting to 2,508,000 units.

The closing price quoted at Bursa Malaysia of the Fund decreased by 1.29% from RM1.5450 to RM1.5250.

The Line Chart below shows the comparison between the annual performance of FBM KLCI etf and its benchmark for each of the financial years/period ended 31 December.



Past performance is not an indication of the future performance of the Fund.

Strategies and Policies Employed

For the financial period under review, the Manager will be indexing using complete or partial replication. This will generally result in the Fund investing all or substantially all of its assets in the constituents of the benchmark index. In managing the Fund, the Manager aims to achieve performance, over time, with a correlation of 95% or better between the Fund's portfolio NAV and the benchmark index. The Manager will be responsible to monitor the correlation and if, in the Manager's belief, the current portfolio is not tracking the benchmark index and that it will lead to correlation below the objective of 95%, then the Manager may judiciously rebalance the portfolio to improve correlation or to rectify the divergence. Except for index changes, where rebalancing of the portfolio may have to take place prior to, upon or after the index changes, rebalancing of the portfolio will be carried out, no more than once a month. Where the Manager deems appropriate, the Manager may allow a Participating Dealer that has been pre-approved, to tender Zero Strike Call Options equivalent in value to an In-Kind Creation Basket or multiples thereof, in exchange

for ETF units, to facilitate the liquidity provision process.

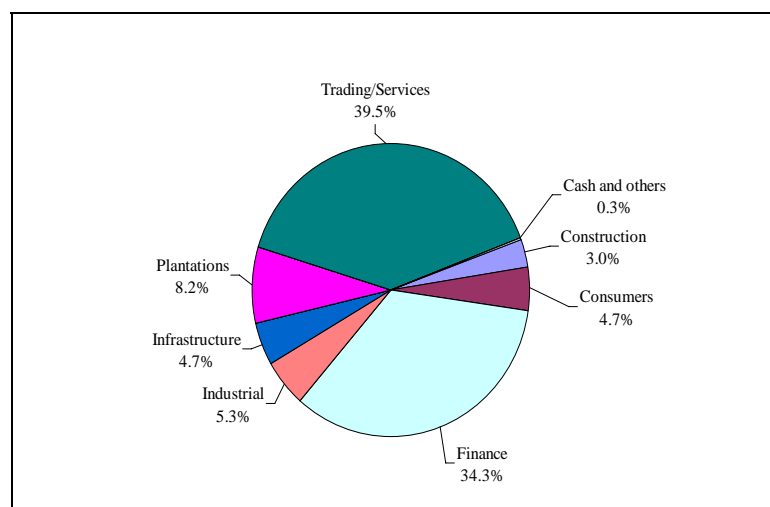
Portfolio Structure

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

	31 March 2011	31 December 2010	Change
	(%)	(%)	(%)
Construction	3.0	3.1	-0.1
Consumer products	4.7	4.6	0.1
Finance	34.3	34.8	-0.5
Industrial products	5.3	4.0	1.3
Infrastructure	4.7	4.3	0.4
project companies			
Plantations	8.2	8.5	-0.3
Trading/Services	39.5	39.5	-
Cash and others	0.3	1.2	-0.9
Total	100.0	100.0	

There were changes to industrial products whereby the weighting increased by 1.3%. The remaining sectors have no significant changes to the assets allocation since the last report.

This pie chart below shows the sectoral composition of the Fund for the financial period under review.



Distribution/ unit splits

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

State of Affairs of the Fund

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

Rebates and Soft Commission

It is our policy to pay all rebates to the Fund. However, soft commissions received for goods and services such as fundamental database, financial wire services, technical analysis software and stock quotation system incidental to investment management of the Fund are retained by the Manager. For the financial period under review, the Manager has received soft-commissions.

Market Review

The KLCI started the year with a strong gain and was one of the best performing markets in the region before heavy profit taking surfaced as the Indonesian and Thai stock markets were sold down on inflation and political concerns. Malaysia's strong performance is partly due to positive news flow from the Economic Transformation Programme and the long list of entry point projects that have been announced on a monthly basis.

However, February was a tough month for Malaysia and regional markets as it suffered from the double whammy of a reversal in funds flow from emerging markets back to developed markets and political concerns from MENA countries driving up oil prices. The spike in oil prices had fueled the concerns about inflation and the possibility of a double-dip arising from its negative impact on global economic growth.

March was more volatile month for Malaysia and also the regional equity markets. Concerns of unrest in the Middle East took a backseat as investors focused on the economic and stock market impact from the Mar 11 earthquake in Japan, believed to be one of the worst in Japan for more than 100 years. However, global and regional equity markets bottomed out by mid-March and since then, equity markets worldwide have rebounded.

KLCI touched its year's high of 1576 points in early January before heavy profit taking took place but managed to stay above the psychological level of 1500 points. However, the civil unrest which aggravated in February pulled the index down to 1474 points. The KLCI tested again the level in March due to the earthquake and reached as low as 1,475pts in mid-March before rebounding. Nevertheless, the slew of bad news did not bring down the index for the quarter under review, KLCI up 26.22 points or 1.73%

Market Outlook

The economy is gradually showing its ability to recover and withstand the headwinds. In our view, US have shown the resilience of its economy and recovery it's on its way as job market strengthening. Although still facing with debt problems, the European Nations especially Germany has also been showing recovery in their economy. This is also supported by the OECD leading indicator statistics which shows the global economy is in the early phase of economic recovery. However, high inflation and high oil price remain a concern to the investors and these uncertainties will heighten the volatility in equities market.

Events unfold in MENA will determine the direction of the oil price in the near term. However, the latest economic data shows the economy can still withstand oil price at USD100 per barrel and inflation too doesn't go up substantially. This is important to the economy as well as corporate profits. A fall in both will also mark the end of the tightening cycle and resumption in equity prices

From a liquidity perspective, current outflows from emerging to developed markets should continue over the near term but we believe that this is tactical rather than strategic as emerging market (EM) is a beta to the US market. Once the valuation differential narrows between EM and US, fund flow reversals back to EM would occur.

Chinese economy too may have begun to respond to tightening measures as witnessed by slowing car sales and deceleration in M2 to 15.7%, which was below the official target of 16%. Major targets of the 12th Financial Plan includes an 8% GDP growth for 2011 and 7% pa subsequently over the next 5 years highlighting that the Chinese government is mindful that without a decent level of growth to create jobs, social stability will be threatened just like in the MENA region. Slowing economic momentum, normalizing money growth and easing inflationary pressure suggest that the need for further tightening has diminished. All these imply that China will be the first to end its tightening cycle and investors should be ready to re-invest post inflationary easing which we envisage in the second half of 2011.

As we move into the 2nd quarter of 2011, we need to be mindful of the 2012 PE valuation of 13.3x, which is below the current average of 14.2x. While we are still forecasting a KLCI target of 1620 for end 2011, we are mindful that there is upside risk as evident from the 2010 actual earnings growth of 32% versus an estimate of 28%.

Kuala Lumpur, Malaysia
AmInvestment Services Berhad

29 April 2011

FBM KLCI etf**STATEMENT OF FINANCIAL POSITION (unaudited)
AS AT 31 MARCH 2011**

	Note	31-3-2011 RM	31-3-2010 RM
ASSETS			
Quoted investments at fair value through profit and loss (“FVTPL”)	4	3,880,855	4,410,437
Sundry receivables		23,106	24,344
Tax recoverable		7,873	9,932
Cash at banks		13,581	27,394
Total Assets		<u>3,925,415</u>	<u>4,472,107</u>
LIABILITIES			
Amount due to Manager	6	7,013	7,440
Amount due to index provider	7	2,042	2,171
Amount due to Trustee	8	193	245
Sundry payables and accrued expenses		31,513	20,475
Total Liabilities		<u>40,761</u>	<u>30,331</u>
EQUITY			
Unitholders’ capital		3,658,895	4,908,238
Retained earnings/(accumulated loss)		225,759	(466,462)
Total Equity	10	<u>3,884,654</u>	<u>4,441,776</u>
Total Equity and Liabilities		<u>3,925,415</u>	<u>4,472,107</u>
UNITS IN CIRCULATION	10(a)	<u>2,508,000</u>	<u>3,344,000</u>
NET ASSET VALUE PER UNIT – EX DISTRIBUTION		<u>154.89 sen</u>	<u>132.83 sen</u>

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

FBM KLCI etf**STATEMENT OF COMPREHENSIVE INCOME (unaudited)
FOR THE PERIOD FROM 1 JANUARY 2011 TO 31 MARCH 2011**

	Note	1-1-2011 to 31-3-2011 RM	1-1-2010 to 31-3-2010 RM
INVESTMENT INCOME			
Dividend income		25,500	37,937
Interest income		8	193
Net gain from investments:		-	-
- financial assets at FVTPL	9	65,221	-
- net unrealised gain on changes in value of quoted investments		-	150,568
- net realised gain on sale of quoted investments		-	2,302
		<u>90,729</u>	<u>191,000</u>
EXPENSES			
Manager's fee	6	4,789	5,326
License fee	7	383	426
Trustee's fee	8	575	639
Auditors' remuneration		997	986
Tax agent's fee		1,247	1,233
Administrative expenses		4,510	4,965
		<u>12,501</u>	<u>13,575</u>
NET INCOME BEFORE TAX		78,228	177,425
LESS: INCOME TAX EXPENSE	12	<u>(1,500)</u>	<u>(4,900)</u>
NET INCOME AFTER TAX		<u>76,728</u>	<u>172,525</u>
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>76,728</u>	<u>172,525</u>
DISTRIBUTIONS	13	<u>43,890</u>	<u>53,504</u>
Net income after tax comprises the following:			
Realised income		14,626	21,957
Unrealised gain		62,102	150,568
		<u>76,728</u>	<u>172,525</u>

(Forward)

	Note	1-1-2011 to 31-3-2011 RM	1-1-2010 to 31-3-2010 RM
Distributions for the year:			
Net distributions	13	43,890	53,504
Net distributions per unit (sen)	13	<u>1.7500</u>	<u>1.6000</u>
Gross distributions per unit (sen)	13	<u>1.7922</u>	<u>1.7662</u>

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

FBM KLCI etf

**STATEMENT OF CHANGES IN NET ASSET VALUE (unaudited)
FOR THE PERIOD FROM 1 JANUARY 2011 TO 31 MARCH 2011**

	Note	Unitholders' capital RM	(Accumulated loss)/retained earnings RM	Total equity RM
At 1 January 2010 as previously stated		4,339,300	(16,545)	4,322,755
Reclassification of distribution equalisation		<u>568,938</u>	<u>(568,938)</u>	<u>-</u>
At 1 January 2010 as restated		4,908,238	(585,483)	4,322,755
Total comprehensive income for the year	10(b)(c)	-	172,525	172,525
Creation of units	10(a)	-	-	-
Cancellation of units	10(a)	-	-	-
Income distributions	13	<u>-</u>	<u>(53,504)</u>	<u>(53,504)</u>
Balance at 31 March 2010		<u>4,908,238</u>	<u>(466,462)</u>	<u>4,441,776</u>
At 1 January 2011		3,658,895	192,921	3,851,816
Total comprehensive income for the year	10(b)(c)	-	76,728	76,728
Creation of units	10(a)	-	-	-
Cancellation of units	10(a)	-	-	-
Income distributions	13	<u>-</u>	<u>(43,890)</u>	<u>(43,890)</u>
Balance at 31 March 2011		<u>3,658,895</u>	<u>225,759</u>	<u>3,884,654</u>

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

FBM KLCI etf**STATEMENT OF CASH FLOWS (unaudited)
FOR THE PERIOD FROM 1 JANUARY 2011 TO 31 MARCH 2011**

Note	1-1-2011 to 31-3-2011 RM	1-1-2010 to 31-3-2010 RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES		
Proceeds from sale of quoted investments	46,517	40,495
Dividend received	19,445	17,288
Interest received	8	193
License fee paid	(125)	(423)
Trustee's fee paid	(616)	(613)
Tax agent's fee paid	-	(5,451)
Manager's fee paid	(5,130)	(5,111)
Payment for other administrative expenses	(4,658)	(11,371)
Purchase of quoted investments	<u>(43,361)</u>	<u>(63,136)</u>
Net Cash Generated From/(Used In) Operating And Investing Activities	<u>12,080</u>	<u>(28,129)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Distributions paid	<u>(43,890)</u>	<u>(53,504)</u>
Net Cash Used In Financing Activities	<u>(43,890)</u>	<u>(53,504)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(31,810)	(81,633)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>45,391</u>	<u>109,027</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>13,581</u></u>	<u><u>27,394</u></u>
Cash and cash equivalents comprises the following:		
Cash at banks	<u>13,581</u>	<u>27,394</u>
	<u>13,581</u>	<u>27,394</u>

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

FBM KLCI etf

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 to 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’s change 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 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 in accordance with applicable Financial Reporting Standards (“FRS”) and the Securities Commission’s Guidelines on Exchange Traded Funds in Malaysia.

Changes in Accounting Policies

FRS 7 Financial Instruments: Disclosures

Prior to 1 January 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 *Financial Instruments: Disclosure and Presentation*. FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk using VaR analysis.

The Fund has applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The new disclosures are included throughout the financial statements for the financial period from 1 January 2011 to 31 March 2011.

FRS 8 Operating Segments

FRS 8, which replaces FRS 114 *Segment Reporting*, requires disclosure of information about the Fund's operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance, and replaces the requirement of the Fund to determine primary (business) and secondary (geographical) reporting segments.

The Fund only has one reporting segment.

FRS 101 Presentation of Financial Statements (Revised)

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. The standard also introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Fund has elected to present this statement as one single statement.

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the financial statements.

The revised FRS 101 was adopted retrospectively by the Fund.

Amendments to FRS 132 *Financial Instruments: Presentation* and FRS 101 *Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation*

Amendments to FRS 132 and FRS 101 became effective for annual periods beginning on or after 1 January 2010. The amendment to FRS 132 requires entities to classify puttable financial instruments as equity if the instruments have certain particular features and meet specific conditions. The amendments to FRS 101 require disclosure of certain information relating to puttable instruments classified as equity.

The unitholders' capital has the features and meets the conditions for classification as equity instruments. Consequently, upon adoption of the Amendments to FRS 132, unitholders' capital amounting to RM3,658,895 (1 January 2010 to 31 March 2010: RM4,908,238) is reclassified from financial liabilities to equity. Distributions made by the Fund are recognised as dividends in equity in the period in which they are declared.

FRS 139 Financial Instruments: Recognition and Measurement

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Fund has adopted FRS 139 prospectively on 1 January 2011 in accordance with the transitional provisions. The effects arising from the adoption of this standard has been accounted for by adjusting the opening balance of retained earnings as at 1 January 2011. Comparatives are not restated. The details of the changes in accounting policies and the effects arising from the adoption of FRS 139 are discussed below:

- Equity instruments and fixed income securities

Prior to 1 January 2011, the Fund's investments in quoted equity instruments and fixed income securities were carried at the last done market price quoted on Bursa Malaysia as at the reporting date. The fair value adjustments on the investments were recognised in profit or loss.

Upon the adoption of FRS 139, these investments are classified on 1 January 2011 as either financial instruments at FVTPL and stated at their respective fair values. The determination of fair values of the various types of financial instruments is as described in Note 16. The classification of certain of these investments as financial instruments at FVTPL did not materially affect the financial statements of the Fund.

The Fund has not adopted the following FRSs, amendments to FRSs, Interpretation of the Issues Committee ("IC Interpretations") and Technical Releases ("TR") 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 (revised)	1 July 2010
FRS 124	Related Party Disclosure	1 January 2012
FRS 127	Consolidated and Separate Financial Statements	1 July 2010
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards	1 January 2011
Amendments to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 1	Additional Exemption for First-time Adopters	1 January 2011
Amendments to FRS 2	Share-based Payment	1 July 2010
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions	1 January 2011

(Forward)

		Effective for financial periods beginning on or after
Amendments to FRS 3	Business Combinations	1 January 2011
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendments to FRS 7	Financial Instruments: Disclosures	1 January 2011
Amendments to FRS 7	Improving Disclosures about Financial Instruments	1 January 2011
Amendments to FRS 101	Presentation of Financial Statements	1 January 2011
Amendments to FRS 121	The Effects of Changes in Foreign Exchange Rate	1 January 2011
Amendments to FRS 127	Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 July 2010
Amendments to FRS 128	Investments in Associates	1 January 2011
Amendments to FRS 131	Interests in Joint Ventures	1 January 2011
Amendments to FRS 132	Financial Instruments: Presentation	1 January 2011
Amendments to FRS 132	Classification of Rights Issues	1 March 2010
Amendments to FRS 134	Interim Financial Reporting	1 January 2011
Amendments to FRS 138	Intangible Assets	1 July 2010
Amendments to FRS 139	Financial Instruments: Recognition and Measurement	1 January 2011
IC Interpretation 4	Determining whether an Arrangement Contains a Lease	1 January 2011
IC Interpretation 12	Service Concession Arrangements	1 July 2010
IC Interpretation 15	Agreements for the Construction of Real Estate	1 January 2012
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
IC Interpretation 18	Transfer of Assets from Customers	1 January 2011
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives	1 July 2010
Amendments to IC Interpretation 13	Customer Loyalty Programmes	1 January 2011
Amendments to IC Interpretation 14	Prepayment of a Minimum Funding Requirements	1 July 2011
TR 3	Guidance on disclosures of Transition to IFRSs	1 January 2011
TR i-4	Shariah-Compliant Sale Contracts	1 January 2011

Other than Amendments to FRS 7, the other FRSs, amendments to FRSs, IC Interpretations and TR are either not applicable or are expected not to have any significant impact on the financial statements of the Fund upon their initial application.

3. **SIGNIFICANT ACCOUNTING POLICIES**

Income Recognition

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

Dividend/distribution income is recognised when the Fund's right to receive payment is established. Interest on fixed income securities and Islamic short-term deposits, if any, is recognised on an accrual basis.

Income Tax Expense

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

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

Functional and Presentation Currency

Functional currency is the currency of the primary economic environment in which the Fund operates that most faithfully represents the economic effects of the underlying transactions. This is 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.

Statement of Cash Flows

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

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

Payables

The amounts are stated at cost which is the fair value of the consideration to be paid for goods or services received.

Distribution

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

Unitholders' Capital

The unitholders' contributions to the Fund meet the definition of puttable instruments classified as equity instruments under the revised FRS 132. Consequently, the unitholders' capitals are classified as equity instruments. Comparative figures have been restated.

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

Financial Assets

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

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

The Fund determines the classification of its financial assets at initial recognition, and the categories include as financial assets at fair value through profit or loss and loans and receivables.

(i) Financial assets at FVTPL

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

Subsequent to initial recognition, financial assets at FVTPL are measured at fair value. Changes in the fair value of those financial instruments are recorded in 'Net gain or loss on financial assets at fair value through profit or loss'. Interest earned and dividend revenue elements of such instruments are recorded separately in 'Interest income' and 'Gross dividend income', respectively. Exchange differences on financial assets at FVTPL are not recognised separately in profit or loss but are included in net gains or net losses on changes in fair value of financial assets at FVTPL.

For investments in listed securities, market value is determined based on the theoretical 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 theoretical closing price provided by Bond Pricing Agency Malaysia Sdn Bhd. Unrealised gains or losses recognised in the statement of comprehensive income is not distributable in nature.

On disposal of investments, the net realised gain or loss on disposal is measured as the difference between the net disposal proceeds and the carrying amount of the investments. The net realised gain or loss is recognised in the statement of comprehensive income.

(ii) Loans and receivables

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

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

Financial Liabilities

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

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

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

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

Classification of Realised and Unrealised Gains and Losses

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

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

Significant Accounting Estimates and Judgments

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

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

4. QUOTED INVESTMENTS

	31-3-2011 Financial assets at FVTPL (Note 4) RM	31-3-2010* Total (Note 5) RM
Quoted investments	3,880,855	4,410,437

* Prior to 1 January 2011, the investments of the Fund, although carried at fair values, need not be classified as "financial assets at FVTPL".

Details of quoted investments as at 31 March 2011 are as follows:

Securities quoted in Malaysia	Number of units	Market value RM	Purchase cost RM	Market value as a percentage of net asset value %
Name of Company				
Construction				
Gamuda Berhad	16,100	62,146	60,000	1.60
YTL Corporation Berhad	7,374	54,863	58,418	1.41
	23,474	117,009	118,418	3.01

(Forward)

Securities quoted in Malaysia	Number 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	1,100	52,866	47,867	1.36
PPB Group Berhad	4,700	79,994	65,617	2.06
UMW Holdings Berhad	6,900	50,784	47,472	1.31
	<u>12,700</u>	<u>183,644</u>	<u>160,956</u>	<u>4.73</u>
Finance				
AMMB Holdings Berhad	17,900	116,171	94,457	2.99
CIMB Group Holdings Berhad	44,100	361,620	319,028	9.31
Hong Leong Bank Berhad	5,000	49,250	41,237	1.27
Hong Leong Financial Group Berhad	2,500	22,500	22,267	0.58
Malayan Banking Berhad	43,567	390,360	334,058	10.05
Public Bank Berhad	27,900	366,048	323,701	9.42
RHB Capital Berhad	3,400	29,172	24,362	0.75
	<u>144,367</u>	<u>1,335,121</u>	<u>1,159,110</u>	<u>34.37</u>
Industrial Products				
PETRONAS Chemical Group Berhad	19,000	137,560	102,799	3.54
PETRONAS Gas Berhad	6,100	69,784	67,161	1.80
	<u>25,100</u>	<u>207,344</u>	<u>169,960</u>	<u>5.34</u>
Infrastructure				
DiGi.Com Berhad	4,600	131,560	111,322	3.38
YTL Power International Berhad	22,071	50,763	52,033	1.31
	<u>26,671</u>	<u>182,323</u>	<u>163,355</u>	<u>4.69</u>

(Forward)

Securities quoted in Malaysia	Number of units	Market value RM	Purchase cost RM	Market value as a percentage of net asset value %
Name of Company				
Plantation				
IOI Corporation Berhad	39,585	228,010	228,432	5.87
Kuala Lumpur Kepong Berhad	4,200	89,040	73,812	2.29
	<u>43,785</u>	<u>317,050</u>	<u>302,244</u>	<u>8.16</u>
Trading/Service				
Axiata Group Berhad	50,100	239,979	216,612	6.18
Genting Berhad	21,900	241,776	203,803	6.22
Genting Malaysia Berhad	23,200	85,376	79,512	2.20
MISC Berhad	14,140	111,282	126,256	2.86
Malaysian Airline System Berhad	7,800	14,352	16,432	0.37
Maxis Berhad	17,800	95,764	95,055	2.47
MMC Corporation Berhad	9,500	26,315	27,653	0.68
PETRONAS Dagangan Berhad	2,300	37,950	23,319	0.98
PLUS Expressways Berhad	15,600	69,888	61,483	1.80
Sime Darby Berhad	35,689	329,409	303,930	8.48
Telekom Malaysia Berhad	21,200	85,648	61,091	2.20
Tenaga Nasional Berhad	32,100	200,625	236,749	5.16
	<u>251,329</u>	<u>1,538,364</u>	<u>1,451,895</u>	<u>39.60</u>
Total financial assets at FVTPL	<u>527,426</u>	<u>3,880,855</u>	<u>3,525,938</u>	<u>99.90</u>
Excess of fair value over cost			<u>354,917</u>	

5. **PRIOR PERIOD INVESTMENTS**

31-3-2010
RM

Quoted investments represent:

- At cost	<u>4,228,677</u>
- At market value	<u>4,410,437</u>

6. **AMOUNT DUE TO MANAGER**

	31-3-2011	31-3-2010
	RM	RM
Manager's fee payable	1,613	2,040
Application fee payable to Manager	<u>5,400</u>	<u>5,400</u>
	<u>7,013</u>	<u>7,440</u>

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 2011 to 31 March 2011 (0.5% for the financial period from 1 January 2010 to 31 March 2010).

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

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 2011 to 31 March 2011 (0.04% for the financial period from 1 January 2010 to 31 March 2010).

8. **AMOUNT DUE TO TRUSTEE**

Amount due to Trustee represents 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 2011 to 31 March 2011 (0.06% for the financial period from 1 January 2010 to 31 March 2010).

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

9. **NET GAIN FROM INVESTMENTS – FVTPL**

**31-3-2011
RM**

Financial assets at FVTPL comprises the following:

- net unrealised gain on changes in value of quoted investments	62,102
- net realised gain on sale of quoted investments	<u>3,119</u>
	<u><u>65,221</u></u>

10. **TOTAL EQUITY**

Net asset value attributable to unitholders is represented by:

	Note	31-3-2011 RM	31-3-2010 RM
Unitholders' capital	(a)	3,658,895	4,908,238
Retained earnings			
- Realised loss	(b)	(129,159)	(648,222)
- Unrealised gain	(c)	<u>354,918</u>	<u>181,760</u>
		<u><u>3,884,654</u></u>	<u><u>4,441,776</u></u>

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

	1-1-2011 to 31-3-2011		1-1-2010 to 31-3-2010	
	Number of units	RM	Number of units	RM
At beginning of period as previously stated	2,508,000	3,658,895	3,344,000	4,339,300
Reclassification of distribution equalisation	-	-	-	(568,938)
At beginning of period	2,508,000	3,658,895	3,344,000	4,908,238
Creation during the period	-	-	-	-
Cancellation during the period	-	-	-	-
	<u>2,508,000</u>	<u>3,658,895</u>	<u>3,344,000</u>	<u>4,908,238</u>
Distributions out of distribution equalisation	-	-	-	-
At end of period	<u><u>2,508,000</u></u>	<u><u>3,658,895</u></u>	<u><u>3,344,000</u></u>	<u><u>4,908,238</u></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 2011 and 31 March 2010. Holdings by parties related to the Manager as at 31 March 2011 were 762,400 units valued at RM1,162,660 (1,413,354 units valued at RM1,827,043 as at 31 March 2010).

(b) REALISED – DISTRIBUTABLE

	1-1-2011 to 31-3-2011 RM	1-1-2010 to 31-3-2010 RM
At beginning of period as previously stated	(99,895)	(47,737)
Reclassification of distribution equalisation	-	(568,938)
At beginning of period as restated	(99,895)	(616,675)
Net income after tax	76,728	172,525
Net unrealised gain attributable to investments held transferred to unrealised reserve	(62,102)	(150,568)
Distribution out of realised reserve (Note 12)	(43,890)	(53,504)
Net decrease in realised reserve for the period	(29,264)	(31,547)
Balance as at end of the period	(129,159)	(648,222)

(c) UNREALISED – NON-DISTRIBUTABLE

	1-1-2011 to 31-3-2011 RM	1-1-2010 to 31-3-2010 RM
At beginning of period	292,816	31,192
Net unrealised gain attributable to investments sold transferred to realised reserve	62,102	150,568
At end of period	354,918	181,760

11. UNITS HELDS BY RELATED PARTIES

	1-1-2011 to 31-3-2011		1-1-2010 to 31-3-2010	
	Number of units	RM	Number of units	RM
Parties related to the Manager*	762,400	1,162,660	1,432,967	1,903,410

* The parties related to the Manager are the legal and beneficial owners of the units. The Manager, AmInvestment Services Berhad, did not hold any unit in the Fund as at 31 March 2011.

12. INCOME TAX EXPENSE

Income tax is calculated at the Malaysian statutory tax rate of 25% of the estimated assessable income for the financial year.

The tax charge for the financial year is in relation to the taxable income earned by the Fund after deducting tax allowable expenses. In accordance with Schedule 6 of the Income Tax Act 1967, interest income earned by the Fund is exempted from tax.

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

	1-1-2011 to 31-3-2011 RM	1-1-2010 to 31-3-2010 RM
Net income before income tax	<u>78,228</u>	<u>177,425</u>
Taxation at Malaysian statutory rate of 25%	19,600	44,400
Tax effect of:		
Income not subject to tax	(21,100)	(42,700)
Restriction on tax deductible expenses for unit trust funds	1,600	2,000
Non-permitted expenses for tax purposes	<u>1,400</u>	<u>1,200</u>
Tax expense for the financial period	<u>1,500</u>	<u>4,900</u>

13. DISTRIBUTIONS

Distributions to unitholders declared on 26 January 2011 (12 January 2010 on previous financial period) are from the following sources:

	1-1-2011 to 31-3-2011 RM	1-1-2010 to 31-3-2010 RM
Dividend income	46,227	83,004
Interest income	61	12,216
Other income	374	-
Distribution/loss equalisation	-	45,938
Net realised gain on sale of unquoted investments	194,244	163,313
Net realised loss on sale of quoted investments	-	(104,958)
Accumulated loss brought forward	<u>(47,737)</u>	<u>(16,545)</u>
	193,169	182,968

	1-1-2011 to 31-3-2011 RM	1-1-2010 to 31-3-2010 RM
Less: Expenses	(54,406)	(50,284)
Taxation	(29,334)	(15,100)
Income distributions paid	(65,539)	(64,080)
	<u>43,890</u>	<u>53,504</u>
Total amount of distributions	<u>43,890</u>	<u>53,504</u>
Net distributions per unit (sen)	<u>1.75</u>	<u>1.60</u>
Gross distributions per unit (sen)	<u>1.79</u>	<u>1.77</u>
Distribution out of:		
- Realised reserve	<u>43,890</u>	<u>53,504</u>

14. MANAGEMENT EXPENSE RATIO (“MER”)

The Fund’s MER is as follows:

	1-1-2011 to 31-3-2011 % p.a.	1-1-2010 to 31-3-2010 % p.a.
Manager’s fee	0.50	0.50
Trustee’s fee	0.06	0.06
License fee	0.04	0.04
Trust administrative expenses	0.71	0.67
	<u>1.31</u>	<u>1.27</u>
Total MER	<u>1.31</u>	<u>1.27</u>

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

15. PORTFOLIO TURNOVER RATIO (“PTR”)

The PTR of the Fund is the ratio of average acquisitions and disposals of the Fund for the financial year to the average NAV of the Fund calculated on a daily basis, is 0.01 times for the financial period from 1 January 2011 to 31 March 2011 (0.01 times for the financial period from 1 January 2010 to 31 March 2010).

16. SEGMENTAL REPORTING

In accordance with the objective of the Fund, substantially all of the Fund's investments are made in the form of quoted investments and fixed income securities in Malaysia. The Manager is of the opinion that the risk and rewards from these investments are not individually or segmental distinct and hence the Fund does not have separate identifiable business or geographical segments.

17. TRANSACTIONS WITH FINANCIAL INSTITUTIONS/BROKERS

Details of transactions with financial institutions/brokers for the financial period from 1 January 2011 to 31 March 2011 are as follows:

Financial institutions/brokers	Transaction value		Brokerage fee, stamp duty and clearing fee paid	
	RM	%	RM	%
AmInvestment Bank Berhad*	<u>89,965</u>	<u>100.00</u>	<u>1,174</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 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. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

With effect from 1 January 2011, the Fund's financial assets and financial liabilities are measured on an ongoing basis at either fair value or at amortised cost based on their respective classification. The significant accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognized. The following table analyses the financial assets and liabilities of the Fund in the statement of financial position as at 31 March 2011 by the class of financial instrument to which they are assigned, and therefore by the measurement basis.

	Financial assets at FVTPL RM	Loans and receivables RM	Financial liabilities at amortised cost RM	Total RM
Assets				
Investments	3,880,855	-	-	3,880,855
Sundry receivables	-	23,106	-	23,106
Cash at banks	-	13,581	-	13,581
	<hr/>	<hr/>	<hr/>	<hr/>
Total financial assets	3,880,855	36,687	-	3,917,542
Total non-financial assets				7,873
				<hr/>
				3,925,415
				<hr/> <hr/>

	Financial assets at FVTPL RM	Loans and receivables RM	Financial liabilities at amortised cost RM	Total RM
Liabilities				
Other payables and accruals	-	-	31,513	31,513
Due to Manager			7,013	7,013
Due to index provider	-	-	2,042	2,042
Due to Trustee	-	-	193	193
	<hr/>	<hr/>	<hr/>	<hr/>
Total financial liabilities	-	-	40,761	40,761
	<hr/>	<hr/>	<hr/>	<hr/>

	Income, expense, gains and losses RM
Net gain from financial assets FVTPL	65,221
Interest income, of which derived from:	
Interest income from loans and receivables	8
	<hr/> <hr/>

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

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

Quoted equity instruments and quoted debt securities

Fair value is determined directly by reference to their published market bid price at the reporting date.

For instruments quoted on Bursa Malaysia, the market bid prices are determined by reference to the theoretical closing market price as published by Bursa Malaysia. The market bid prices of equity instruments quoted on other stock exchanges are determined by reference to information made publicly available by these respective stock exchanges.

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

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

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

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

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

	31 March 2011			Total RM
	Level 1 RM	Level 2 RM	Level 3 RM	
Financial assets at FVTPL				
Quoted equity securities	<u>3,880,855</u>	<u>-</u>	<u>-</u>	<u>3,880,855</u>

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

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

- Sundry receivables
- Amounts due to Manager
- Amount due to Trustee
- Amount due to index provider
- Sundry payables

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

Except for the effects arising from the adoption of FRS 139 as disclosed in Note 2, the methods and basis for the determination of fair value of the Fund's financial instruments in the current financial year were consistent with that of the previous financial year.

19. **RISK MANAGEMENT**

The Fund is exposed to a variety of risks that included market risk, interest rate risk, credit risk, liquidity risk, single issuer risk, regulatory risk, management risk and stock risk.

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

Market Risk

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

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

The Fund uses Monte Carlo simulation to assess possible changes in the market value of the portfolio. Based on 180 weekly historical data points, 100,000 simulation runs were carried out to estimate the potential loss at the 99% confidence level. The VaR model is designed to measure market risk during normal market conditions. Due to the fact that VaR relies on historical data to provide information and that there is no prediction of the future changes in the risk factors, the probability of large market movement may be underestimated. VaR may also be under- or over-estimated due to the interdependence between the market risk factors. Even though positions may change throughout the day, the VaR only represents the risk of the portfolio at the close of each business day. Analysis is carried out to estimate potential losses at the 99% confidence level.

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

(b) VaR assumptions

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

	Value-at-Risk (%)			
	Foreign Exchange Risk	Interest Rate Risk	Equities Risk	Total VaR
31 March 2011	-	-	2.560	2.560
Average daily	-	-	2.598	2.598
Highest	-	-	2.623	2.623
Lowest	-	-	2.560	2.560

Based on the Monte Carlo simulation performed using historical weekly data for the past 180 weeks, FBMKLCI etf's portfolio that invests mainly in the constituents of the FTSE Bursa Malaysia Large 30 Index had a daily 1% Value-at-Risk (VaR) of approximately 2.56% as at 31 March 2011. This implies that not more than 1 out of 100 trading days would record a daily loss exceeding 2.56% of the NAV.

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.

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.

Additional Information

Board of Directors of the Manager

The Board of Directors, of which one-third are independent members, exercise ultimate control over the operations of the Manager. For the financial period under review, 1 board meetings was held.

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

Name: Harinder Pal Singh

Age	:	49
Nationality	:	Malaysia
Qualification	:	Bachelors Degree in Accounting from University Malaya
Executive/Non-Executive Director	:	Executive Director
Independent/Non-Independent Director	:	Non-Independent Director
Working Experience	:	Bank Negara Malaysia Senior Administrative Officer, Insurance Inspection Department (1986-1993) Securities Commission Assistant Manager, Market Surveillance Department (1993 – 1995) AmSecurities Sdn Bhd Seconded to PT Arab-Malaysian Capital Indonesia as Director of Operations (1995 – 1998) AmMerchant Bank Berhad Manager, Corporate Services (1998 – 2000) AmInvestment Services Berhad Manager, Client Service & Operations (July 2001 – June 2002) Senior Manager, Client Service & Operation (July 2002 – 2003) Head, Sales Services (2003-Dec 2006) Principal Officer / Director of Operations (present) Director (September 2008 - present)
Occupation	:	Director of Operations and Principal Officer of AmInvestment Services Berhad
Date of appointment	:	22/9/2008
Directorship of other public companies	:	None
Number of board meetings attended in the financial period	:	One (1)
Member of any other board committee	:	Investment Committee of AmInvestment Services Berhad (Non-Independent)
Date of appointment to the investment committee	:	18 January 2007
Number of investment committee meetings attended in the financial period	:	3
(Forward)		

Family relationship with any director : None

Conflict of interest with the Fund : None

List of convictions for offences within the past 10 years (if any) : None

Name: Kok Tuck Cheong

Age : 55

Nationality : Malaysian

Qualification : Bachelor of Science (Honours) in Commerce and Accountancy and Master of Science in Financial Managerial Control from University of Southampton.

Executive/Non-Executive Director : Non-Executive Director

Independent/Non-Independent Director : Non-Independent Director

Working Experience : He started his career with AmMerchant Bank Berhad in the Treasury Department before joining the Banking and Corporate Finance Department and later the Investment Department where he served in various positions. He was appointed as General Manager, Banking in January 1989 and later served as Senior General Manager until his appointment as Executive Director in September 2000.

Occupation : Managing Director and Chief Executive Officer of AmInvestment Bank Berhad

Date of appointment : 9 November 2001

Directorship of other public companies : AmInvestment Bank Berhad and AmInvestment Group Berhad

Number of board meetings attended in the financial period : One (1)

Member of any other board committee : -

Date of appointment to the investment committee : -

Number of investment committee meetings attended in the financial period : None

Family relationship with any director : None

Conflict of interest with the Fund : None

List of convictions for offences within the past 10 years (if any) : None

Name: Datin Maznah binti Mahbob

Age	:	52
Nationality	:	Malaysian
Qualification	:	A graduate of the Institute of Chartered Secretaries and Administrators (UK) and holds the Capital Markets Services Representative License
Executive/Non-Executive Director	:	Non-Executive Director of AmInvestment Services Berhad
Independent/Non-Independent Director	:	Non-Independent Director of AmInvestment Services Berhad
Working Experience	:	Datin Maznah has been in the funds management industry since 1987, in a fund management role, before assuming the CEO responsibility in 2002. Prior to this, she was in the Corporate Finance Department of AmInvestment Bank Berhad for 3 years.
Occupation	:	Chief Executive Officer of the Funds Management Division of AmBank Group and Chief Executive Officer/Executive Director of AmInvestment Management Sdn Bhd.
Date of appointment	:	29 December 2005
Directorship of other public companies	:	None
Number of board meetings attended in the financial period	:	One (1)
Member of any other board committee	:	-
Date of appointment to the investment committee	:	-
Number of investment committee meetings attended in the financial period	:	2
Family relationship with any director	:	None
Conflict of interest with the Fund	:	None
List of convictions for offences within the past 10 years (if any)	:	None

Name: Dr Annuar bin Md Nassir

Age	:	53
Nationality	:	Malaysian
Qualification	:	Doctor of Philosophy from University Putra Malaysia
Executive/Non-Executive Director	:	Non-Executive Director of AmInvestment Services Berhad
Independent/Non-Independent Director	:	Independent Director of AmInvestment Services Berhad
Working Experience	:	University Putra Malaysia, Serdang Dean (February 2006-Present) Deputy Dean (September 2002 – January 2006) Professor (March 2000-Present) Associate Professor (March 1993 – March 2000) University Pertanian Malaysia Tutor (1981 – 1984)
Occupation	:	Professor and Dean Faculty of Economics and Management of University Putra Malaysia
Date of appointment	:	8 April 2003
Directorship of other public companies	:	None
Number of board meetings attended in the financial period	:	One (1)
Member of any other board committee	:	Investment Committee of AmInvestment Services Berhad (Independent)
Date of appointment to the investment committee	:	18 January 2007
Number of investment committee meetings attended in the financial period	:	3
Family relationship with any director	:	None
Conflict of interest with the Fund	:	None
List of convictions for offences within the past 10 years (if any)	:	None

Name: Dato' Dr Mahani binti Zainal Abidin

Age	:	57
Nationality	:	Malaysian
Qualification	:	Doctor of Philosophy in Development Economics from University of London.
Executive/Non-Executive Director	:	Non-Executive Director of AmInvestment Services Berhad
Independent/Non-Independent Director	:	Independent Director
Working Experience	:	Prime Minister's Department, Malaysia Head, Special Consultancy Team on Globalisation National Economic Action Council (April 2001 – July 2005) BHLB Unit Trust Member of Investment Panel (April 1999 – June 2004) Employees Provident Fund, Malaya Board Member (June 1998 – 2001)
Occupation	:	Chief Executive, Institute of Strategic and International Studies (ISIS) Malaysia.
Date of appointment	:	14 July 2004
Directorship of other public companies	:	AmIslamic Bank Berhad
Number of board meetings attended in the financial period	:	One (1)
Member of any other board committee	:	Investment Committee of AmInvestment Services Berhad (Independent)
Date of appointment to the investment committee	:	18 January 2007
Number of investment committee meetings attended in the financial period	:	3
Family relationship with any director	:	None
Conflict of interest with the Fund	:	None
List of convictions for offences within the past 10 years (if any)	:	None

Name: Lee Siang Korn @ Lee Siang Chin

Age	:	62
Nationality	:	Malaysian
Qualification	:	Fellow of the Institute of Chartered Accountants in England and Wales (July 1972) Member of the Malaysian Association of Certified Public Accountants (June 1975)
Executive/Non-Executive Director	:	Non-Executive Director of AmInvestment Services Berhad
Independent/Non-Independent Director	:	Independent Director of AmInvestment Services Berhad
Working Experience	:	Surf88.Com Sdn.Bhd Chairman and Founding shareholder (1999-2004) Arab-Malaysian Securities Sdn. Bhd. Managing Director (1986-1999) Arab-Malaysian Merchant Bank Berhad General Manager, Corporate Finance (1983-1986)
Occupation	:	Director
Date of appointment	:	20 December 2006
Directorship of other public companies	:	Star Publications (Malaysia) Berhad UniAsia Life Assurance Berhad
Number of board meetings attended in the financial period	:	One (1)
Member of any other board committee	:	Investment Committee of AmInvestment Services Berhad (Independent)
Date of appointment to the investment committee	:	18 January 2007
Number of investment committee meetings attended in the financial period	:	2
Family relationship with any director	:	None
Conflict of interest with the Fund	:	None
List of convictions for offences within the past 10 years (if any)	:	None

Material Litigation

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

Investment Manager

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

Investment Committee

The Committee reviews the Fund's investment objective and guidelines, and to ensure that the Fund is invested appropriately. For the financial period under review, 1 meetings was held.

Unitholders

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

NAME	Number of Unit Held	Units Held (in %)
AmINVESTMENT BANK BERHAD	725,560.00	35.44%
A.A. ANTHONY SECURITIES SDN. BHD.	257,200.00	12.56%
HSBC BANK MALAYSIA BERHAD	210,000.00	10.26%
KAF-SEAGROATT & CAMPBELL SECURITIES SDN BHD	128,600.00	6.28%
MALACCA SECURITIES SDN BHD	100,000.00	4.88%
JF APEX SECURITIES BERHAD	63,000.00	3.08%
HWANGDBS INVESTMENT BANK BERHAD	51,440.00	2.51%
CIMB INVESTMENT BANK BERHAD	33,000.00	1.61%
INNOSABAH SECURITIES BERHAD	32,150.00	1.57%
CIMB INVESTMENT BANK BERHAD	32,150.00	1.57%
HONG LEONG INVESTMENT BANK BERHAD	31,900.00	1.56%
OSK INVESTMENT BANK BERHAD	30,000.00	1.47%
PUBLIC INVESTMENT BANK BERHAD	30,000.00	1.47%
CIMB INVESTMENT BANK BERHAD	28,800.00	1.41%
ALLIANCE INVESTMENT BANK BERHAD	25,735.00	1.26%
MAYBANK INVESTMENT BANK BERHAD	25,720.00	1.26%
MERCURY SECURITIES SDN BHD	25,720.00	1.26%
KENANGA INVESTMENT BANK BERHAD	25,720.00	1.26%
AFFIN INVESTMENT BANK BERHAD	25,720.00	1.26%
HWANGDBS INVESTMENT BANK BERHAD	19,300.00	0.94%
MAYBANK INVESTMENT BANK BERHAD	19,290.00	0.94%
HWANGDBS INVESTMENT BANK BERHAD	18,000.00	0.88%

(Forward)

NAME	Number of Unit Held	Units Held (in %)
MAYBANK INVESTMENT BANK BERHAD	16,075.00	0.79%
HONG LEONG INVESTMENT BANK BERHAD	14,432.00	0.70%
KENANGA INVESTMENT BANK BERHAD	13,503.00	0.66%
OSK INVESTMENT BANK BERHAD	12,860.00	0.63%
TA SECURITIES HOLDINGS BERHAD	12,860.00	0.63%
AMINVESTMENT BANK BERHAD	12,860.00	0.63%
CIMB INVESTMENT BANK BERHAD	12,860.00	0.63%
MAYBANK INVESTMENT BANK BERHAD	12,860.00	0.63%