

FTSE BURSA MALAYSIA KLCI etf

Quarterly Report

30 September 2011

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) Trustee 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

Koid Phaik Gunn (MAICSA 7007433)
Quah Khian Khoon (MAICSA 7030264)

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 1 July 2011 to 30 September 2011.

Salient Information of the Fund

Name	FTSE Bursa Malaysia KLCI etf			
Category/Type	ETF/ Equity			
Fund's Investment Objective	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. Any material change to the Fund's investment objective will require the holders' approval by way of special resolution.			
Index Component	Details of the index component as at 30 September 2011 are as follows:			
	Stock code	Company's name	Percentage weight (%)	Shares in issue ('million units)
	1155	Malayan Banking Berhad	9.99	7478.21
	1295	Public Bank Berhad	9.59	3531.93
	1023	CIMB Group Holdings Berhad	8.65	7432.77
	4197	Sime Darby Berhad	8.45	5997.99
	6888	Axiata Group Berhad	6.49	8445.15
	3182	Genting Berhad	5.61	3694.24
	1961	IOI Corporation Berhad	4.98	6413.53
	5347	Tenaga Nasional Berhad	4.67	5403.20
	5183	PETRONAS Chemicals Group Berhad	3.96	8000.00
	6947	DiGi.Com Berhad	3.95	777.50
	1015	AMMB Holdings Berhad	2.91	3014.18
	6012	Maxis Berhad	2.67	7500.00
	2445	Kuala Lumpur Kepong Berhad	2.51	1068.77
	4863	Telekom Malaysia Berhad	2.44	3577.40
	3816	MISC Berhad	2.33	4463.79
	4715	Genting Malaysia Berhad	2.30	5872.40
	6033	PETRONAS Gas Berhad	2.29	1978.73
	4065	PPB Group Berhad	2.19	1185.50
	5052	PLUS Expressways Berhad	1.92	5000.00
	5819	Hong Leong Bank Berhad	1.72	1896.13

	Stock code	Company's name	Percentage weight (%)	Shares in issue ('million units)	
	4162	British American Tobacco (M) Berhad	1.42	285.53	
	4677	YTL Corporation Berhad	1.41	9485.60	
	4588	UMW Holdings Berhad	1.33	1162.20	
	5398	Gamuda Berhad	1.32	2065.48	
	6742	YTL Power International Berhad	1.10	7282.00	
	5681	PETRONAS Dagangan Berhad	1.06	993.45	
	1082	Hong Leong Financial Berhad	0.77	1052.77	
	2194	MMC Corporation Berhad	0.70	3045.06	
	1066	RHB Capital Berhad	0.68	2191.92	
	5186	Malaysia Marine and Heavy Engineering Holdings Berhad	0.59	1600.00	
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 ("FBM KLCI")				
Income Distribution Policy	Income distribution (if any) are expected to be made 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.				
	Size of holding	As at 30 September 2011		As at 30 June 2011	
		Number of units held ('000)	Number of unitholders	Number of units held ('000)	Number of unitholders
	Less than 100	1.62	42	1.44	39
	100 - 1,000	20.26	34	19.03	32
	1,001 - 10,000	342.05	86	353.62	89
	10,001 – 100,000	777.51	31	817.35	31
	100,001 to less than 5% of issue units	-	-	-	-
	5% and above of issue units	1366.56	3	1,316.56	4

Fund Performance Data

Portfolio Composition	Details of portfolio composition of FTSE Bursa Malaysia KLCI etf (“FBM KLCI etf”) (“the Fund”) as at 30 September 2011, 30 June 2011 and three financial years ended 31 December are as follow:					
	As at 30-09-2011 %	As at 30-06-2011 %	FY 2010 %	FY 2009 %	FY 2008 %	
	Construction	2.6	3.0	3.1	1.6	1.6
	Consumers	4.8	4.4	4.6	5.6	4.8
	Finance	33.7	34.8	34.8	35.1	25.2
	Industrial	6.1	6.4	4.0	1.4	1.9
	Infrastructure project companies	5.0	4.6	4.3	2.8	3.4
	Plantations	7.4	7.3	8.5	9.0	6.5
	Trading/Services	38.7	38.8	39.5	42.0	35.1
	Options		-	-	-	20.3
	Cash and others	11.7	0.7	1.2	2.5	1.2
		100.0	100.0	100.0	100.0	100.0
	<i>Note: The abovementioned percentages are based on total investment carrying value plus cash.</i>					
Performance Details	Performance details of the Fund for the financial periods ended 30 September 2011, 30 June 2011 and three financial years ended 31 December are as follows:					
	3 months ended 30-09-2011	3 months ended 30-06-2011	FY 2010	FY 2009	FY 2008	
	Net asset value (RM)	3,525,099	3,978,841	3,851,816	4,322,755	3,748,450
	Units in circulation	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)	1.4055**	1.5865**	1.5358**	1.2927**	5.7668*
	Highest net asset per unit (RM)	1.6021**	1.5868**	1.5412**	7.0489*	9.9339*
	Lowest net asset per unit (RM)	1.3492**	1.5228**	1.2380**	1.0900**	5.4137*
	Closing quoted price (RM/unit)	1.3450**	1.5700**	1.5450**	1.3000**	5.8100*
	Highest quoted price (RM/unit)	1.5950**	1.5750**	1.5450**	1.3150**	9.9300*
	Lowest quoted price (RM/unit)	1.3200**	1.5150**	1.2400**	0.8523**	5.4500*
	Benchmark performance (%)	-11.23	3.11	23.80	50.00	-36.30

	3 months ended 30-09-2011	3 months ended 30-06-2011	FY 2010	FY 2009	FY 2008
Total return (%) ⁽¹⁾	-11.41	2.71	20.56	46.42	-37.20
- Capital growth (%)	-11.41	2.42	19.07	45.28	-39.33
- Income distribution (%)	-	0.29	1.49	1.14	2.13
Gross distribution per unit (sen)	-	0.52	2.13	7.74	21.72
Net distribution per unit (sen)	-	0.44	1.93	6.60	20.00
Distribution yield (%) ⁽²⁾	-	0.28	1.25	5.08	3.44
Management expense ratio (%) ⁽³⁾	1.10	0.99	1.19	1.18	1.06
Portfolio turnover ratio (times) ⁽⁴⁾	-	0.02	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 0.11% as compared to 0.99% per annum for the quarter ended 30 June 2011 mainly due to an increase in administrative 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 0.02 times (>100%) as compared to 0.02 times for the quarter ended 30 June 2011 mainly due to a decrease in investing activities.

Average Total Return (as at 30 September 2011)

	FBM KLCI etf ^(a) %	FBM KLCI/ FBM30 Index ^(b) %
One year	-3.18	-1.58
Three years	12.72	15.00
Since launch of Fund (19 July 2007)	2.52	4.32

Annual Total Return

Financial Year/Period End (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 etf (“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. Unit prices and investment returns may fluctuate.

Has the Fund achieved its objective?	For the financial period under review, the Fund has met its objective 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.
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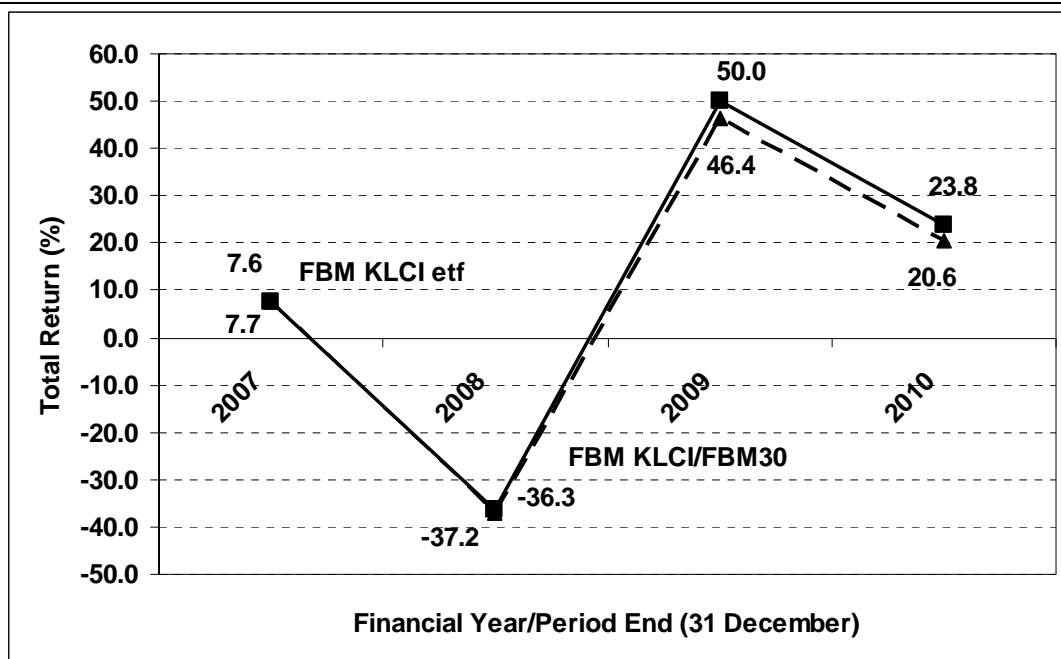
Fund Performance	For the financial period under review, the Fund recorded a negative return of 11.41% which was entirely capital in nature.
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Thus, the Fund’s negative return of 11.41% underperformed the benchmark negative return of 11.23% by 0.18%.

As compared to 30 June 2011, the NAV of the Fund decreased by 11.41% from RM3,978,841 to RM3,525,099. The NAV per unit of the Fund also decreased by 11.41% from RM1.5865 to RM1.4055 while units in circulation remain unchanged at 2,508,000 units.

The closing price of the Fund quoted on Bursa Malaysia decreased by 14.33% from RM1.5700 to RM1.3450.

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 no 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.

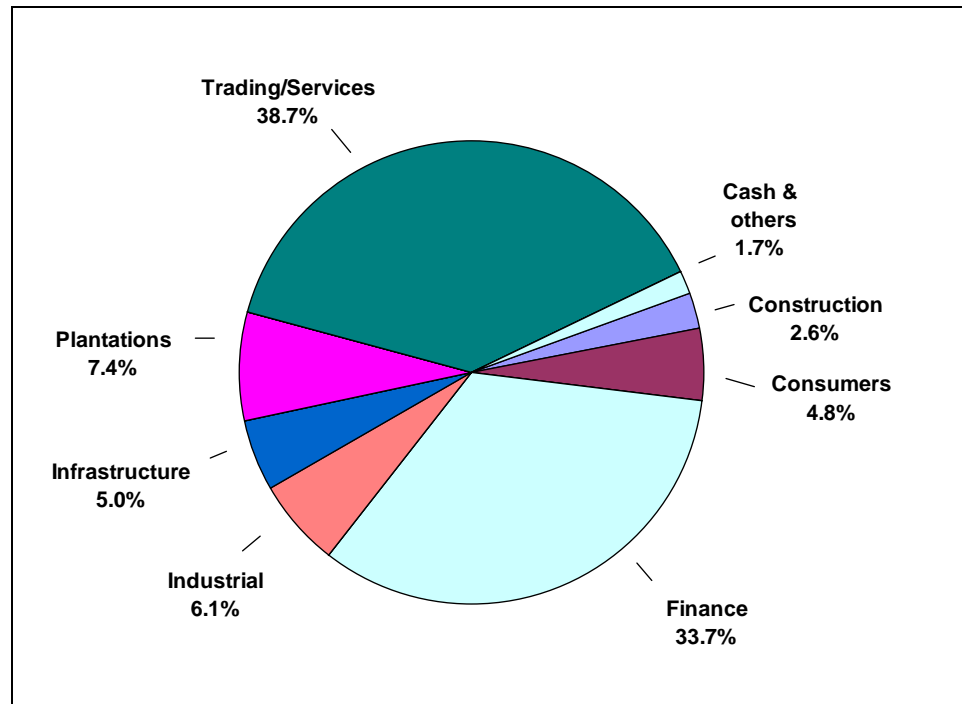
Portfolio Structure

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

	30 September 2011 (%)	30 June 2011 (%)	Changes (%)
Construction	2.6	3.0	-0.4
Consumer products	4.8	4.4	0.4
Finance	33.7	34.8	-1.1
Industrial products	6.1	6.4	-0.3
Infrastructure project companies	5.0	4.6	0.4
Plantations	7.4	7.3	0.1
Trading/Services	38.7	38.8	-0.1
Cash and others	1.7	0.7	1.0
Total	100.0	100.0	

There was minor changed to Finance sector weights where weighting decreased by 1.1%, respectively. The remaining sectors have no significant changes to the assets allocation since the last reporting.

The 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 unit split 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	<p>July was another mixed month and started with very positive note as the KLCI scaled new all-time highs early in the month. However, it later came under heavy profit taking as Wall Street and European markets were weighed down by renewed concerns about their debt problems. Malaysia's stockmarket was also not spared from selling pressure for most of the month. The Bersih street rally on Jul 9 also revived concerns about political uncertainties. Early results released by companies also failed to excite the market as Tenaga's results were shockingly poor. For the month, the KLCI fell 30pts or 1.9% to 1,549 points. July also marked the successful listing of Bumi Armada.</p> <p>August lived up to its reputation of being historically the worst month of the year. The 30-year average performance of the KLCI in August is a decline of 1.9%. Global markets came under heavy selling pressure due to debt concerns in Europe and the US and the loss of America's triple-A rating for the first time in history.</p> <p>Also, as many investors sold positions to de-risk as fears of a double-dip in the US economy intensified.</p> <p>In addition, the disappointing August results season weighed down on many larger cap GLCs disappointed including Axiata, CIMB, MAS and Proton. For the month, the KLCI plunged 102pts or 6.6% to 1,447 points.</p> <p>September was another terrible month, as the KLCI pierced through the 1,400 point support with ease and nearly even tested the 1,300 point support level. Emerging markets outperformed other markets in Jul and Aug but succumbed to heavy profit taking and selling pressure towards mid-September. For the month, the KLCI fell 60pts or 4.1% to 1,387 points. The broader market underperformed the KLCI as the FBM Emas fell a sharper 5.2% to 9,398 points. Smaller caps' performance against the KLCI were mixed as the FBM Small cap plunged 8.3% to 10,397 points but the FBM ACE fell a lower 3.8% to 3,598points. Average value traded on Bursa in Sep eased 15% mom to RM1.81bn per day (RM2.14bn previously) as investors continued to de-risk as fears of a double-dip in Europe and US peaked.</p> <p>For the quarter under review the index down significantly by 192 points or 12.2% due to the fear of global recession as a result of slow down in the US and European economies. EU was also pulled down because of Greece debt problem which in turn affected European Banks badly. Sentiment was bad as fear of liquidity problem might occur among European Banks. KLCI closed at 1387 for the quarter under review.</p>

Market Outlook

We would like to begin this month's strategy piece by commenting on the recent Malaysian budget. We view the budget as a pre-election budget with goodies for civil servants, low income groups and first time home buyers with a higher limit for the My Home Scheme of RM400,000 versus RM220,000 previously. This is to be expected as chit chats with property developers would highlight that construction cost has gone up and is unlikely to ease much if any, moving forward. Stock market impact wise, there is really no direct impact and would be long term in nature rather than over the coming 12 months. However, our key worry is the overly optimistic GDP forecast of 5 – 6% for 2012 which makes the fiscal deficit of 4.7% rather unrealistic. We need to remember that physical domestic implementation has started but progress has been uneventful and the world is facing a global growth slowdown. Perhaps reality will sink in after the election and numbers would probably have to be revised down.

The good news on the global front which provided a lift to market prices in October is that Eurozone leaders appears to have struck a deal with private lenders and amongst themselves that will probably contain the two year old euro zone crisis. Under the deal, the private sector agreed to voluntarily accept a 50 per cent hair cut loss on their Greek government bonds. However, recapitalization of banks are then required and hence the agreement to scale up their bailout fund (European Financial Stability Facility) from Euro 440 billion to 1 trillion to provide liquidity and some sort of government equity involvement. This obviously does not disappoint but time is needed for the credit cycle to begin healing itself for growth to return. Therefore, DO NOT HOPE for an immediate miracle in Europe.

MACRO

We have argued that the resolution of the European debt crisis will determine the direction of equity markets and this has happened in October. Good news do not seem to be a requisite for stocks to rally when things are muddy and uncertain, they just need to become less bad and Europe leaders must not fail to deliver on what they have agreed as explained above. Continued political bickering and paralysis will only cause additional chaos in the marketplace. Therefore, over the near term, price movements will be driven by news flow surrounding EU rather than business fundamentals. Further out, danger lurks in the US as there is a sense that policymakers have practically exhausted their options and have lost their grip on the economy. Federal debt, escalating cost and lagging productivity points to a structural issue unless addressed.

US

Economic data have generally surprised on the upside. Unemployment rates fell in more than half of the US states in September, a sign that hiring was felt around the country. Unemployment rates dropped in 25 states, rose in 14 and stayed the same in 11. This has led to improving consumer confidence (Chart 1) resulting in recovering personal consumption (Chart 2). The employment market while rather subdued at this juncture is still positive as shown in Chart 3.

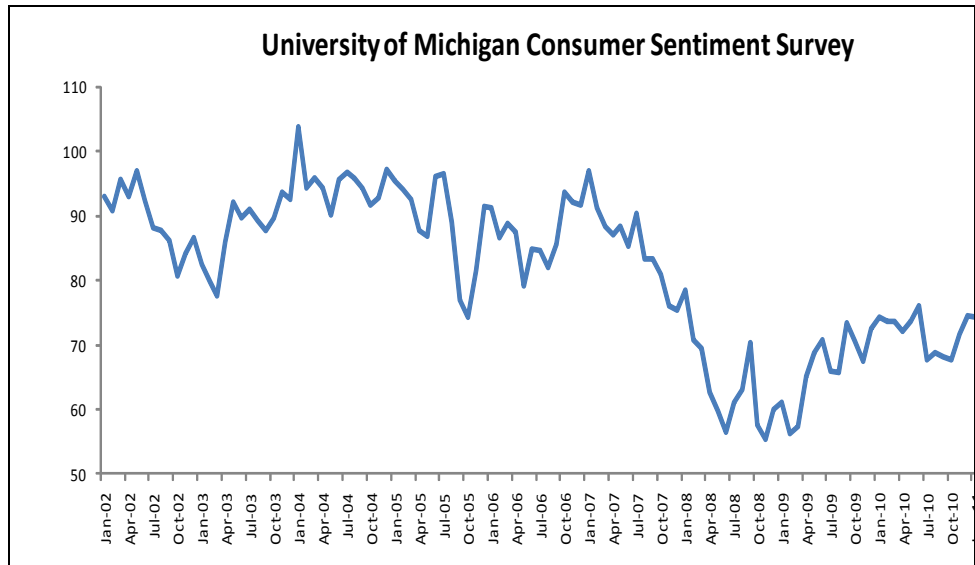


Chart 1: University of Michigan Consumer Sentiment (Source: Bloomberg)

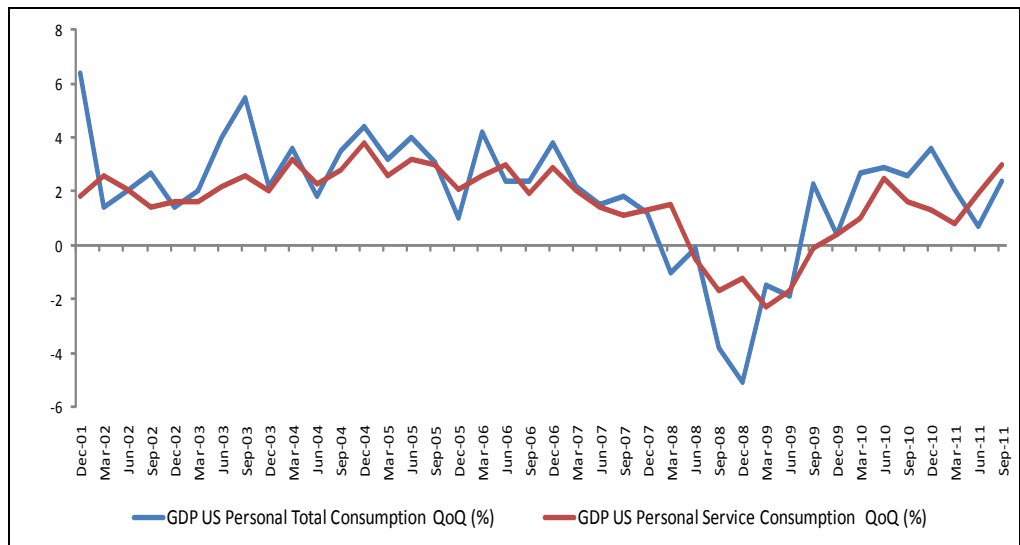


Chart 2: Personal Consumption (Source: Bloomberg)

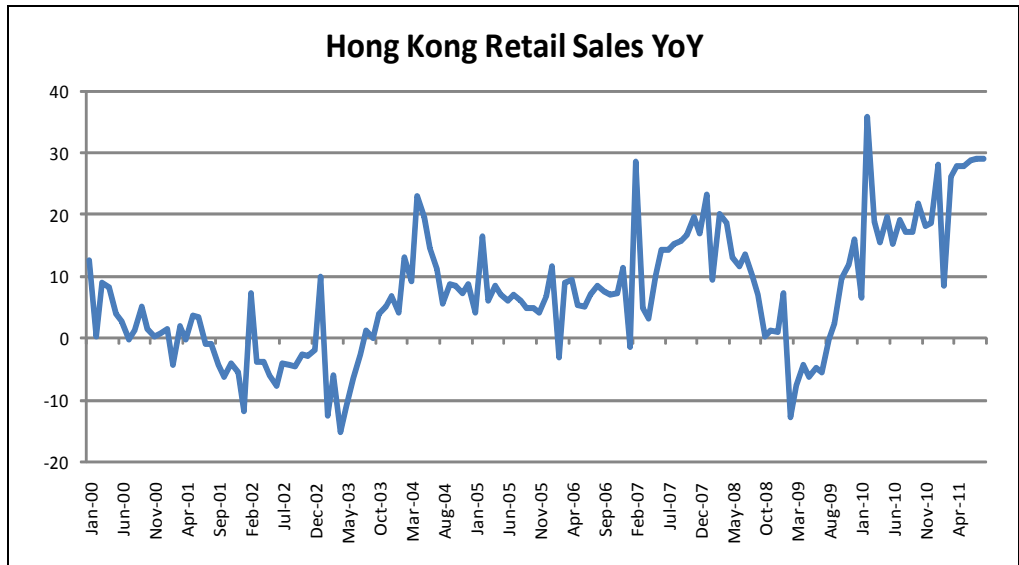


Chart 5: Hong Kong Retail Sales (Source: Bloomberg)

Moreover, China's consumer confidence does not show a nation plagued by recessionary fears (Chart 6)

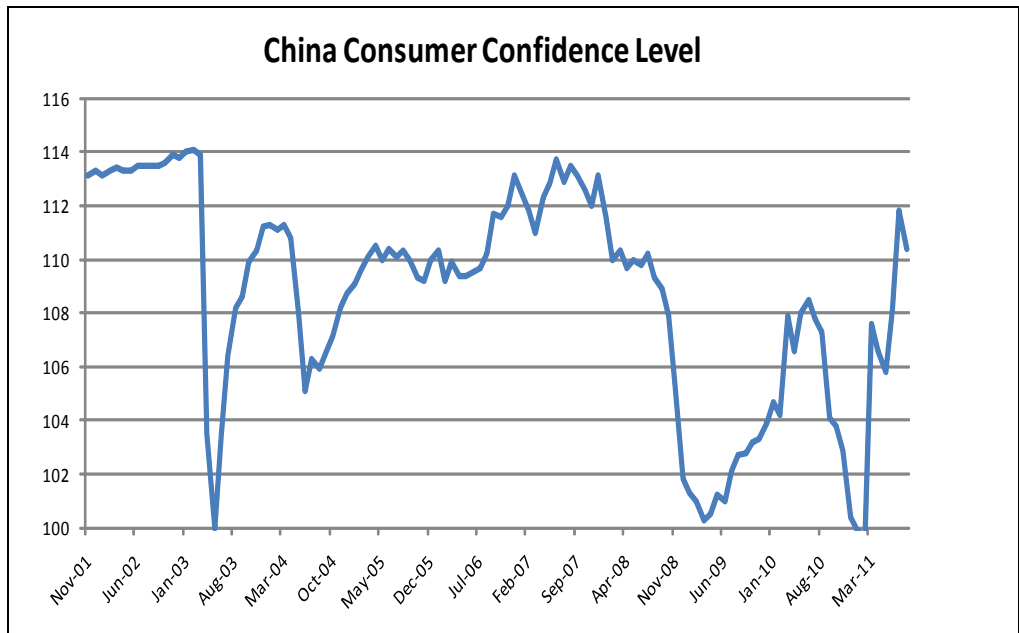


Chart 6: China Consumer Confidence (Source: Bloomberg)

Kuala Lumpur, Malaysia
AmInvestment Services Berhad

31 October 2011

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 from 1 July 2011 to 30 September 2011, there was a Board of Directors' Meeting held by the Manager.

Details of the Directors of the management company are set out as below:

Name: Harinder Pal Singh A/L Joga Singh	
Age	: 49
Nationality	: Malaysian
Qualification	: Bachelors Degree in Accounting from University Malaya
Executive/Non-Executive Director	: Executive Director
Independent/Non-Independent Director	: Non-Independent Director
Working Experience	: <i>Bank Negara Malaysia</i> Senior Administrative Officer, Insurance Inspection Department (1986 – 1993) <i>Securities Commission</i> Assistant Manager, Market Surveillance Department (1993 – 1995) <i>AmSecurities Sdn Bhd</i> Seconded to PT Arab-Malaysian Capital Indonesia as Director of Operations (1995 – 1998) <i>AmMerchant Bank Berhad</i> Manager, Corporate Services (1998 – 2000) <i>AmInvestment Services Berhad</i> <ul style="list-style-type: none">• 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	: Principal Officer/Director of Operations of AmInvestment Services Berhad
Date of appointment	: 22 September 2008
Directorship of other public companies	: None
Number of board meeting attended in the financial	: One (1)

period (From 1 July 2011 to 30 September 2011)

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 meeting attended in the financial period (From 1 July 2011 to 30 September 2011)	:	Three (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: Kok Tuck Cheong

Age	:	56
Nationality	:	Malaysian
Qualification	:	Bachelor of Science (Honours) in Commerce and Accountancy and Master of Science in Financial Managerial Controls 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 meeting attended in the financial period (From 1 July 2011 to 30 September 2011)	:	One (1)

Member of any other board committee : Audit Committee of AmInvestment Services Berhad

Date of appointment to the investment committee : None

Number of investment committee meeting attended in the financial period (From 1 July 2011 to 30 September 2011) : 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

Independent/Non-Independent Director : Non-Independent Director

Working Experience : She has been in the funds management industry since 1987, in a fund management role, before assuming the responsibility as the Chief Executive Officer of the Funds Management Division, AmInvestment Bank Group 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 AmInvestment Bank 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 meeting attended in the financial period (From 1 July 2011 to 30 September 2011) : One (1)

Member of any other board committee : None

Date of appointment to the investment committee	: None
Number of investment committee meeting attended in the financial period (From 1 July 2011 to 30 September 2011)	: Two (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: Professor Dr. Annuar Bin Md. Nasir

Age	: 53
Nationality	: Malaysian
Qualification	: Doctor of Philosophy, University Putra Malaysia
Executive/Non-Executive Director	: Non-Executive Director
Independent/Non-Independent Director	: Independent Director
Working Experience	: <i>University Pertanian Malaysia</i> Tutor (1981 – 1984)
	: <i>University Putra Malaysia, Serdang</i>
	: <ul style="list-style-type: none"> • Dean (February 2006-Present) • Deputy Dean (September 2002 – January 2006) • Professor (March 2000-Present) • Associate Professor (March 1993 – March 2000)
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 meeting attended in the financial period (From 1 July 2011 to 30 September 2011)	: One (1)
Member of any other board committee	: Investment Committee of AmInvestment Services Berhad (Independent) and Audit Committee of AmInvestment Services Berhad (Independent)
Date of appointment to the investment committee	: 18 January 2007

Number of investment committee meeting attended in the financial period (From 1 July 2011 to 30 September 2011)	: Three (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, University of London.
Executive/Non-Executive Director	: Non-Executive Director
Independent/Non-Independent Director	: Independent Director
Working Experience	: <i>Prime Minister's Department, Malaysia</i> Head, Special Consultancy Team on Globalisation National Economic Action Council (April 2001 – July 2005)
	: <i>BHLB Unit Trust</i> Member of Investment Panel (April 1999 – June 2004)
	: <i>Employees Provident Fund Board, Malaysia</i> 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 meeting attended in the financial period (From 1 July 2011 to 30 September 2011)	: One (1)
Member of any other board committee	: Investment Committee of AmInvestment Services Berhad (Independent) and Audit Committee of AmInvestment Services Berhad (Independent)
Date of appointment to the investment committee	: 18 January 2007

Number of investment committee meeting attended in the financial period (From 1 July 2011 to 30 September 2011)	: One (1)
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
Independent/Non-Independent Director	: Independent Director
Working Experience	: <i>Arab-Malaysian Merchant Bank Berhad</i> General Manager, Corporate Finance (1983-1986) <i>Arab-Malaysian Securities Sdn. Bhd.</i> Managing Director (1986-1999) <i>Surf88.Com Sdn.Bhd</i> Chairman and Founding shareholder (1999-2004)
Occupation	: Director
Date of appointment	: 20 December 2006
Directorship of other public companies	: • Star Publications (Malaysia) Berhad • UniAsia Life Assurance Berhad
Number of board meeting attended in the financial period (From 1 July 2011 to 30 September 2011)	: One (1)
Member of any other board committee	: Investment Committee of AmInvestment Services Berhad (Independent) and Audit Committee of AmInvestment Services Berhad (Independent)
Date of appointment to the investment committee	: 18 January 2007

Number of investment committee meeting attended in the financial period (From 1 July 2011 to 30 September 2011) : Three (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

Material Litigation

For the financial period under review, neither the directors of the management company nor the Manager of 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 the Securities Commission 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, a wholly owned subsidiary of AmInvestment Group Berhad, 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, there was three (3) Investment Committee Meetings held by the Manager.

Unitholders

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

NAME	Number of Unit Held	Units Held (in %)
AmINVESTMENT BANK BERHAD	899360	42.85
A.A. ANTHONY SECURITIES SDN. BHD	257200	12.25
HSBC BANK MALAYSIA BERHAD	210000	10.00
MALACCA SECURITIES SDN BHD	100000	4.76
JF APEX SECURITIES BERHAD	73000	3.48
HSBC BANK MALAYSIA BERHAD	50100	2.39
CIMB INVESTMENT BANK BERHAD	49400	2.35
CIMB INVESTMENT BANK BERHAD	40000	1.91
HONG LEONG INVESTMENT BANK BERHAD	31900	1.52
OSK INVESTMENT BANK BERHAD	30000	1.43
ALLIANCE INVESTMENT BANK BERHAD	25735	1.23
MAYBANK INVESTMENT BANK BERHAD	25720	1.23
MERCURY SECURITIES SDN BHD	25720	1.23
KENANGA INVESTMENT BANK BERHAD	25720	1.23
AFFIN INVESTMENT BANK BERHAD	25720	1.23
RHB INVESTMENT BANK BERHAD	20000	0.95
HWANGDBS INVESTMENT BANK BERHAD	19300	0.92
MAYBANK INVESTMENT BANK BERHAD	19290	0.92
INNOSABAH SECURITIES BERHAD	19150	0.91
HWANGDBS INVESTMENT BANK BERHAD	18000	0.86
MAYBANK INVESTMENT BANK BERHAD	16075	0.77
HONG LEONG INVESTMENT BANK BERHAD	14432	0.69
KENANGA INVESTMENT BANK BERHAD	13503	0.64
OSK INVESTMENT BANK BERHAD	12860	0.61
TA SECURITIES HOLDINGS BERHAD	12860	0.61
CIMB INVESTMENT BANK BERHAD	12860	0.61
MAYBANK INVESTMENT BANK BERHAD	12860	0.61
CIMB INVESTMENT BANK BERHAD	12860	0.61
TA SECURITIES HOLDINGS BERHAD	12860	0.61
CIMB INVESTMENT BANK BERHAD	12500	0.60

STATEMENT OF FINANCIAL POSITION (*unaudited*)
AS AT 30 SEPTEMBER 2011

	Note	30-9-2011 RM	31-12-2010 RM (Restated)	31-12-2009 RM (Restated)
ASSETS				
Investments	4	3,482,256	3,818,790	4,234,926
Unquoted investments	5	-	-	108,506
Sundry receivables		17,074	18,652	8,789
Tax recoverable		8,223	7,771	9,738
Cash at banks		59,169	45,391	521
TOTAL ASSETS		<u>3,566,722</u>	<u>3,890,604</u>	<u>4,362,480</u>
LIABILITIES				
Amount due to Manager	6	6,986	7,353	7,225
Amount due to Trustee	7	190	234	219
Amount due to index provider	8	2,554	1,784	2,168
Sundry payables and accrued expenses		31,894	29,417	30,113
TOTAL LIABILITIES		<u>41,624</u>	<u>38,788</u>	<u>39,725</u>
EQUITY				
Unitholders' capital	10(a)	3,658,895	3,658,895	4,908,238
(Accumulated losses)/retained earnings	10(b)(c)	(133,797)	192,921	(585,483)
TOTAL EQUITY	10	<u>3,525,098</u>	<u>3,851,816</u>	<u>4,322,755</u>
TOTAL EQUITY AND LIABILITIES		<u>3,566,722</u>	<u>3,890,604</u>	<u>4,362,480</u>
UNITS IN CIRCULATION	10(a)	<u>2,508,000</u>	<u>2,508,000</u>	<u>3,344,000</u>
NET ASSET VALUE PER UNIT		<u>140.55 sen</u>	<u>153.58 sen</u>	<u>129.27 sen</u>

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

STATEMENT OF COMPREHENSIVE INCOME *(unaudited)*
FOR THE PERIOD FROM 1 JULY 2011 TO 30 SEPTEMBER 2011

	Note	1-7-2011 to 30-9-2011 RM	1-7-2010 to 30-9-2010 RM
INVESTMENT INCOME			
Dividend income		40,222	50,968
Interest income		15	3
Net loss from investments:			
- Financial assets at fair value through profit and loss ("FVTPL")	9	(482,383)	-
Net unrealised gain on changes in value of quoted investments		-	478,781
Net realised gain on sale of quoted investments		-	13,244
		<u>(442,146)</u>	<u>542,996</u>
Gross Income			
EXPENDITURE			
Manager's fee	6	4,769	5,891
Trustee's fee	7	572	707
License fee	8	382	471
Auditors' remuneration		1,008	1,210
Tax agent's fee		1,260	1,676
Administrative expenses		2,506	2,759
		<u>10,497</u>	<u>12,714</u>
Total Expenditure		<u>10,497</u>	<u>12,714</u>
NET (LOSS)/INCOME BEFORE TAX		(452,643)	530,282
LESS: INCOME TAX EXPENSE	12	(1,100)	(20,634)
NET (LOSS)/INCOME AFTER TAX		(453,743)	509,648
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>(453,743)</u>	<u>509,648</u>
Total comprehensive income comprises the following:			
Realised income		26,866	30,867
Unrealised loss		(480,609)	478,781
		<u>(453,743)</u>	<u>509,648</u>
(forward)			

STATEMENT OF COMPREHENSIVE INCOME (*unaudited*)
FOR THE PERIOD FROM 1 JULY 2011 TO 30 SEPTEMBER 2011 (CONT'D)

	Note	1-7-2011 to 30-9-2011 RM	1-7-2010 to 30-9-2010 RM
Distribution for the period:			
Net distribution	13	- <u> </u>	11,035 <u> </u>
Net distribution per unit (sen)	13	- <u> </u>	0.3300 <u> </u>
Gross distribution per unit (sen)	13	- <u> </u>	0.3646 <u> </u>

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

STATEMENT OF CHANGES IN NET ASSET VALUE *(unaudited)*
FOR THE PERIOD FROM 1 JULY 2011 TO 30 SEPTEMBER 2011

	Note	Unitholders' capital RM	(Accumulated loss)/retained earnings RM	Total equity RM
At 1 July 2010		4,908,238	(483,241)	4,424,997
Total comprehensive income for the period		-	509,648	509,648
Income distribution	13	-	(11,035)	(11,035)
Balance at 30 September 2010		<u>4,908,238</u>	<u>15,372</u>	<u>4,923,610</u>
At 1 July 2011		3,658,895	319,946	3,978,841
Total comprehensive income for the period		-	(453,743)	(453,743)
Income distribution	13	-	-	-
Balance at 30 September 2011		<u>3,658,895</u>	<u>(133,797)</u>	<u>3,525,098</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 JULY 2011 TO 30 SEPTEMBER 2011**

	1-7-2011 to 30-9-2011 RM	1-7-2010 to 30-9-2010 RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES		
Proceeds from sale of quoted investments	5,739	27,185
Dividend received	57,999	18,286
Interest received	15	3
License fee paid	-	(440)
Trustee's fee paid	(576)	(675)
Manager's fee paid	(4,802)	(5,622)
Tax agent's fee paid	(5,000)	-
Payment for other administrative expenses	(1,940)	(482)
Purchase of quoted investments	(10,510)	(70,539)
	<u>40,925</u>	<u>(32,284)</u>
CASH FLOW FROM FINANCING ACTIVITY		
Distribution paid	(11,000)	(11,035)
	<u>(11,000)</u>	<u>(11,035)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		
	29,925	(43,319)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	<u>29,244</u>	<u>43,826</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>59,169</u>	<u>507</u>
Cash and cash equivalents comprises the following:		
Cash at banks	<u>59,169</u>	<u>507</u>

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

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

FBM KLCI etf (“the Fund”) was established pursuant to a Deed dated 18 January 2007 as amended by the Deeds Supplemental thereto (“the Deed”), between AmInvestment Services Berhad as the Manager, HSBC (Malaysia) Trustee Berhad as the Trustee and all unitholders.

On 6 July 2009, the Fund’s benchmark, FTSE Bursa Malaysia Large 30 Index (“FBM30”) has been renamed 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, 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”).

Standard Issued But Not yet Effective

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 124	Related Party Disclosures	1 January 2012
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards	1 January 2011
Amendments to FRS 1	Limited Exemptions from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 1	Additional Exemptions for First-time Adopters	1 January 2011
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 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 Rates	1 January 2011
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 134	Interim Financial Reporting	1 January 2011
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 15	Agreements for the Construction of Real Estate	1 January 2012
IC Interpretation 18	Transfers of Assets from Customers	1 January 2011
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
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 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.

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 distribution 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' capital of the Fund meets the definition of puttable instruments classified as equity instruments under the revised FRS 132.

Distribution/Loss Equalisation

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 applicable to the Fund 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 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. Unrealised gains or losses recognised in the statement of comprehensive income are 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.

Impairment of Financial Assets

The Fund assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

(i) Receivables carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Fund considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced through the use of an allowance account. When a receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

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 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.

The Fund classifies its investments as financial assets at FVTPL as the Fund is an open-ended Fund that may sell its investments in the short-term, for profit taking or to meet unitholders' cancellation.

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 period.

4. INVESTMENTS

	30-9-2011	31-12-2010	31-12-2009*
	Financial assets at FVTPL RM	Financial assets at FVTPL RM	Total (Note 5) RM
Quoted investments	3,482,256	3,818,790	4,234,926

* Prior to 1 January 2010, 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 30 September 2011 are as follows:

Name of Company	Number of shares	Market value RM	Purchase cost RM	Market value as a percentage of net asset value %
Securities quoted in Malaysia				
Construction				
Gamuda Berhad	15,200	43,776	56,646	1.24
YTL Corporation Berhad	35,170	46,776	55,725	1.33
	<u>50,370</u>	<u>90,552</u>	<u>112,371</u>	<u>2.57</u>
Consumer Products				
British American Tobacco (M) Berhad	1,100	49,148	47,867	1.40
PPB Group Berhad	4,600	76,452	64,545	2.17
UMW Holdings Berhad	6,600	45,210	45,408	1.28
	<u>12,300</u>	<u>170,810</u>	<u>157,820</u>	<u>4.85</u>
Finance				
AMMB Holdings Berhad	17,700	102,483	93,401	2.91
CIMB Group Holdings Berhad	43,700	304,589	316,136	8.64
Hong Leong Bank Berhad	4,800	48,864	39,587	1.39
Hong Leong Financial Group Berhad	2,300	25,070	20,486	0.71
Malayan Banking Berhad	43,967	351,736	337,621	9.98
Public Bank Berhad	27,700	337,940	321,523	9.59
RHB Capital Berhad	3,200	22,400	22,929	0.63
	<u>143,367</u>	<u>1,193,082</u>	<u>1,151,683</u>	<u>33.85</u>
Industrial Products				
PETRONAS Chemical Group Berhad	24,800	137,888	143,670	3.91
PETRONAS Gas Berhad	6,000	77,880	66,060	2.21
	<u>30,800</u>	<u>215,768</u>	<u>209,730</u>	<u>6.12</u>

(Forward)

Name of Company	Number of shares	Market value RM	Purchase cost RM	Market value as a percentage of net asset value %
Securities quoted in Malaysia				
Infrastructure				
DiGi.Com Berhad	4,600	139,932	111,322	3.97
YTL Power International Berhad	21,271	36,161	50,147	1.03
	<u>25,871</u>	<u>176,093</u>	<u>161,469</u>	<u>5.00</u>
Plantation				
IOI Corporation Berhad	37,685	175,235	217,395	4.97
Kuala Lumpur Kepong Berhad	4,200	88,620	73,812	2.51
	<u>41,885</u>	<u>263,855</u>	<u>291,207</u>	<u>7.48</u>
Trading/Service				
Axiata Group Berhad	49,600	228,160	214,526	6.47
Genting Berhad	21,700	197,470	201,941	5.60
Genting Malaysia Berhad	23,000	80,730	78,827	2.29
MISC Berhad	14,140	83,002	126,256	2.35
Malaysia Marine And Heavy Engineering Holdings Berhad	3,300	18,150	27,374	0.51
Maxis Berhad	17,600	93,632	93,987	2.66
MMC Corporation Berhad	8,400	21,672	24,451	0.61
PETRONAS Dagangan Berhad	2,200	35,112	22,305	1.00
PLUS Expressways Berhad	15,100	65,081	59,512	1.85
Sime Darby Berhad	35,289	297,839	300,524	8.45
Telekom Malaysia Berhad	21,000	85,890	55,227	2.44
Tenaga Nasional Berhad	31,700	163,889	233,799	4.65
	<u>243,029</u>	<u>1,370,627</u>	<u>1,438,729</u>	<u>38.88</u>
Total Quoted Investment	<u>547,622</u>	<u>3,480,787</u>	<u>3,523,009</u>	<u>98.75</u>

(Forward)

Name of Company	Number of shares	Market value RM	Purchase cost RM	Market value as a percentage of net asset value %
Securities quoted in Malaysia				
Provisional Allotment Letter				
Hong Leong Bank Berhad-Rights	960	1,469	-	0.04
Total Share Portfolio	<u>548,582</u>	<u>3,482,256</u>	<u>3,523,009</u>	<u>98.79</u>
Shortfall of market value over cost			<u>(40,753)</u>	

5. PRIOR YEAR INVESTMENTS

	31-12-2009 RM
Quoted investments represent:	
- At cost	4,203,734
- At market value	<u>4,234,926</u>
Unquoted investments represent:	
- At cost	108,500
- At market value	<u>108,506</u>

Included in unquoted investments were short-term deposits with licensed bank, placed with Hong Leong Bank Berhad.

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

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

6. **AMOUNT DUE TO MANAGER**

	30-9-2011	31-12-2010	31-12-2009
	RM	RM	RM
Manager's fee payable	1,586	1,953	1,825
Application fee payable to Manager	5,400	5,400	5,400
	<u>6,986</u>	<u>7,353</u>	<u>7,225</u>

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 (0.5% in 2010 and 2009).

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

7. **AMOUNT DUE TO TRUSTEE**

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 (0.06% in 2010 and 2009).

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

8. **AMOUNT DUE TO INDEX PROVIDER**

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

License fee was charged at a rate of 0.04% per annum of the net asset value of the Fund, calculated on a daily basis (0.04% in 2010 and 2009).

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

	30-9-2011
	RM
Financial assets at FVTPL comprises the following:	
- Net unrealised loss on changes in value of quoted investments	(480,609)
- Net realised loss on sale of quoted investments	<u>(1,774)</u>
	<u>(482,383)</u>

10. TOTAL EQUITY

Total equity is represented by:

	Note	30-9-2011 RM	31-12-2010 RM (Restated)	31-12-2009 RM (Restated)
Unitholders' capital	(a)	3,658,895	3,658,895	4,908,238
Retained earnings				
- Realised deficit	(b)	(93,044)	(99,895)	(616,675)
- Unrealised loss	(c)	(40,753)	292,816	31,192
		<u>3,525,098</u>	<u>3,851,816</u>	<u>4,322,755</u>

(a) UNITHOLDERS' CONTRIBUTION/UNITS IN CIRCULATION

	1-7-2011 to 30-9-2011		1-1-2010 to 31-12-2010	
	Number of units	RM	Number of units	RM (Restated)
At beginning of period/ year 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/year as restated	2,508,000	3,658,895	3,344,000	4,908,238
Creation during the period/year	-	-	3,344,000	5,013,846
Cancellation during the period/year	-	-	(4,180,000)	(6,371,323)
Distributions out of distribution equalisation	-	-	-	108,134
At end of period/year	<u>2,508,000</u>	<u>3,658,895</u>	<u>2,508,000</u>	<u>3,658,895</u>

As at 30 September 2011, the approved Fund size is 500 million units.

(b) **REALISED – DISTRIBUTABLE**

	1-7-2011 to 30-9-2011 RM	1-1-2010 to 31-12-2010 RM
Balance as at beginning of the period/year as previously stated	(119,910)	(47,737)
Reclassification of distribution equalisation	-	(568,938)
Balance as at beginning of the period/year as restated	(119,910)	(616,675)
Total comprehensive income for the period/year	(453,743)	951,077
Net unrealised loss/(gain) attributable to investments held transferred to unrealised reserve	480,609	(261,624)
Distribution out of realised reserve (Note 13)	-	(172,673)
Net increase in realised reserve for the period/year	26,866	516,780
Balance as at end of the period/year	(93,044)	(99,895)

(c) **UNREALISED – NON-DISTRIBUTABLE**

	1-7-2011 to 30-9-2011 RM	1-1-2010 to 31-12-2010 RM
Balance as at beginning of the period/year	439,856	31,192
Net unrealised (loss)/gain attributable to investments held transferred from realised reserve	<u>(480,609)</u>	<u>261,624</u>
Balance as at end of the period/year	<u>(40,753)</u>	<u>292,816</u>

11. **UNITS HELD BY RELATED PARTIES**

	30-9-2011		30-9-2010	
	Number of units	RM	Number of units	RM
Parties related to the Manager*	<u>923,569</u>	<u>1,298,076</u>	<u>1,447,500</u>	<u>2,131,299</u>

* 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 30 September 2011 and 30 September 2010.

12. **INCOME TAX EXPENSE**

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

Pursuant to Schedule 6 paragraph 35 of the Income Tax Act, 1967, interest income 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 before tax at the statutory income tax rate to income tax expenses at the effective income tax rate of the Fund is as follows:

	1-7-2011 to 30-9-2011 RM	1-7-2010 to 30-9-2010 RM
Net (loss)/income before tax	<u>(452,643)</u>	<u>530,282</u>
Taxation at Malaysian statutory rate of 25%	(113,200)	132,600
Tax effect of:		
Loss not deductible for tax purposes/(Income not subject to tax)	111,800	(130,300)
Restriction on tax deductible expenses for unit trust funds	1,400	2200
Non-permitted expenses for tax purposes	1,100	800
Over-provision of tax in previous year	<u>-</u>	<u>15,334</u>
Tax expense for the financial period	<u>1,100</u>	<u>20,634</u>

13. **DISTRIBUTION**

Distribution to unitholders declared on 9 August 2010 was from the following sources:

	1-7-2011 to 30-9-2011 RM	1-7-2010 to 30-9-2010 RM
Dividend income	-	35,227
Interest income	-	2
Net realised gain on sale of quoted investments	-	9,154
	<hr/>	<hr/>
	-	44,383
Less: Expenses	-	(12,714)
Taxation	-	(20,634)
	<hr/>	<hr/>
Total amount of distribution	-	11,035
	<hr/>	<hr/>
Gross distribution per unit (sen)	-	0.3646
	<hr/>	<hr/>
Net distribution per unit (sen)	-	0.3300
	<hr/>	<hr/>
Distribution out of:		
- Realised reserve	-	11,035
	<hr/>	<hr/>

14. **MANAGEMENT EXPENSE RATIO (“MER”)**

The Fund’s MER is as follows:

	1-7-2011 to 30-9-2011 % p.a.	1-7-2010 to 30-9-2010 % 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	0.50	0.48
	<hr/>	<hr/>
Total MER	1.10	1.08
	<hr/>	<hr/>

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 period to the average NAV of the Fund calculated on a daily basis, is nil times for the financial period (2010: 0.02 times).

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 INSTITUTION/BROKER**

Details of transactions with financial institution/broker for the financial period from 1 July 2011 to 30 September 2011 are as follows:

Financial Institution/Broker	Transaction value		Brokerage fee, stamp duty and clearing fee paid	
	RM	%	RM	%
AmInvestment Bank Berhad*	<u>16,081</u>	<u>100.00</u>	<u>506</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 2010, 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 recognised. The following table analyses the financial assets and liabilities of the Fund in the statement of financial position as at 30 September 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 at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
Assets				
Investments	3,482,256	-	-	3,482,256
Sundry receivables	-	17,074	-	17,074
Tax recoverable	-	8,223	-	8,223
Cash at bank	-	59,169	-	59,169
	<hr/>	<hr/>	<hr/>	<hr/>
Total financial assets	<u>3,482,256</u>	<u>84,466</u>	<u>-</u>	<u>3,566,722</u>
Liabilities				
Other payables and accruals	-	-	31,894	31,894
Due to Manager	-	-	6,986	6,986
Due to index provider	-	-	2,554	2,554
Due to Trustee	-	-	190	190
	<hr/>	<hr/>	<hr/>	<hr/>
Total financial liabilities	<u>-</u>	<u>-</u>	<u>41,624</u>	<u>41,624</u>

**Income, expense,
gains and losses
RM**

Net loss from financial assets FVTPL	(482,383)
Interest income, of which derived from:	
Interest income from loans and receivables	15
	<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:

	30 September 2011			
	Level 1	Level 2	Level 3	Total
	RM	RM	RM	RM
Financial assets at FVTPL				
Quoted equity securities	<u>3,482,256</u>	<u>-</u>	<u>-</u>	<u>3,482,256</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
- Cash at banks
- 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.

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, 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 models the Value-at-Risk based on Gaussian distribution to assess possible changes in the market value of the portfolio. Based on 180 weekly historical data points, the potential loss at the 99% confidence level is estimated. 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 change in the risk factors, the probability of large market moves 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 hundred days.

	Value-at-risk (%)	
	Equities Risk	Total VaR
30 September 2011	2.06	2.06
Average daily	2.11	2.11
Highest	2.13	2.13
Lowest	2.06	2.06

Based on Gaussian VaR, using historical weekly data for the past 180 weeks, FBM KLCI 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 2.06% as at 30 September 2011. This implies that not more than 1 out of 100 trading days would record a daily loss exceeding 2.06% 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 is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge an obligation. Credit risk applies to debt instruments such as term deposits, bonds and debentures. The issuer of such instruments may not be able to fulfil the required profit payments or repay the principal invested. These risks may cause the Fund's investments to fluctuate in value.

The Fund Manager manages the risk by setting internal counterparty limits and undertaking internal credit evaluation to minimise such risk.

Liquidity Risk

Liquidity risk is defined as the risk of being unable to raise funds or borrowings to meet payment obligations as they fall due. This is also the risk of the unit trust fund experiencing large redemptions, when the Investment Manager could be forced to sell large volumes of its holdings at unfavourable prices to meet redemption requirements.

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 deposits with licensed institutions and other instruments, which are capable of being converted into cash between 5 to 7 days. The Fund's policy is to always maintain a prudent level of liquid assets so as to reduce liquidity risk.

Single Issuer Risk

Internal policy restricts the Fund from investing in securities issued by any issuer of not more than a certain percentage of its net asset value. Under such restriction, the risk exposure to the securities of any issuer is managed based on internal/external ratings.

Regulatory Risk

Any changes in national policies and regulations may have an effect on the capital market.

Management Risk

Poor management of a fund may cause considerable losses to the fund that in turn may affect the contribution by a unitholder.

Stock Risk

Risk that is specific to a stock and is not correlated with the specific risks of other stocks.

20. **CAPITAL MANAGEMENT**

The primary objective of the Fund's capital management is to ensure that it maximises unitholder's value by expending its fund size to benefit from economies of scale and achieving growth in net asset value from the performance of its investments. As disclosed in Note 10, the approved fund size by the Securities Commission is 500,000,000 units of which 2,508,000 units have been issued and a further 497,492,000 units can be issued in future period based on the daily net asset value per unit on the respective creation dates.

The Fund manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Fund may issue new or bonus units, adjust the distribution payment, or return capital to unitholders by way of redemption of units.

No changes were made in the objective, policies or processes during the period from 1 July 2011 to 30 September 2011 and 1 July 2010 to 30 September 2010.