

**FTSE BURSA MALAYSIA KLCI etf**

**Quarterly Report**

**31 March 2012**

## **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*

9<sup>th</sup> & 10<sup>th</sup> 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)  
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

## **Contents**

### Pages

1 – 10	Manager's report
11 – 18	Additional Information
19	Statement of financial position
20	Statement of comprehensive income
21	Statement of changes in net asset value
22	Statement of cash flows
23 – 39	Notes to the financial statements

## 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") ("the Fund") for the financial period from 1 January 2012 to 31 March 2012.

### Salient Information of the Fund

**Name** FTSE Bursa Malaysia KLCI etf (the "Fund")

**Category/Type** ETF/ Equity

**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 31 March 2012 are as follows:

Stock code	Company's name	Percentage weight (%)	Shares in issue ('million units)
1155	Malayan Banking Berhad	10.03	7,639.44
1295	Public Bank Berhad	9.50	3,531.93
4197	Sime Darby Berhad	8.64	5,997.99
1023	CIMB Group Holdings Berhad	8.46	7,432.77
6888	Axiata Group Berhad	6.50	8,445.15
3182	Genting Berhad	5.93	3,694.24
5347	Tenaga Nasional Berhad	5.14	5,403.20
1961	IOI Corporation Berhad	5.07	6,413.53
6947	DiGi.Com Berhad	4.67	7,775.00
5183	PETRONAS Chemicals Group Berhad	4.26	8,000.00
4863	Telekom Malaysia Berhad	2.82	3,577.40
1015	AMMB Holdings Berhad	2.81	3,014.18
6012	Maxis Berhad	2.70	7,500.00
6033	PETRONAS Gas Berhad	2.63	1,978.73
2445	Kuala Lumpur Kepong Berhad	2.59	1,068.77
4715	Genting Malaysia Berhad	2.27	5,872.40
4065	PPB Group Berhad	1.98	1,185.50
5819	Hong Leong Bank Berhad	1.89	1,896.13
4677	YTL Corporation Berhad	1.71	9,710.12
4162	British American Tobacco (M) Berhad	1.59	285.53
5099	AirAsia Berhad	1.41	2,757.54
4588	UMW Holdings Berhad	1.26	1,162.20
5681	PETRONAS Dagangan Berhad	1.11	993.45
6742	YTL Power International Berhad	1.06	7,282.00

(Forward)

<b>Stock code</b>	<b>Company's name</b>	<b>Percentage weight (%)</b>	<b>Shares in issue ('million units)</b>
1082	Hong Leong Financial Berhad	0.77	1,052.77
5210	Bumi Armada Berhad	0.76	2,928.46
2194	MMC Corporation Berhad	0.68	3,045.06
1066	RHB Capital Berhad	0.67	2,191.92
5148	UEM Land Holdings Berhad	0.57	4,323.06
5186	Malaysia Marine and Heavy Engineering Holdings Berhad	0.52	1,600.00

**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 etf ("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.

<b>Size of holding</b>	<b>As at 31 March 2012</b>		<b>As at 31 December 2011</b>	
	<b>Number of units held ('000)</b>	<b>Number of unitholders</b>	<b>Number of units held ('000)</b>	<b>Number of unitholders</b>
Less than 100	1.78	44	1.66	42
100 - 1,000	19.73	32	20.28	33
1,001 - 10,000	316.28	81	340.16	86
10,001 – 100,000	743.44	29	760.44	29
100,001 to less than 5% of issue units	-	-	-	-
5% and above of issue units	1,426.76	3	1,385.46	3

## Fund Performance Data

**Portfolio Composition** Details of portfolio composition of the Fund as at 31 March 2012 and three financial years as at 31 December are as follow:

	<b>As at 31-03-2012</b>	<b>FY 2011</b>	<b>FY 2010</b>	<b>FY 2009</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Construction	1.6	1.4	3.1	1.6
Consumers products	4.5	4.6	4.6	5.6
Finance	33.8	34.5	34.8	35.1
Industrial products	6.9	6.7	4.0	1.4
Infrastructure project companies	5.6	5.7	4.3	2.8
Plantations	7.6	7.9	8.5	9.0
Properties	0.5	0.5	-	-
Trading/Services	37.8	38.7	39.5	42.0
Cash and others	1.7	-	1.2	2.5
	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

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

**Performance Details** Performance details of the Fund for the financial period ended 31 March 2012 and three financial years ended 31 December are as follows:

	<b>3 months ended 31-3-2012</b>	<b>FY 2011</b>	<b>FY 2010</b>	<b>FY 2009</b>
Net asset value (RM)	4,046,195	3,910,587	3,851,816	4,322,755
Units in circulation	2,508,000 <sup>(a)</sup>	2,508,000 <sup>(a)</sup>	2,508,000 <sup>(a)</sup>	3,344,000 <sup>(a)</sup>
Net asset value per unit (RM)	1.6133*	1.5592*	1.5358*	1.2927*
Highest net asset per unit (RM)	1.6219*	1.6021*	1.5412*	7.0489*
Lowest net asset per unit (RM)	1.5322*	1.3492*	1.2380*	1.0900*
Closing quoted price (RM)	1.6100*	1.5250*	1.5450*	1.3000*
Highest quoted price (RM)	1.6150*	1.5950*	1.5450*	1.3150*
Lowest quoted price (RM)	1.5500*	1.3200*	1.2400*	0.8523*
Benchmark performance (%)	4.96	4.45	23.80	50.00
Total return (%) <sup>(1)</sup>	4.64	2.97	20.56	46.42
- Capital growth (%)	3.49	1.54	19.07	45.28
- Income distribution (%)	1.15	1.43	1.49	1.14
Gross distribution (sen per unit)	1.80	2.31	2.13	7.74
Net distribution (sen per unit)	1.80	2.19	1.93	6.60
Distribution yield (%) <sup>(2)</sup>	1.12	1.44	1.25	5.08
Management expense ratio (%) <sup>(3)</sup>	1.06	1.11	1.19	1.18
Portfolio turnover ratio (times) <sup>(4)</sup>	-	0.09	1.35	0.08

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

(a) After unit split

*Note:*

(1) Total return is the actual return of the Fund for the respective financial

- period/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 (“MER”) is calculated based on the total fees and expenses incurred by the Fund divided by the average fund size calculated on a daily basis. The MER decreased by 0.05% as compared to 1.11% per annum for the financial year ended 31 December 2011 mainly due to decrease in trust 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. There was no investing activity during this reporting period.

#### Average Total Return (as at 31 March 2012)

	FBM KLCI etf <sup>(a)</sup> %	FBM KLCI/ FBM30 Index <sup>(b)</sup> %
One year	5.6	7.0
Three years	24.4	102.9
Since launch (19 July 2007)	5.6	39.7

#### Annual Total Return

Financial Year/Period Ended (31 December)	FBM KLCI etf <sup>(a)</sup> %	FBM KLCI/ FBM30 Index <sup>(b)</sup> %
2011	3.0	4.5
2010	20.6	23.8
2009	46.4	50.0
2008	-37.2	-36.3
2007 <sup>(c)</sup>	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.**



**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.

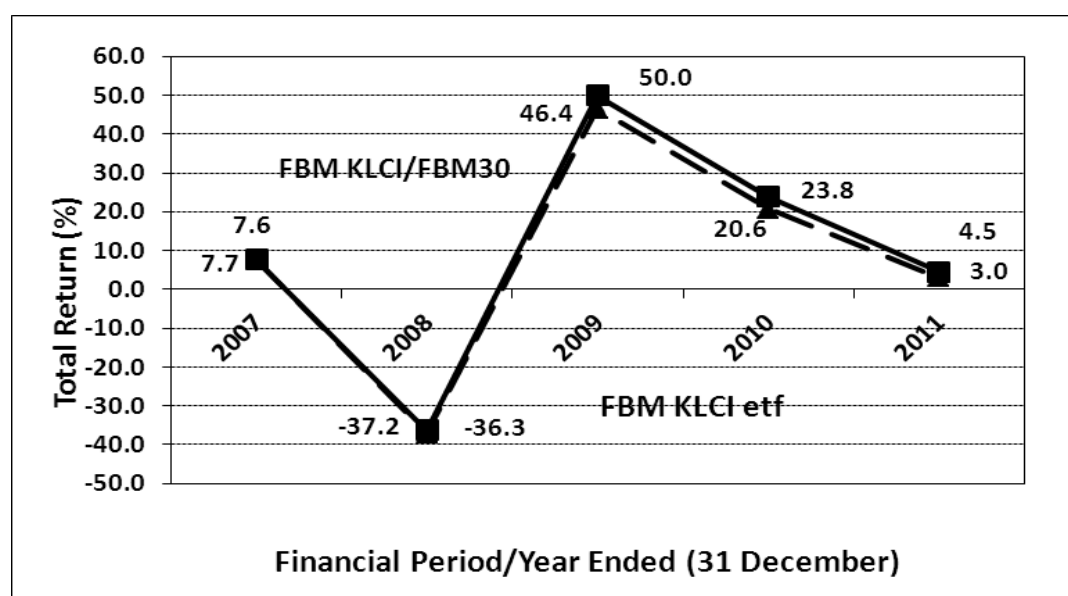
**Fund Performance** For the financial period under review, the Fund recorded a return of 4.64% comprising 3.49% capital growth and 1.15% income distribution.

Thus, the Fund’s return of 4.64% underperformed the benchmark return of 4.96% by 0.32%.

As compared to 31 December 2011, the NAV of the Fund increased by 3.47% from RM3,910,587 to RM4,046,195. The NAV per unit of the Fund also increased by 3.47% from RM1.5592 to RM1.6133 while units in circulation remain unchanged at 2,508,000 units.

The closing price of the Fund quoted on Bursa Malaysia increased by 5.57% from RM1.5250 to RM1.6100.

The line chart below shows the comparison between the annual performance of FBM KLCI etf and its benchmark for each of the financial period/years 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.

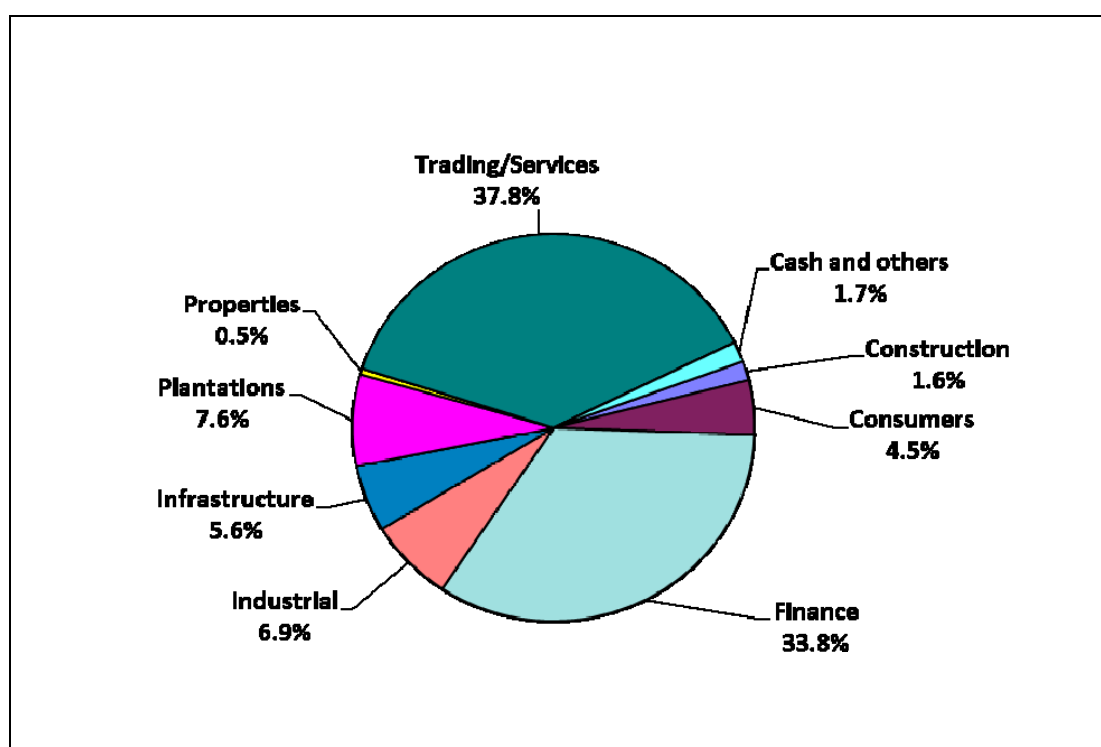
## Portfolio Structure

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

	As at 31-3-2012 %	As at 31-12-2011 %	Changes %
Construction	1.6	1.4	0.2
Consumers products	4.5	4.6	-0.1
Finance	33.8	34.5	-0.7
Industrial products	6.9	6.7	0.2
Infrastructure project companies	5.6	5.7	-0.1
Plantations	7.6	7.9	-0.3
Properties	0.5	0.5	-
Trading/Services	37.8	38.7	-0.9
Cash and others	1.7	-	1.7
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	

There was minor change to cash, where weighting increased by 1.7%. 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** During the financial period under review, the Fund declared income distributions, details are as follow:

1.80 sen per unit final income distribution*	<b>Change in the unit price prior and subsequent to the final income distribution</b>	<b>Before income distribution on 9 March 2012 (RM)</b>	<b>After income distribution on 9 March 2012 (RM)</b>
	Net asset value per unit	1.6128	1.5948

**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 took a breather in January after its huge rally in December. This was despite the strong start-of-the-year performance by its regional peers and Wall Street. Although the key index was flattish in January, second and third liners were actively traded. This indicates rotational play in the market, which is generally healthy. Higher-beta stocks like DRB-Hicom and JCY International were chased up in January. Construction stocks rallied briefly in reaction to the M\$1.7bn award of MRT Phase 1 (non- tunneling works) and government approval for the West Coast Expressway concession. For the month, the KLCI eased 10 points or 0.7% to 1,521 points underperforming its regional peers as the risk on mode did not augur well for defensive Malaysia.

The KLCI moved in tandem with its regional and global peers in February after underperforming in January. The major results season in February also looks to be less destructive than what was feared by the investors. Second and third-liner stocks continued to hog the limelight in terms of gains and volumes. For the month, the KLCI gained 49 points or 3.2% to close at 1,570 points. The KLCI is only 27points or 1.7% below its all-time highs of 1,597 points.

The KLCI continued to play catch up to its regional and global peers in March and came close to its all-time highs of 1,597 points twice during the month. However, KLCI continued to underperform its regional peers due to lack of positive news. For the month, the KLCI gained 26 points or 1.7% to close at 1,596 points. The KLCI is only 1 point below its all-time highs.

**Market Outlook** The current environment presents a headache for investors, as the euro crisis is unlikely to be resolved any time soon, leaving the market vulnerable to corrections. Fresh doubt has also resurfaced, such as possible loss of momentum in US job growth and worries of a growth slowdown in China. Is there staying power or should we trim to take profits and keep a neutral position in equity?

The cyclical outlook remains favourable and equity prices should be supported over the medium term. However, the recent price rally in stocks has been explosive which means we expect short-term profit taking as the rally is in need of a rest. Equity performance is expected to be harder in the second quarter versus the first. We are cognizant of the fact that the world is still fraught with many risks and potential shocks causing higher volatility. We expect these to stem from the Euro debt crisis (markets will be held ransom especially to the French presidential election where the Socialist candidate Francois Hollande threatens to reverse the austerity measures, focusing on growth and indirectly implying more debt); as well as the longer term US outlook. A pause is indeed needed before the resumption of the uptrend, as an uninterrupted rise in prices would be unrealistic. Therefore, we are of the view that short-term setbacks should be viewed positively to add positions, as the macro background remains conducive.

Our base case is that this current weakness is temporary as growth indicators are positive, interest rates are low and major central bank balance sheets are still expanding (US and EU). We also believe that with the recovering OECD leading indicator (Chart 1), earnings are on the cusp of upgrades and as such suggest selective buying on dips for back-ended performance.

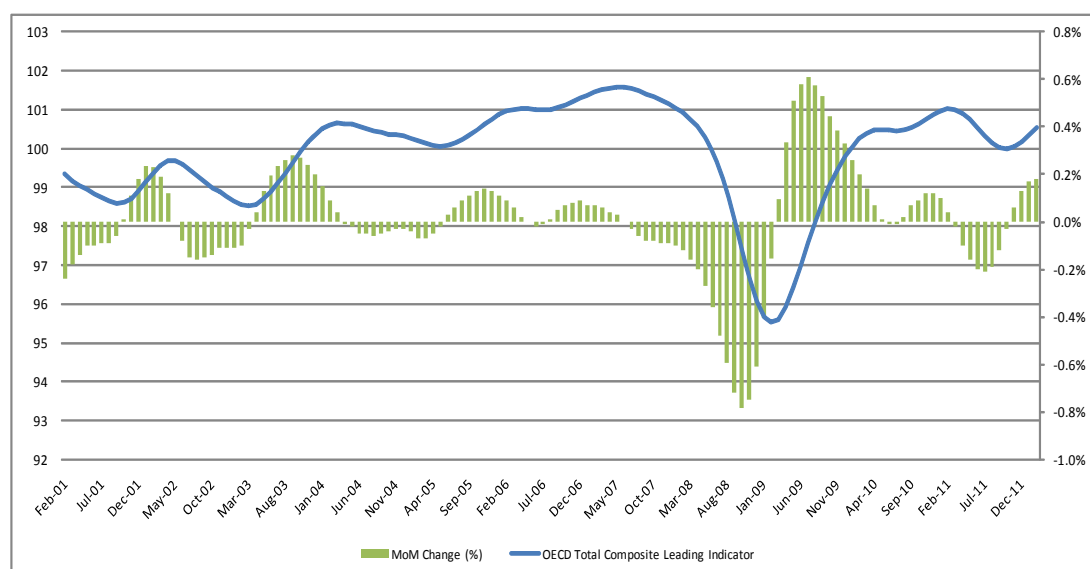


Chart 1: Global OECD leading indicator (Source: Bloomberg)

The key message is that global growth will improve rather than deteriorate towards the latter half of 2012 with the key drivers being:

- Global growth via US and China will continue
- Earnings momentum will improve as a result
- Valuations are attractive

For Malaysia, money supply (M2) has been accelerating suggesting a pick-up in economic activity, but this is yet to be reflected in the earnings momentum upgrade. Valuations are decent but as mentioned in April's strategy, the market will be held ransom to the coming General Election.

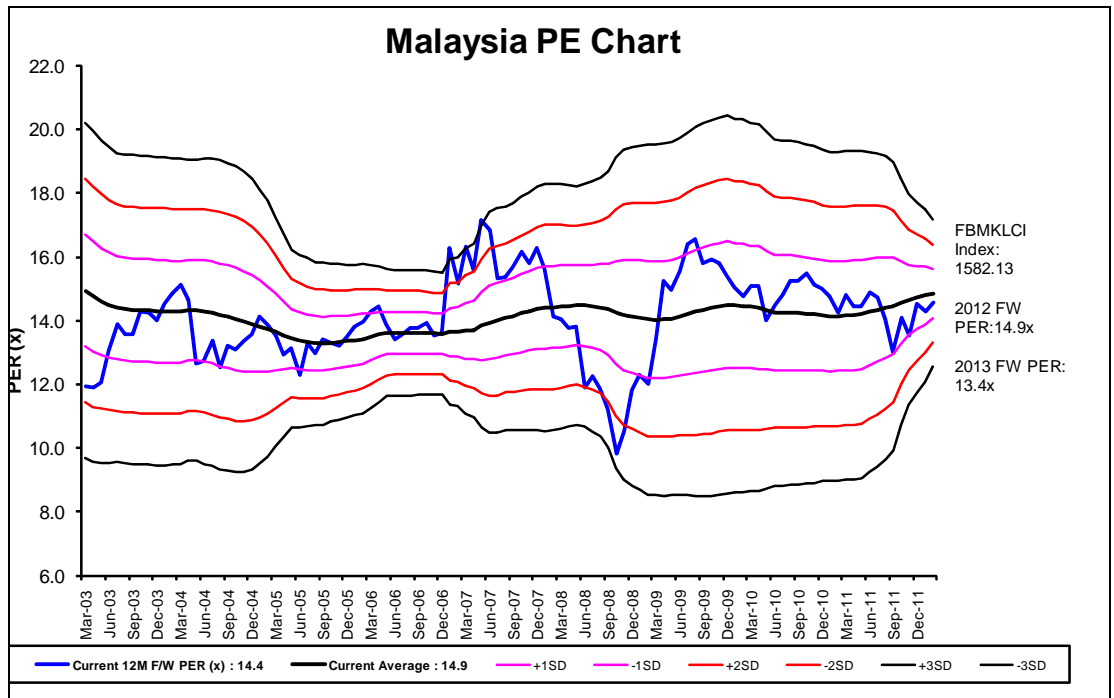


Chart 9: Malaysia's PER (Source: IBES)

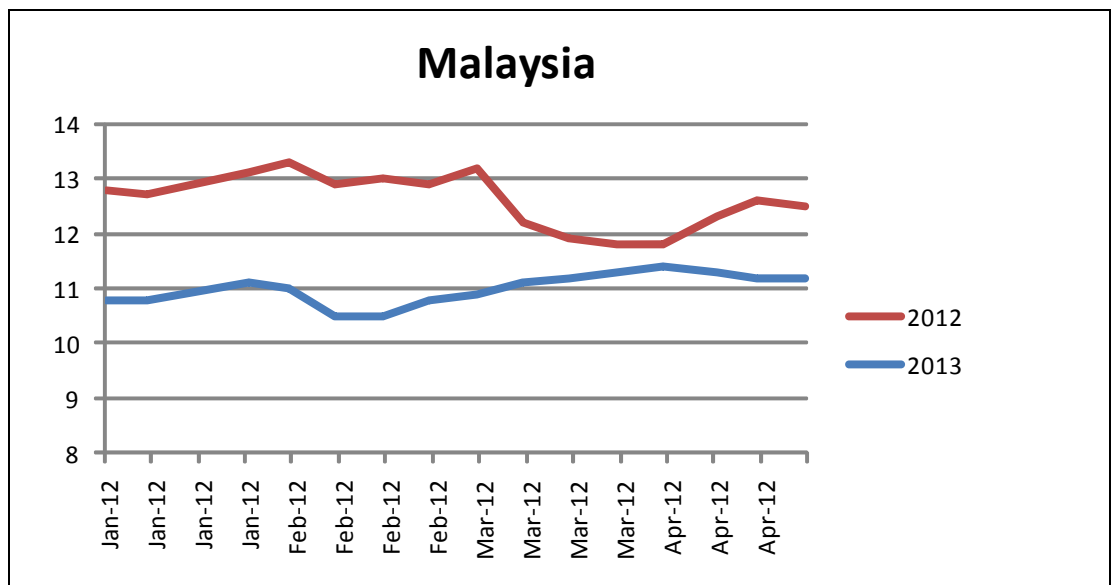


Chart 10: Malaysia earnings momentum (Source: IBES)

With regards to Asia Pacific ex Japan and Malaysia, the valuations are cheap (Chart 11). However, this would persist over time unless execution confirms earnings revision momentum (Chart 12). We are of the view that this would eventually materialize towards the latter half unless OECD leading indicators falter.

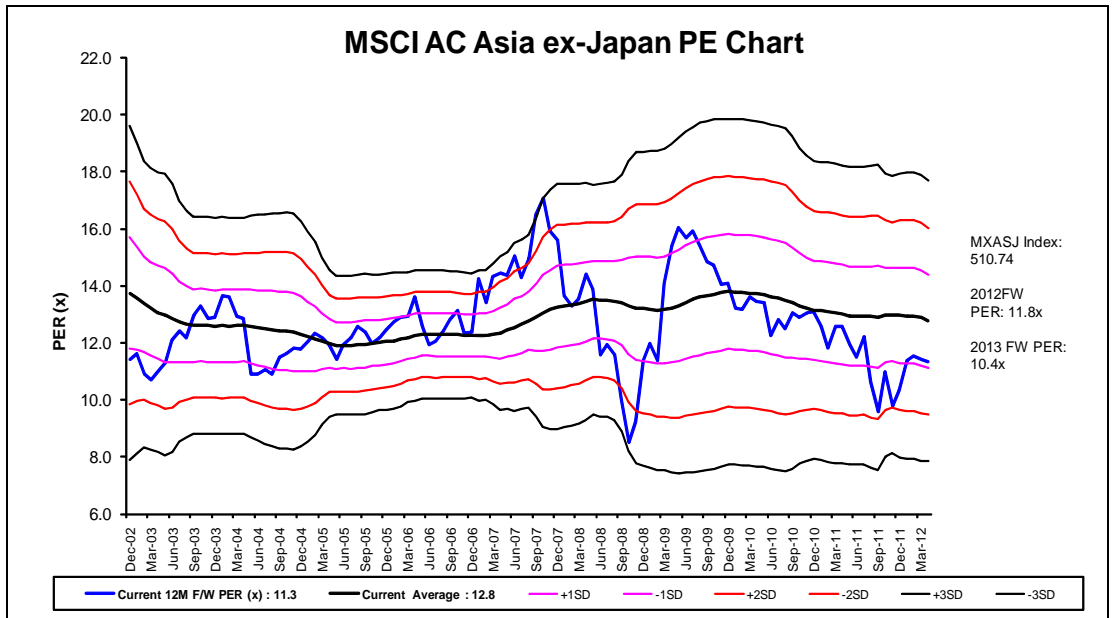


Chart 11: MSCI Asia Pacific ex Japan's PER (Source: Bloomberg)

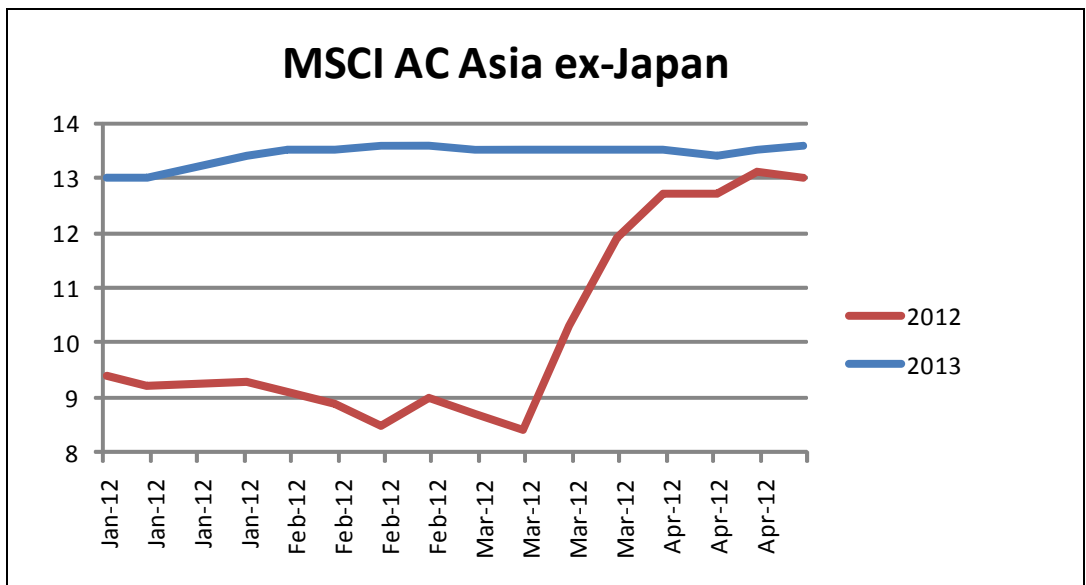


Chart 12: Asia Pacific ex Japan earnings growth momentum (Source: IBES)

Kuala Lumpur, Malaysia  
 AmInvestment Services Berhad

30 April 2012

## 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 January 2012 to 31 March 2012, there was one (1) Board of Directors' meeting held by the Manager.

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

<b>Name: Harinder Pal Singh a/l Joga Singh</b>	
<b>Age</b>	: 50
<b>Nationality</b>	: Malaysian
<b>Qualification</b>	: Bachelors Degree in Accounting, University Malaya
<b>Executive/Non-Executive Director</b>	: Executive Director
<b>Independent/Non-Independent Director</b>	: Non-Independent Director
<b>Working Experience</b>	: <b><i>Bank Negara Malaysia</i></b> Senior Administrative Officer, Insurance Inspection Department (1986 – 1993)  <b><i>Securities Commission, Malaysia</i></b> Assistant Manager, Market Surveillance Department (1993 – 1995)  <b><i>AmSecurities Sdn Bhd</i></b> Seconded to PT Arab-Malaysian Capital Indonesia as Director of Operations (1995 – 1998)  <b><i>AmMerchant Bank Berhad</i></b> Manager, Corporate Services (1998 – 2000)  <b><i>AmInvestment Services Berhad</i></b> <ul style="list-style-type: none"><li>• Manager, Client Service &amp; Operations (July 2001 – June 2002)</li><li>• Senior Manager, Client Service &amp; Operation (July 2002 – 2003)</li><li>• Head, Sales Services (2003-December 2006)</li><li>• Principal Officer / Director of Operations (Present)</li><li>• Director (September 2008 - Present)</li></ul>
<b>Occupation</b>	: Principal Officer/Director of Operations of AmInvestment Services Berhad
<b>Date of appointment</b>	: 22 September 2008
<b>Directorship of other public companies</b>	: None
<b>Number of Board meeting attended for the financial period (From 1 January 2012 to 31 March 2012)</b>	: One (1)

<b>Member of any other Board Committee</b>	: Investment Committee (Non-Independent)
<b>Date of appointment to the Investment Committee</b>	: 18 January 2007
<b>Number of Investment Committee meeting attended for the financial period (From 1 January 2012 to 31 March 2012)</b>	: Two (2)
<b>Family relationship with any director</b>	: None
<b>Conflict of interest with the Fund</b>	: None
<b>List of convictions for offences within the past 10 years (if any)</b>	: None

**Name: Kok Tuck Cheong**

<b>Age</b>	: 56
<b>Nationality</b>	: Malaysian
<b>Qualification</b>	: Bachelor of Science (Honours) in Commerce and Accountancy and Master of Science in Financial Managerial Controls, University of Southampton.
<b>Executive/Non-Executive Director</b>	: Non-Executive Director
<b>Independent/Non-Independent Director</b>	: Non-Independent Director
<b>Working Experience</b>	: 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.
<b>Occupation</b>	: Chief Executive Officer of AmInvestment Bank Berhad
<b>Date of appointment</b>	: 9 November 2001
<b>Directorship of other public companies</b>	: AmInvestment Group Berhad
<b>Number of Board meeting attended for the financial period (From 1 January 2012 to 31 March 2012)</b>	: One (1)
<b>Member of any other Board Committee</b>	: Audit Committee
<b>Date of appointment to the Investment Committee</b>	: None



<b>Number of Investment Committee meeting attended for the financial period (From 1 January 2012 to 31 March 2012)</b>	: None
<b>Family relationship with any director</b>	: None
<b>Conflict of interest with the Fund</b>	: None
<b>List of convictions for offences within the past 10 years (if any)</b>	: None

**Name: Datin Maznah binti Mahbob**

<b>Age</b>	: 53
<b>Nationality</b>	: Malaysian
<b>Qualification</b>	: A graduate of the Institute of Chartered Secretaries and Administrators (UK) and holds the Capital Markets Services Representative License
<b>Executive/Non-Executive Director</b>	: Non-Executive Director
<b>Independent/Non-Independent Director</b>	: Non-Independent Director
<b>Working Experience</b>	: 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.
<b>Occupation</b>	: Chief Executive Officer of the Funds Management Division of AmInvestment Bank Group and Chief Executive Officer/Executive Director of AmInvestment Management Sdn Bhd.
<b>Date of appointment</b>	: 29 December 2005
<b>Directorship of other public companies</b>	: None
<b>Number of Board meeting attended for the financial period (From 1 January 2012 to 31 March 2012)</b>	: One (1)
<b>Member of any other Board Committee</b>	: None
<b>Date of appointment to the Investment Committee</b>	: None
<b>Number of Investment Committee meeting attended for the financial period (From 1 January 2012 to 31 March 2012)</b>	: None

<b>Family relationship with any director</b>	: None
<b>Conflict of interest with the Fund</b>	: None
<b>List of convictions for offences within the past 10 years (if any)</b>	: None
<b>Name: Professor Dr Annuar bin Md. Nassir</b>	
<b>Age</b>	: 54
<b>Nationality</b>	: Malaysian
<b>Qualification</b>	: Doctor of Philosophy, University Putra Malaysia
<b>Executive/Non-Executive Director</b>	: Non-Executive Director
<b>Independent/Non-Independent Director</b>	: Independent Director
<b>Working Experience</b>	: <i>University Pertanian Malaysia</i> Tutor (1981 – 1984)
	: <i>University Putra Malaysia Serdang</i>
	• Associate Professor (March 1993 – March 2000)
	• Professor (March 2000-Present)
	• Deputy Dean (September 2002 – January 2006)
	• Dean (February 2006-April 2011)
<b>Occupation</b>	: Professor, Faculty of Economics and Management of University Putra Malaysia
<b>Date of appointment</b>	: 8 April 2003
<b>Directorship of other public companies</b>	: None
<b>Number of Board meeting attended for the financial period (From 1 January 2012 to 31 March 2012)</b>	: One (1)
<b>Member of any other Board committee</b>	: Investment Committee and Audit Committee (Independent)
<b>Date of appointment to the Investment Committee</b>	: 18 January 2007
<b>Number of Investment Committee meeting attended for the financial period (From 1 January 2012 to 31 March 2012)</b>	: Three (3)
<b>Family relationship with any director</b>	: None
<b>Conflict of interest with the Fund</b>	: None
<b>List of convictions for offences within the past 10 years (if any)</b>	: None

<b>Name: Dato' Dr Mahani binti Zainal Abidin</b>	
<b>Age</b>	: 57
<b>Nationality</b>	: Malaysian
<b>Qualification</b>	: Doctor of Philosophy in Development Economics, University of London.
<b>Executive/Non-Executive Director</b>	: Non-Executive Director
<b>Independent/Non-Independent Director</b>	: Independent Director
<b>Working Experience</b>	: <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)
<b>Occupation</b>	: Chief Executive, Institute of Strategic and International Studies (ISIS) Malaysia.
<b>Date of appointment</b>	: 14 July 2004
<b>Directorship of other public companies</b>	: AmIslamic Bank Berhad
<b>Number of Board meeting attended for the financial period (From 1 January 2012 to 31 March 2012)</b>	: One (1)
<b>Member of any other Board Committee</b>	: Investment Committee and Audit Committee (Independent)
<b>Date of appointment to the Investment Committee</b>	: 18 January 2007
<b>Number of Investment Committee meeting attended for the financial period (From 1 January 2012 to 31 March 2012)</b>	: Three (3)
<b>Family relationship with any director</b>	: None
<b>Conflict of interest with the Fund</b>	: None
<b>List of convictions for offences within the past 10 years (if any)</b>	: None

<b>Name: Lee Siang Korn @ Lee Siang Chin</b>	
<b>Age</b>	: 63
<b>Nationality</b>	: Malaysian

<b>Qualification</b>	:	<ul style="list-style-type: none"> <li>• Fellow of the Institute of Chartered Accountants, England and Wales (July 1972)</li> <li>• Member of the Malaysian Association of Certified Public Accountants (June 1975)</li> </ul>
<b>Executive/Non-Executive Director</b>	:	Non-Executive Director
<b>Independent/Non-Independent Director</b>	:	Independent Director
<b>Working Experience</b>	:	<p><i>Arab-Malaysian Merchant Bank Berhad</i> General Manager, Corporate Finance (1983-1986)</p> <p><i>Arab-Malaysian Securities Sdn. Bhd.</i> Managing Director (1986-1999)</p> <p><i>Surf88.Com Sdn.Bhd</i> Chairman and Founding Shareholder (1999-2004)</p>
<b>Occupation</b>	:	Director
<b>Date of appointment</b>	:	20 December 2006
<b>Directorship of other public companies</b>	:	<ul style="list-style-type: none"> <li>• Star Publications (Malaysia) Berhad</li> <li>• UniAsia Life Assurance Berhad</li> </ul>
<b>Number of Board meeting attended for the financial period (From 1 January 2012 to 31 March 2012)</b>	:	One (1)
<b>Member of any other Board Committee</b>	:	Investment Committee and Audit Committee (Independent)
<b>Date of appointment to the Investment Committee</b>	:	18 January 2007
<b>Number of Investment Committee meeting attended for the financial period (From 1 January 2012 to 31 March 2012)</b>	:	Three (3)
<b>Family relationship with any director</b>	:	None
<b>Conflict of interest with the Fund</b>	:	None
<b>List of convictions for offences within the past 10 years (if any)</b>	:	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 Investment 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 were three (3) Investment Committee Meetings held by the Manager.

## *Unitholders*

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

<b>NAME</b>	<b>Number of Unit Held</b>	<b>Units Held (in %)</b>
AmINVESTMENT BANK BERHAD	959,560	44.64
A.A. ANTHONY SECURITIES SDN. BHD	257,200	11.97
HSBC BANK MALAYSIA BERHAD	210,000	9.77
MALACCA SECURITIES SDN BHD	100,000	4.65
JF APEX SECURITIES BERHAD	82,300	3.83
CIMB INVESTMENT BANK BERHAD	49,400	2.30
CIMB INVESTMENT BANK BERHAD	40,000	1.86
HSBC BANK MALAYSIA BERHAD	33,100	1.54
HONG LEONG INVESTMENT BANK BERHAD	31,900	1.48
OSK INVESTMENT BANK BERHAD	30,000	1.40
ALLIANCE INVESTMENT BANK BERHAD	25,735	1.20
MAYBANK INVESTMENT BANK BERHAD	25,720	1.20
MERCURY SECURITIES SDN BHD	25,720	1.20
KENANGA INVESTMENT BANK BERHAD	25,720	1.20
AFFIN INVESTMENT BANK BERHAD	25,720	1.20
RHB INVESTMENT BANK BERHAD	20,000	0.93
HWANGDBS INVESTMENT BANK BERHAD	19,300	0.90
MAYBANK INVESTMENT BANK BERHAD	19,290	0.90
INNOSABAH SECURITIES BERHAD	19,150	0.89
HWANGDBS INVESTMENT BANK BERHAD	18,000	0.84
MAYBANK INVESTMENT BANK BERHAD	16,075	0.75
HONG LEONG INVESTMENT BANK BERHAD	14,432	0.67
OSK INVESTMENT BANK BERHAD	12,860	0.60
TA SECURITIES HOLDINGS BERHAD	12,860	0.60
MAYBANK INVESTMENT BANK BERHAD	12,860	0.60
CIMB INVESTMENT BANK BERHAD	12,860	0.60
TA SECURITIES HOLDINGS BERHAD	12,860	0.60
CIMB INVESTMENT BANK BERHAD	12,500	0.58
HONG LEONG INVESTMENT BANK BERHAD	12,217	0.57
HWANGDBS INVESTMENT BANK BERHAD	12,000	0.56

**FTSE Bursa Malaysia KLCI etf (“FBM KLCI etf”)**

**STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2012**

	Note	31-3-2012 (unaudited) RM	31-12-2011 (audited) RM
<b>ASSETS</b>			
Investments	4	4,027,390	3,861,829
Dividend receivables		25,965	17,672
Capital repayment receivable		-	67,195
Tax recoverable		8,648	8,410
Cash at banks		71,636	1,431
<b>TOTAL ASSETS</b>		<u>4,133,639</u>	<u>3,956,537</u>
<b>LIABILITIES</b>			
Amount due to Manager	5	1,648	6,956
Amount due to Trustee	6	198	187
Amount due to index provider	7	3,318	2,924
Sundry payables and accrued expenses		37,136	35,883
Distribution payable		45,144	-
<b>TOTAL LIABILITIES</b>		<u>87,444</u>	<u>45,950</u>
<b>EQUITY</b>			
Unitholders’ capital	9(a)	3,658,895	3,658,895
Retained earnings	9(b)(c)	387,300	251,692
<b>TOTAL EQUITY</b>	9	<u>4,046,195</u>	<u>3,910,587</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>4,133,639</u>	<u>3,956,537</u>
<b>UNITS IN CIRCULATION</b>	9(a)	<u>2,508,000</u>	<u>2,508,000</u>
<b>NET ASSET VALUE PER UNIT - EX DISTRIBUTION</b>		<u>161.33 sen</u>	<u>155.92 sen</u>

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

**FTSE Bursa Malaysia KLCI etf (“FBM KLCI etf”)**

**STATEMENT OF COMPREHENSIVE INCOME (Unaudited)  
FOR THE PERIOD FROM 1 JANUARY 2012 TO 31 MARCH 2012**

	Note	1-1-2012 to 31-3-2012 RM	1-1-2011 to 31-3-2011 RM
<b>INVESTMENT INCOME</b>			
Gross dividend income		25,581	25,500
Interest income		22	8
Net gain from investments:			
- Financial assets at fair value through profit or loss ("FVTPL")	8	165,561	65,221
		<u>191,164</u>	<u>90,729</u>
<b>EXPENDITURE</b>			
Manager's fee	5	4,919	4,789
Trustee's fee	6	590	575
Licence fee	7	393	383
Auditors' remuneration		992	997
Tax agent's fee		1,240	1,247
Administrative expenses		2,278	4,510
		<u>10,412</u>	<u>12,501</u>
Total Expenditure			
NET INCOME BEFORE TAX		180,752	78,228
LESS: INCOME TAX	11	-	(1,500)
NET INCOME AFTER TAX		180,752	76,728
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>180,752</u>	<u>76,728</u>
Total comprehensive income comprises the following:			
Realised income		15,191	14,626
Unrealised gain		165,561	62,102
		<u>180,752</u>	<u>76,728</u>
Distributions for the period:			
Net distributions	12	<u>45,144</u>	<u>43,890</u>
Gross distributions per unit (sen)	12	<u>1.80</u>	<u>1.79</u>
Net distributions per unit (sen)	12	<u>1.80</u>	<u>1.75</u>

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



**FTSE Bursa Malaysia KLCI etf (“FBM KLCI etf”)****STATEMENT OF CHANGES IN NET ASSET VALUE (Unaudited)  
FOR THE PERIOD FROM 1 JANUARY 2012 TO 31 MARCH 2012**

	Note	Unitholders' capital RM	Retained earnings RM	Total net asset value RM
At 1 January 2011		3,658,895	192,921	3,851,816
Total comprehensive income for the period		-	76,728	76,728
Distributions	12	-	(43,890)	(43,890)
Balance at 31 March 2011		<u>3,658,895</u>	<u>225,759</u>	<u>3,884,654</u>
At 1 January 2012		3,658,895	251,692	3,910,587
Total comprehensive income for the period		-	180,752	180,752
Distributions	12	-	(45,144)	(45,144)
Balance at 31 March 2012		<u>3,658,895</u>	<u>387,300</u>	<u>4,046,195</u>

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

**FTSE Bursa Malaysia KLCI etf (“FBM KLCI etf”)****STATEMENT OF CASH FLOWS** *(Unaudited)***FOR THE PERIOD FROM 1 JANUARY 2012 TO 31 MARCH 2012**

	<b>1-1-2012 to 31-3-2012 RM</b>	<b>1-1-2011 to 31-3-2011 RM</b>
<b>CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES</b>		
Proceeds from sale of quoted investments	-	46,517
Dividend received	17,050	19,445
Capital repayments from quoted investment	67,195	-
Interest received	22	8
Licence fee paid	-	(125)
Trustee’s fee paid	(579)	(616)
Manager’s fee paid	(10,227)	(5,130)
Payment for other administrative expenses	(3,256)	(4,658)
Purchase of quoted investments	-	(43,361)
	<hr/>	<hr/>
Net Cash Generated From Operating And Investing Activities	70,205	12,080
	<hr/>	<hr/>
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>		
Distribution paid	-	(43,890)
	<hr/>	<hr/>
Net Cash Used In Financing Activity	-	(43,890)
	<hr/>	<hr/>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		
	70,205	(31,810)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>		
	1,431	45,391
	<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>		
	71,636	13,581
	<hr/>	<hr/>
Cash and cash equivalents comprises the following:		
Cash at banks	71,636	13,581
	<hr/>	<hr/>

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

## FTSE Bursa Malaysia KLCI etf (“FBM KLCI etf”)

### 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 Financial Reporting Standards (“FRS”).

##### **Introduction of Malaysian Financial Reporting Standards**

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (“MFRS Framework”) that will replace the existing Financial Reporting Standards (“FRS Framework”).

The MFRS Framework comprises Standards as issued by the International Accounting Standards Board (IASB) that are effective on 1 January 2012. It also comprises new/revised standards recently issued by the IASB that will effective after 1 January 2012.

The MFRS Framework is to be applied by all entities other than private entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 *Agriculture* (MFRS 141) and IC Interpretation 15 *Agreement for Construction of Real Estate* (IC 15), including its parent, significant investor and venturer (herein called “Transitioning Entities”).

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional one year. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2013.

The key differences between the FRS Framework and MFRS Framework are that in the former, (a) FRS 201<sub>2004</sub> *Property Development Activities* will continue to be the extant standard

for accounting for property development activities and not IC 15, and (b) there is no equivalent standard to IAS 41 Agriculture.

The Fund is in the process of assessing the impact to the Fund as a result of the change to the new MFRS Framework.

### 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 income is recognised when the Fund's right to receive payment is established. Interest on short-term deposits is recognised on an accrual basis using the effective interest method.

Application fee is recognised at pre-determined amount upon the creation or redemption of units or the cancellation of such requests.

#### **Income Tax**

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 the Ringgit Malaysia which reflects the currency of the economy in which the Fund competes for funds, issues 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/loss 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 to the Fund meets the definition of puttable instruments and is 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 ("FVTPL") 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 quoted equity securities 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.

For investments in quoted securities, market value is determined based on the 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) Loans and 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 loans and receivables become uncollectible, they are 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.

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

### 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 others 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 financial period.

## 4. INVESTMENTS

	<b>31-3-2012</b>	<b>31-12-2011</b>
	<b>RM</b>	<b>RM</b>
<b>Financial assets at FVTPL:</b>		
Quoted securities in Malaysia	<u>4,027,390</u>	<u>3,861,829</u>

Details of quoted investments as at 31 March 2012 are as follows:

Name of Company	Number of shares	Market value RM	Purchase cost RM	Market value as a percentage of net asset value %
<b>Quoted Securities in Malaysia</b>				
<b>Construction</b>				
YTL Corporation Berhad	<u>35,470</u>	<u>63,491</u>	<u>56,210</u>	<u>1.57</u>
<b>Consumer Products</b>				
British American Tobacco (M) Berhad	1,100	62,282	47,867	1.54
PPB Group Berhad	4,500	76,050	63,142	1.88
UMW Holdings Berhad	<u>6,400</u>	<u>46,720</u>	<u>44,032</u>	<u>1.15</u>
	<u>12,000</u>	<u>185,052</u>	<u>155,041</u>	<u>4.57</u>
(Forward)				

<b>Name of Company</b>	<b>Number of shares</b>	<b>Market value RM</b>	<b>Purchase cost RM</b>	<b>Market value as a percentage of net asset value %</b>
<b>Quoted Securities in Malaysia</b>				
<b>Finance</b>				
AMMB Holdings Berhad	18,200	114,842	96,361	2.84
CIMB Group Holdings Berhad	45,000	346,050	325,315	8.55
Hong Leong Bank Berhad	5,660	71,429	47,059	1.77
Hong Leong Financial Group Berhad	2,200	27,060	19,595	0.67
Malayan Banking Berhad	46,531	412,730	348,335	10.20
Public Bank Berhad	28,500	388,740	331,977	9.61
RHB Capital Berhad	3,000	23,100	21,496	0.57
	<u>149,091</u>	<u>1,383,951</u>	<u>1,190,138</u>	<u>34.21</u>
<b>Industrial Products</b>				
PETRONAS Chemical Group Berhad	25,800	173,892	149,879	4.30
PETRONAS Gas Berhad	6,400	107,776	71,756	2.66
	<u>32,200</u>	<u>281,668</u>	<u>221,635</u>	<u>6.96</u>
<b>Properties</b>				
UEM Land Holdings Berhad	8,700	19,488	19,172	0.48
<b>Infrastructure</b>				
DiGi.Com Berhad	47,100	191,226	115,338	4.73
YTL Power International Berhad	21,171	39,166	49,911	0.97
	<u>68,271</u>	<u>230,392</u>	<u>165,249</u>	<u>5.70</u>
<b>Plantation</b>				
IOI Corporation Berhad	38,785	207,112	223,009	5.12
Kuala Lumpur Kepong Berhad	4,300	105,780	76,067	2.61
	<u>43,085</u>	<u>312,892</u>	<u>299,076</u>	<u>7.73</u>

(Forward)



Name of Company	Number of shares	Market value RM	Purchase cost RM	Market value as a percentage of net asset value %
<b>Quoted Securities in Malaysia</b>				
<b>Trading/Services</b>				
AirAsia Berhad	15,600	53,820	58,254	1.33
Axiata Group Berhad	51,100	265,720	222,061	6.57
Bumi Armada Berhad	6,100	26,840	24,920	0.66
Genting Berhad	22,400	242,816	209,258	6.00
Genting Malaysia Berhad	22,700	88,984	77,799	2.20
Malaysia Marine and Heavy Engineering Holdings Berhad	3,200	17,568	26,544	0.43
Maxis Berhad	18,200	110,838	97,296	2.74
MMC Corporation Berhad	8,200	23,042	23,869	0.57
PETRONAS Dagangan Berhad	2,200	41,668	22,305	1.03
Sime Darby Berhad	36,289	353,455	309,535	8.74
Telekom Malaysia Berhad	21,700	115,444	58,555	2.85
Tenaga Nasional Berhad	32,700	210,261	239,286	5.20
	240,389	1,550,456	1,369,682	38.32
<b>Total financial assets at FVTPL</b>	<b>589,206</b>	<b>4,027,390</b>	<b>3,476,203</b>	<b>99.54</b>
<b>Excess of fair value over cost</b>			<b>551,187</b>	

5. **AMOUNT DUE TO MANAGER**

	31-3-2012 RM	31-12-2011 RM
Manager's fee payable	1,648	1,556
Application fee payable to Manager	-	5,400
	<u>1,648</u>	<u>6,956</u>

Manager's fee was charged at a rate of 0.50% per annum of the net asset value of the Fund, calculated on a daily basis (2011: 0.50%).

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

6. **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 (2011: 0.06%).

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

7. **AMOUNT DUE TO INDEX PROVIDER**

Licence fee was charged at a rate of 0.04% per annum of the net asset value of the Fund, calculated on a daily basis (2011: 0.04%).

8. **NET GAIN FROM INVESTMENTS AT FVTPL**

	<b>1-1-2012 to 31-3-2012 RM</b>	<b>1-1-2011 to 31-3-2011 RM</b>
Net gain on financial assets at FVTPL comprised:		
- Net realised gain on sale of quoted investments	-	3,119
- Net unrealised gain on changes in values of quoted investments	165,561	62,102
	<u>165,561</u>	<u>65,221</u>

9. **TOTAL EQUITY**

Total equity is represented by:

	<b>Note</b>	<b>31-3-2012 RM</b>	<b>31-12-2011 RM</b>
Unitholders' capital	(a)	3,658,895	3,658,895
Retained earnings			
- Realised loss	(b)	(163,887)	(133,934)
- Unrealised gain	(c)	551,187	385,626
		<u>4,046,195</u>	<u>3,910,587</u>

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

	<b>1-1-2012 to 31-3-2012</b>		<b>1-1-2011 to 31-12-2011</b>	
	<b>Number of units</b>	<b>RM</b>	<b>Number of units</b>	<b>RM</b>
At beginning of period/year	2,508,000	3,658,895	2,508,000	3,658,895
Creation during the period/year	-	-	-	-
Cancellation during the period/year	-	-	-	-
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 31 March 2012, the approved Fund size is 500 million units.

(b) **REALISED – DISTRIBUTABLE**

	<b>1-1-2012 to 31-3-2012 RM</b>	<b>1-1-2011 to 31-12-2011 RM</b>
At beginning of the period/year	(133,934)	(99,895)
Total comprehensive income for the period/year	180,752	113,661
Net unrealised gain attributable to investments held transferred to unrealised reserve	(165,561)	(92,810)
Distributions out of realised reserve	(45,144)	(54,890)
Net decrease in realised reserve for the period/year	<u>(29,953)</u>	<u>(34,039)</u>
Balance as at end of the period/year	<u>(163,887)</u>	<u>(133,934)</u>

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

	<b>1-1-2012 to 31-3-2012 RM</b>	<b>1-1-2011 to 31-12-2011 RM</b>
At beginning of the period/year	385,626	292,816
Net unrealised gain attributable to investments held transferred from realised reserve	<u>165,561</u>	<u>92,810</u>
Balance as at end of the period/year	<u>551,187</u>	<u>385,626</u>

## 10. UNITS HELDS BY RELATED PARTIES

	1-1-2012 to 31-3-2012		1-1-2011 to 31-3-2011	
	Number of units	RM	Number of units	RM
Parties related to the Manager*	982,417	1,581,691	762,400	1,162,660

\* 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 2012 and 31 March 2011.

## 11. INCOME TAX

	1-1-2012 to 31-3-2012 RM	1-1-2011 to 31-3-2011 RM
Current year	100	-
Over provision of tax in prior period	(100)	-
	<u>-</u>	<u>-</u>

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

Pursuant to Schedule 6 paragraph 35 of the Income Tax Act, 1967, interest income derived by the Fund is exempted from tax.

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:

	1-1-2012 to 31-3-2012 RM	1-1-2011 to 31-3-2011 RM
Net income before tax	180,752	78,228
Taxation at Malaysian statutory rate of 25%	45,200	19,600
Tax effect of:		
Income not subject to tax	(47,500)	(21,100)
Restriction on tax deductible expenses for unit trust funds	1,600	1,600
Non-permitted expenses for tax purposes	800	1,400
Over provision of tax in prior period	(100)	-
Tax expense for the period	<u>-</u>	<u>1,500</u>

## 12. DISTRIBUTIONS

Distributions to unitholders declared on 9 March 2012 (26 January 2011 on previous period) are from the following sources:

	<b>1-1-2012 to 31-3-2012 RM</b>	<b>1-1-2011 to 31-3-2011 RM</b>
Undistributable net income brought forward	39,202	-
Gross dividend income	16,340	46,227
Interest income	14	61
Other income – application fees	-	374
Net realised gain on sale of quoted investments	-	194,244
Accumulated loss brought forward	-	(47,737)
	<u>55,556</u>	<u>193,169</u>
Less: Expenses	(10,412)	(54,406)
Income tax	-	(29,334)
Distribution paid	-	(65,539)
	<u>45,144</u>	<u>43,890</u>
Total amount of distributions	<u>45,144</u>	<u>43,890</u>
Gross distributions per unit (sen)	<u>1.80</u>	<u>1.79</u>
Net distributions per unit (sen)	<u>1.80</u>	<u>1.75</u>
Distributions made out of:		
- Realised reserve	<u>45,144</u>	<u>43,890</u>
Comprising:-		
Cash distributions	<u>45,144</u>	<u>43,890</u>

Included in the distribution for the period from 1 January 2012 to 31 March 2012 was an amount of RM39,202 distributed from previous financial year's realised income.

## 13. MANAGEMENT EXPENSE RATIO (“MER”)

The Fund's MER is as follows:

	<b>1-1-2011 to 31-3-2012 % p.a.</b>	<b>1-1-2011 to 31-3-2011 % p.a.</b>
Manager's fee	0.50	0.50
Trustee's fee	0.06	0.06
Licence fee	0.04	0.04
Trust administrative expenses	0.46	0.71
	<u>1.06</u>	<u>1.31</u>
Total MER	<u>1.06</u>	<u>1.31</u>

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

14. **PORTFOLIO TURNOVER RATIO (“PTR”)**

The PTR of the Fund is the ratio of average acquisitions and disposals of the Fund for the period to the average NAV of the Fund calculated on a daily basis, is nil (2011: 0.01 times).

15. **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 in Malaysia. The Manager is of the opinion that the risk and rewards from these investments are not individually or segmentally distinct and hence the Fund does not have separately identifiable business or geographical segments.

16. **TRANSACTION WITH FINANCIAL INSTITUTION/BROKER**

No transaction with financial institution/broker is presented for the period from 1 January 2012 to 31 March 2012.

17. **FINANCIAL INSTRUMENTS**

(a) **Classification of financial instruments**

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 31 March 2012 and 31 December 2011 by the class of financial instruments to which they are assigned, and therefore by the measurement basis.

	<b>Financial assets at FVTPL RM</b>	<b>Loans and receivables at amortised cost RM</b>	<b>Financial liabilities at amortised cost RM</b>	<b>Total RM</b>
<b>31 March 2012</b>				
<b>Assets</b>				
Investments	4,027,390	-	-	4,027,390
Dividend receivables	-	25,965	-	25,965
Cash at banks	-	71,636	-	71,636
	<u>4,027,390</u>	<u>97,601</u>	<u>-</u>	<u>4,124,991</u>
Total financial assets				4,124,991
Total non-financial assets				<u>8,648</u>
				<u>4,133,639</u>
(Forward)				

	<b>Financial assets at FVTPL RM</b>	<b>Loans and receivables at amortised cost RM</b>	<b>Financial liabilities at amortised cost RM</b>	<b>Total RM</b>
<b>Liabilities</b>				
Amount due to Manager	-	-	1,648	1,648
Amount due to Trustee	-	-	198	198
Amount due to index provider	-	-	3,318	3,318
Sundry payables and accrued expenses	-	-	37,136	37,136
Distribution payable	-	-	45,144	45,144
	<hr/>	<hr/>	<hr/>	<hr/>
Total financial liabilities	-	-	87,444	87,444
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>31 December 2011</b>				
<b>Assets</b>				
Investments	3,861,829	-	-	3,861,829
Dividend receivables	-	17,672	-	17,672
Capital repayment receivables	-	67,195	-	67,195
Cash at banks	-	1,431	-	1,431
	<hr/>	<hr/>	<hr/>	<hr/>
Total financial assets	3,861,829	86,298	-	3,948,127
Total non-financial assets				8,410
				<hr/>
				3,956,537
				<hr/> <hr/>
<b>Liabilities</b>				
Amount due to Manager	-	-	6,956	6,956
Amount due to Trustee	-	-	187	187
Amount due to index provider	-	-	2,924	2,924
Sundry payables and accrued expenses	-	-	35,883	35,883
	<hr/>	<hr/>	<hr/>	<hr/>
Total financial liabilities	-	-	45,950	45,950
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

	<b>Income, expense, gains and losses</b>	
	<b>1-1-2012 to 31-3-2012 RM</b>	<b>1-1-2011 to 31-3-2011 RM</b>
Net gain from financial assets at FVTPL	165,561	65,221
Income, of which derived from:		
- Interest income	22	8
- Gross dividend income	<u>25,581</u>	<u>25,500</u>

(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

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

For instruments quoted on Bursa Malaysia Securities Berhad, the market prices are determined by reference to the theoretical closing market price as published by Bursa Malaysia Securities Berhad.

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; or

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:

	<b>Level 1 RM</b>	<b>Level 2 RM</b>	<b>Level 3 RM</b>	<b>Total RM</b>
<b>31 March 2012</b>				
Financial assets at FVTPL	<u>4,027,390</u>	<u>-</u>	<u>-</u>	<u>4,027,390</u>
<b>31 December 2011</b>				
Financial assets at FVTPL	<u>3,861,829</u>	<u>-</u>	<u>-</u>	<u>3,861,829</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:

- Dividend receivables
- Capital repayment receivable
- Cash at banks
- Amount due to Manager
- Amount due to Trustee
- Amount due to index provider
- Sundry payables and accrued expenses

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.

18. **RISK MANAGEMENT**

The Fund is exposed to a variety of risks that included market risk, interest rate risk, credit risk, liquidity risk, single issuer risk, regulatory risk, management risk and non-compliance 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 Unit Trust 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 prices, 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 one hundred days.

	<b>Value-at-Risk (%)</b>	
	<b>Equities Risk</b>	<b>Total VaR</b>
<b>31 March 2012</b>	1.98	1.98
Average daily	2.02	2.02
Highest	2.06	2.06
Lowest	1.98	1.98

Based on Gaussian VaR, using historical weekly data for the past 180 weeks, FBMKLCI etf's portfolio that invests mainly in the constituents of the FTSE Bursa Malaysia KLCI Index had a daily 1% Value-at-Risk (VaR) of approximately 1.98% as at 31 March 2012. This implies that not more than 1 out of 100 trading days would record a daily loss exceeding 1.98% of the NAV.

	<b>Value-at-Risk (RM)</b>	
	<b>Equities Risk</b>	<b>Total VaR</b>
<b>31 March 2011</b>	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 KLCI 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 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.

## **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 unfavorable prices to meet redemption requirements.

The Fund maintains sufficient level of liquid assets, after consultation with the Trustee, to meet anticipated payments and cancellations of units by unitholders. Liquid assets comprise deposits with licensed financial institutions and other instruments, which are capable of being converted into cash within 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 single issuer is diversified and managed based on internal/external ratings.

## **Regulatory Risk**

Any changes in national policies and regulations may have an effect on the capital market that may affect the net asset value of the Fund.

## **Management Risk**

Poor management of a Fund may cause considerable losses to the Fund that in turn may affect the net asset value of the Fund.

## **Non-Compliance Risk**

This is the risk of the Manager, the Trustee or the Fund not complying with internal policies, the Deed of the Fund, securities law or guidelines issued by the regulators. Non-compliance risk may adversely affect the investments of the Fund when the Fund is forced to rectify the non-compliance.

## **19. CAPITAL MANAGEMENT**

The primary objective of the Fund's capital management is to ensure that it maximises unitholders' value by expanding 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 9, 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, make 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 periods ended 31 March 2012 and 31 March 2011.