

FTSE BURSA MALAYSIA KLCI etf

Quarterly Report

30 June 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

9th & 10th Floor, Bangunan AmBank Group
55, Jalan Raja Chulan, 50200 Kuala Lumpur
Tel:03-2036 2633 Fax: 03-2026 5630

Secretaries

Chin Woon Li (MAICSA 7008636)

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") for the financial period from 1 April 2012 to 30 June 2012.

Salient Information of the Fund

Name FTSE Bursa Malaysia KLCI etf ("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 30 June 2012 are as follows:

Stock code	Company's name	Percentage weight (%)	Shares in issue ('million units)
1155	Malayan Banking Berhad	9.78	5,729.58
1295	Public Bank Berhad	9.54	3,531.93
4197	Sime Darby Berhad	8.73	4,498.49
1023	CIMB Group Holdings Berhad	8.28	5,574.58
6888	Axiata Group Berhad	6.80	6,333.87
5347	Tenaga Nasional Berhad	5.42	4,098.59
3182	Genting Berhad	5.13	2,770.68
1961	IOI Corporation Berhad	4.90	4,810.15
6947	DiGi.Com Berhad	4.86	5,831.25
5183	PETRONAS Chemicals Group Berhad	4.06	3,200.00
4863	Telekom Malaysia Berhad	2.83	2,683.05
6012	Maxis Berhad	2.82	2,250.00
6033	PETRONAS Gas Berhad	2.80	791.49
1015	AMMB Holdings Berhad	2.79	2,260.64
2445	Kuala Lumpur Kepong Berhad	2.39	534.39
4677	YTL Corporation Berhad	2.20	5,547.90
4715	Genting Malaysia Berhad	2.07	2,936.20
4065	PPB Group Berhad	1.86	592.75
5819	Hong Leong Bank Berhad	1.85	758.45
4162	British American Tobacco (M) Berhad	1.57	142.77
4588	UMW Holdings Berhad	1.55	871.65
5099	AirAsia Berhad	1.45	2,068.15
5681	PETRONAS Dagangan Berhad	1.23	298.04

(Forward)

Stock code	Company's name	Percentage weight (%)	Shares in issue ('million units)
6742	YTL Power International Berhad	1.01	2,912.80
1066	RHB Capital Berhad	0.96	657.57
1082	Hong Leong Financial Group Berhad	0.76	315.83
5210	Bumi Armada Berhad	0.69	878.54
2194	MMC Corporation Berhad	0.62	1,218.02
5148	UEM Land Holdings Berhad	0.53	1,296.92
5186	Malaysia Marine and Heavy Engineering Holdings Berhad	0.50	480.00

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.

Size of holding	As at 30 June 2012		As at 31 March 2012	
	Number of units held ('000)	Number of unitholders	Number of units held ('000)	Number of unitholders
Less than 100	1.66	43	1.78	44
100 - 1,000	21.78	37	19.73	32
1,001 - 10,000	302.11	78	316.28	81
10,001 – 100,000	634.29	27	743.44	29
100,001 to less than 5% of issue units	-	-	-	-
5% and above of issue units	1,548.16	3	1,426.76	3

Fund Performance Data

Portfolio Composition Details of portfolio composition of the Fund as at 30 June 2012, 31 March 2012 and three financial years as at 31 December are as follow:

	As at 30-6-2012 %	As at 31-3-2012 %	FY 2011 %	FY 2010 %	FY 2009 %
Construction	1.9	1.6	1.4	3.1	1.6
Consumers products	4.7	4.5	4.6	4.6	5.6
Finance	33.4	33.8	34.5	34.8	35.1
Industrial products	6.9	6.9	6.7	4.0	1.4
Infrastructure project companies	5.8	5.6	5.7	4.3	2.8
Plantations	7.3	7.6	7.9	8.5	9.0
Properties	0.4	0.5	0.5	-	-
Trading/Services	37.9	37.8	38.7	39.5	42.0
Cash and others	1.7	1.7	-	1.2	2.5
Total	100.0	100.0	100.0	100.0	100.0

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

Performance Details Performance details of the Fund for the financial periods ended 30 June 2012, 31 March 2012 and three financial years ended 31 December are as follows:

	3 months ended 30-6-2012	3 months ended 31-3-2012	FY 2011	FY 2010	FY 2009
Net asset value (RM)	4,085,558	4,046,195	3,910,587	3,851,816	4,322,755
Units in circulation	2,508,000	2,508,000	2,508,000	2,508,000	3,344,000
Net asset value per unit (RM)*	1.6290	1.6133	1.5592	1.5358	1.2927
Highest net asset per unit (RM)*	1.6337	1.6219	1.6021	1.5412	7.0489
Lowest net asset per unit (RM)*	1.5561	1.5322	1.3492	1.2380	1.0900
Closing quoted price (RM)*	1.5550	1.6100	1.5250	1.5450	1.3000
Highest quoted price (RM)*	1.6100	1.6150	1.5950	1.5450	1.3150
Lowest quoted price (RM)*	1.4900	1.5500	1.3200	1.2400	0.8523
Benchmark performance (%)	1.41	4.96	4.45	23.80	50.00
Total return (%) ⁽¹⁾	0.97	4.64	2.97	20.56	46.42
- Capital growth (%)	0.97	3.49	1.54	19.07	45.28

(Forward)

	3 months ended 30-6-2012	3 months ended 31-3-2012	FY 2011	FY 2010	FY 2009
- 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 (%) ⁽²⁾	-	1.12	1.44	1.25	5.08
Management expense ratio (%) ⁽³⁾	1.03	1.06	1.11	1.19	1.18
Portfolio turnover ratio (times) ⁽⁴⁾	-	-	0.09	1.35	0.08

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

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 periods/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 0.03% as compared to 1.06% per annum for the financial period ended 31 March 2012 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 30 June 2012)

	FBM KLCI etf^(a) %	FBM KLCI/ FBM30 Index^(b) %
One year	3.8	5.3
Three years	16.2	18.3
Since launch (19 July 2007)	5.5	7.6

Annual Total Return

Financial Years/Period Ended (31 December)	FBM KLCI etf ^(a) %	FBM KLCI/ FBM30 Index ^(b) %
2011	3.0	4.5
2010	20.6	23.8
2009	46.4	50.0
2008	-37.2	-36.3
2007 ^(c)	7.6	7.7

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

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

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

The Fund’s performance above is calculated based on net asset value per unit. Average total returns for both FBM KLCI etf and FTSE Bursa Malaysia KLCI (“FBM KLCI Index”) for a period are computed on the absolute returns for that period annualised over one year.

Note: Past performance is not necessarily indicative of future performance and that unit prices and investment returns may go down, as well as up.

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 0.97% which was entirely capital in nature.

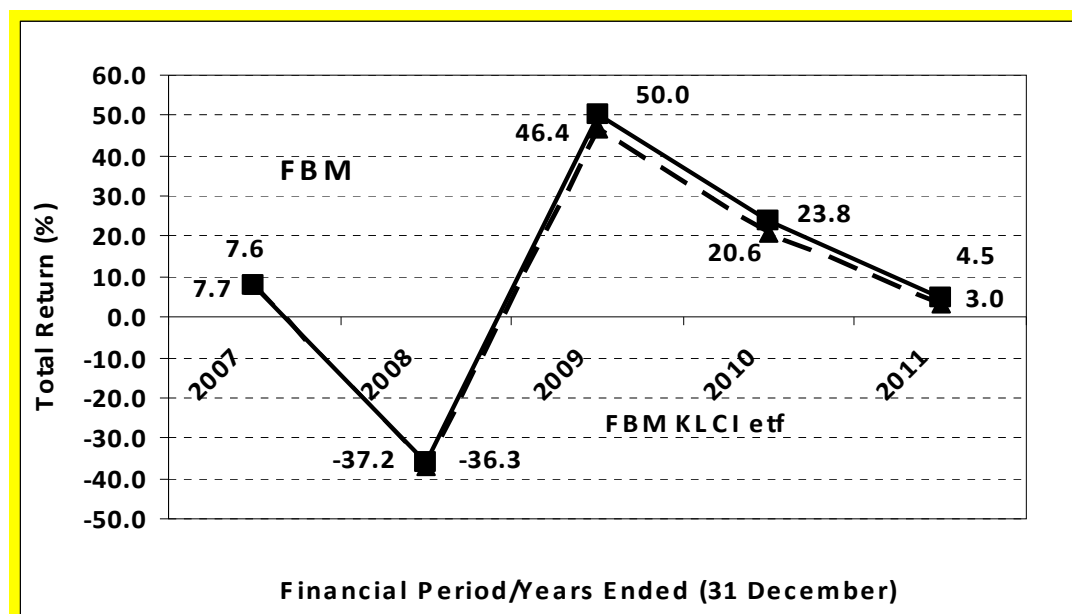
Thus, the Fund’s return of 0.97% underperformed the benchmark return of 1.41% by 0.44%.

As compared to 31 March 2012, the NAV of the Fund increased by 0.97% from RM4,046,195 to RM4,085,558. The NAV per unit of the Fund also increased by 0.97% from RM1.6133 to RM1.6290 while units in circulation remain unchanged at 2,508,000 units.

The closing price of the Fund quoted on Bursa Malaysia decreased by 3.42% from RM1.6100 to RM1.5550.

(Forward)

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.

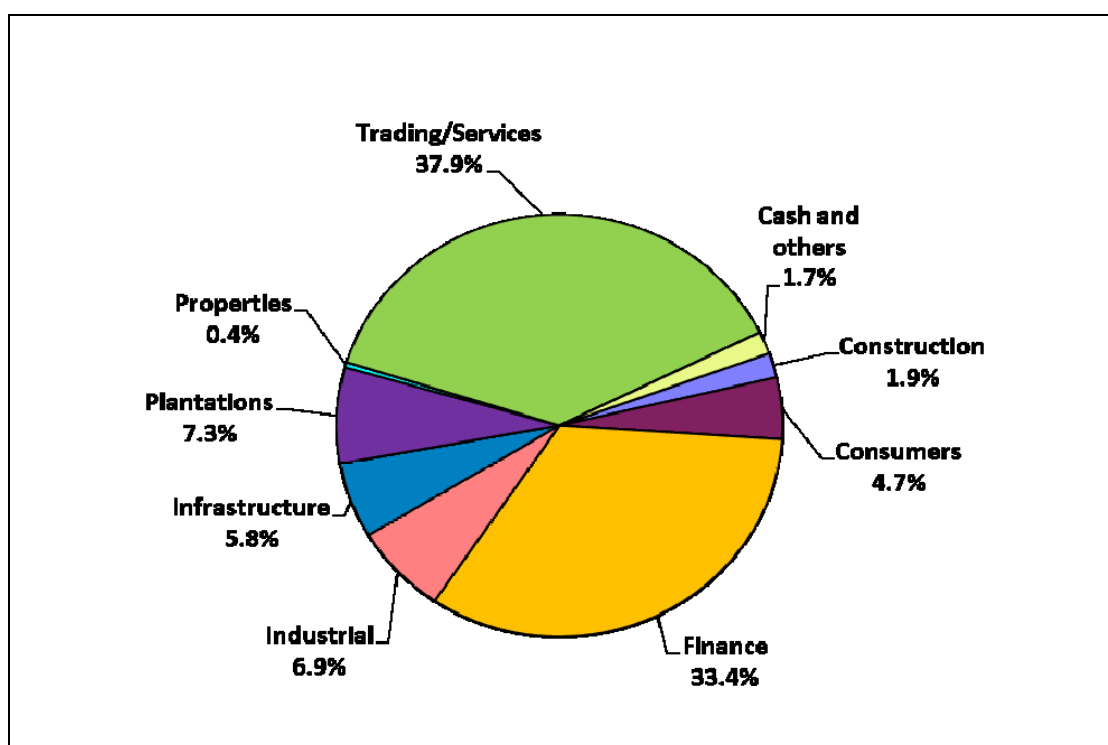
Portfolio Structure

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

	As at 30-6-2012 %	As at 31-3-2012 %	Changes %
Construction	1.9	1.6	0.3
Consumers products	4.7	4.5	0.2
Finance	33.4	33.8	-0.4
Industrial products	6.9	6.9	-
Infrastructure project companies	5.8	5.6	0.2
Plantations	7.3	7.6	-0.3
Properties	0.4	0.5	-0.1
Trading/Services	37.9	37.8	0.1
Cash and others	1.7	1.7	-
Total	100.0	100.0	

For the quarter under review, there are 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 no unit split was made for the financial period under review.

**State of
Affairs of the
Fund**

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

Rebates and Soft Commission

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

Market Review

It was a roller coaster ride for the equity market for the quarter under review. Equity market sentiment across the region was dented towards the end of the month when the first round of the French presidential election and the collapse of the Dutch government highlight the growing pushback against fiscal austerity. S&P downgraded Spain two notches to 'BBB+' from 'A' with a 'negative' outlook noting the increasing risks to fiscal performance and flexibility, and to the sovereign debt burden. In addition, US had lower-than-expected 1Q GDP and disappointing jobs growth in March. However, the earnings season is delivering significant positive surprises in both the US and Europe and stronger credit growth suggested that China's monetary squeeze is easing.

It was a mixed month for Malaysia as the KLCI scaled new all-time highs only to succumb to profit taking. Investors sold positions ahead of the big Bersih 3.0 rally on April 28, which turned out to be even larger than Bersih 2.0 in July 2011. The KLCI was down 25pts or 1.6% to close at 1,571pts. The global equity market continues to be bombarded with more negative news in May.

It was a stressful month for global markets including Malaysia as renewed concerns over the European debt crisis weighed down on sentiment. The sell off started with the below-consensus US labour data, followed by an inconclusive Greek election and further evidence of a weak Chinese economy. Spanish bonds remained under severe pressure as the government grappled with problems in the banking sector.

On the other hand, the major results season in May again appears disappointing and domestic investors stayed on the sideline as expectations are that general elections would be called soon. The annual Invest Malaysia conference was held toward month end and gave the KLCI a much needed boost. For the month, the KLCI gained 10pts or 0.6% to close at 1,581pts.

Equities rebounded sharply following the results of the EU summit and Pro-austerity party New Democracy emerged as the largest party in Greek elections and was able to form a coalition with centre-left parties. Global markets recovered and the KLCI surprisingly scaled new all-time highs on the back of the listing of a large GLC plantation company. The delay in the calling of general elections, which was widely expected to be held in June, also helped boost market sentiment as election risks were pushed back to a later date. The KLCI hit an intra-day record high of 1,611.5pts on 25 June. For the month, the KLCI gained 18pts or 1.1% to close at 1,599pts. Average value traded on Bursa in June edged up 3% mom to RM1.53bn per day.

Market Outlook

All eyes on the Euro debt crisis

The macro environment remains unpredictable because it continues to be driven by event risks. Namely, it is difficult to predict the unfolding of events in Europe with much confidence; the developments in Spain are just another reminder of the numerous struggles faced by the global economy.

In the euro zone, all public debt is denominated in euros and there is no foreign currency debt. Technically, the ECB can print money to cover all liquidation needs should creditors decide to sell their debt holdings. Although this is the right economic solution, there are political realities, which are beyond the scope of this strategy piece. Suffice to say, the euro zone worries will not go away until the debt-ridden EU nations are convincing in their commitment to structurally fixing their fiscal and debt insolvency problems rather than piece-meal patch-ups.

Our assumption that the euro zone will only experience a mild recession (-1%) is premised on the fact that Germany and France (30% and 20% of the euro's GDP) are still experiencing economic growth (Chart 1). Therefore, the economic drag via trade, while negative, will not be detrimental.



Chart 1: Germany, GDP (Source: Bloomberg)

It is worth bearing in mind that despite the uncertainties in Europe, global growth has held up reasonably well since mid-2011.

China (A housing recovery without policy help)

There are no signs that China is experiencing a dramatic slowdown. Car sales are on an uptrend and retail sales are still growing albeit with greater moderation (Chart 2 and 3).

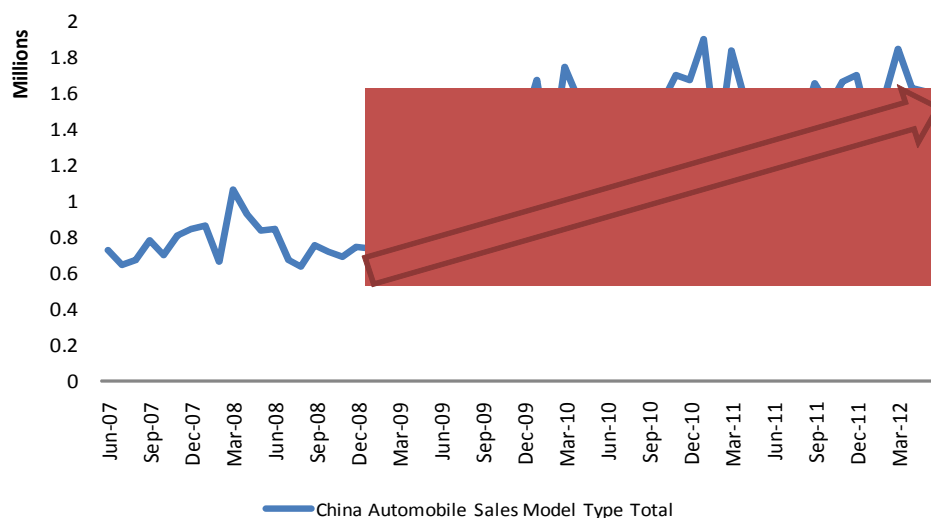


Chart 2: Car sales (Source: Bloomberg)



Chart 3: Retail sales (Source: Bloomberg)

Inflationary pressures are expected to continue to abate; as such, policymakers will no longer need to tighten. If anything, inflation might surprise on the downside and is unlikely to pick up anytime soon.

The good news is that the housing market has been staging a recovery in recent months despite the government’s restrictive policy (Table 1).

Week ending	6/17/2012	YoY Chg	YTD Chg
Beijing	2,088	220%	12%
Shanghai	2,331	-27%	-15%
Shenzen	1,187	-29%	9%
Guangzhou	1,756	19%	-3%
Hangzhou	2,578	153%	59%
Nanjing	1,669	168%	55%
Suzhou	3,228	181%	186%
Wuhan	3,700	-22%	
Chengdu	1,742	21%	9%
Sum	21,990	32%	24%

Table 1: China’s property sector – primary sales (Source: CSFB)

This implies that the housing fundamentals are a lot stronger than many perceive and that the ongoing housing recovery is driven not by policy but by real demand, suggesting unwarranted widespread concerns over a housing bubble in China.

US (Another round of Twist)

Firstly, there is positive news as well such as the homebuilder optimism index reaching its highest level since May 2007, clearly reflecting the housing market recovery (Chart 4).



Chart 4: US existing home sales (Source: Bloomberg)

Secondly, recent data shows that the US economy is losing momentum, hence the Fed’s decision to extend “Operation Twist” for another round of quantitative easing. Table 2 shows the impact on the 10-year treasury and 30-year mortgage backed securities yield during the first, second and third quantitative easing. The results show that the impact was larger in the initial phase and rightly so. While we are not arguing against the necessity of such easing, we believe the impact going forward will be fairly muted, underpinning our forecast of sputtering growth for the US over the next two years.

Percentage Point change	10-Year Treasury Yield	30-Year MBS Yield
QE1	-1.00	-0.93
QE2	-0.14	-0.14
Operation Twist	-0.08	-0.25

Table 2: Effects of past quantitative easing (Source: Bloomberg)

Fund Flows into Asia

Foreign investors continue to be net sellers of Asian equities (Chart 5) with the only bright spots being Philippines and Malaysia (Table 3). While we can comfortably understand the rationale for the Philippines (strong private public infrastructure projects and earnings upgrade), the reason for Malaysia is less obvious due to the coming general election.

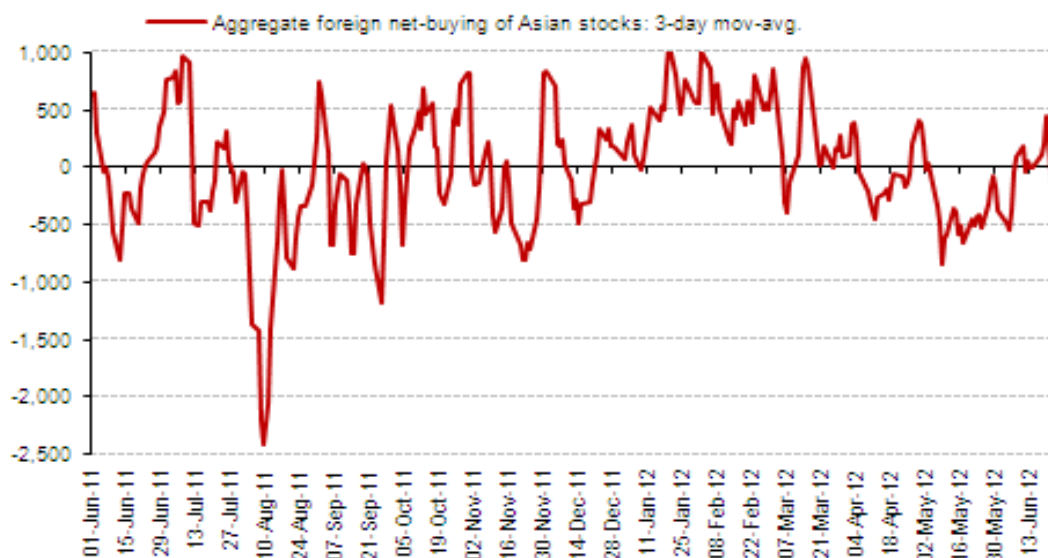


Chart 5: Aggregate foreign flows of Asian stocks, 3 day moving average (Source: Nomura)

	% Change (3M)
Australia	-5.85
China	-12.14
Hong Kong	-8.57
India	-1.79
Indonesia	-4.52
Korea	-9.94
Malaysia	0.70
Philippines	2.47
Singapore	-5.68
Taiwan	-11.27
Thailand	-3.75

Table 3: Index performance (Source: Bloomberg)

Strategy

On the macro front, to reiterate, we are assuming that the US economy is stumbling along a growth path; China's economy might be on the verge of some reacceleration while the euro zone will be in recession over the next 2 years. While there is still considerable event risk, we believe much has been priced in except for the Euro zone completely imploding on itself. Average P/BV valuation during recessions has been between 1.1x to 1.3x. At current levels, it is 1.5x suggesting a 10% downside risk (Chart 6).

AC Asia ex-Japan P/B Chart

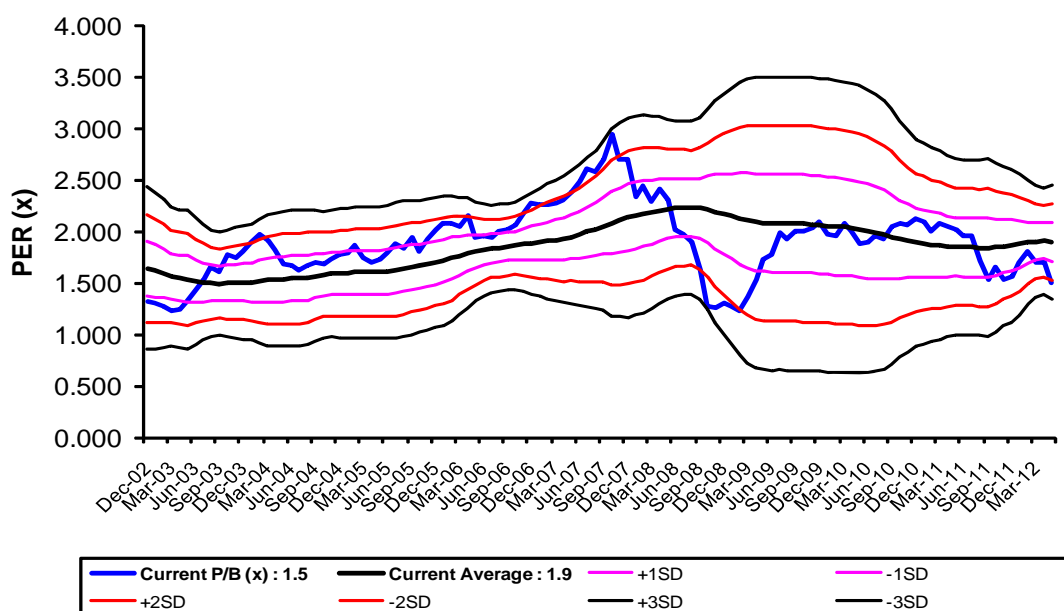


Chart 6: Asia ex Japan Price/Book (Source: IBES)

Premised on the above, valuations are sufficiently low that it will not take too much good news for a rally - we are assuming Greece will remain in the Eurozone and policy makers will take bold measures to resolve the debt issue once and for all to prevent further contagion to other EU countries. Thus while we believe China will perform well towards year-end due to stimulation policies, we still need to put some safeguards into our portfolio such as dividend-yielding domestic plays. Markets are expected to continue to drift and probably lower, but deep value is emerging. If we are wrong and Greece exits the Euro zone, the downside will be somewhere between negative 2 and 3 standard deviation or 398 MSCI Far East Index if we assume the mid-point, i.e. a decline of 10% (Chart 7). Therefore we need to keep some level of cash for such an eventuality.

MSCI AC Asia ex-Japan PE Chart

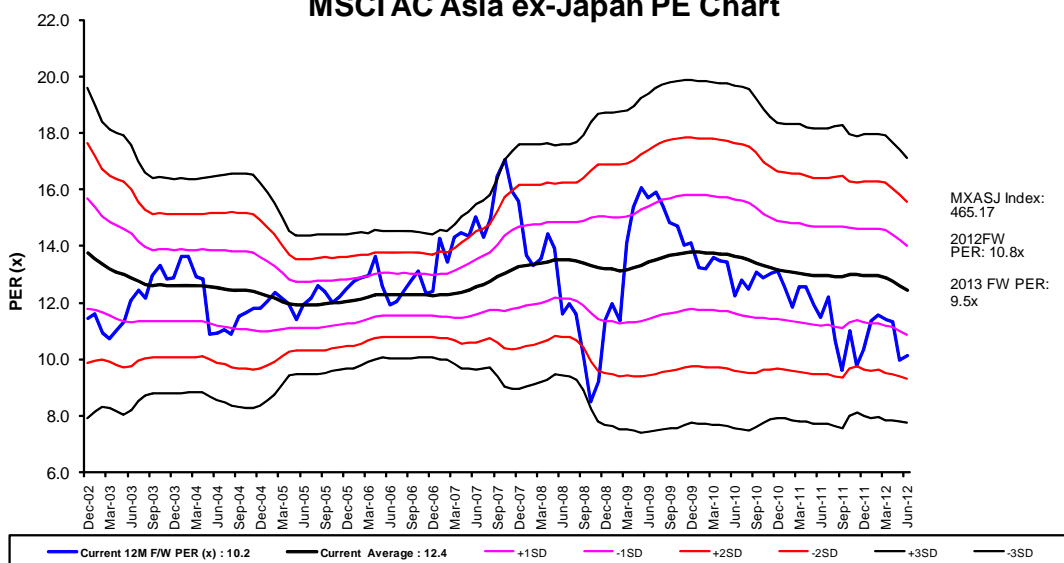


Chart 7: MSCI Asia ex Japan PER (Source: IBES)

Malaysia

External and general election risks remain the biggest concerns which we highlight in Table 4. Correlation between quarterly GDP and KLCI suggest a muted market trend for the near term unless economic momentum picks up (Chart 8). However, 1Q results suggest 12% consensus EPS growth for FY2012 is achievable and excluding domestic political risk, valuations are decent (Chart 9). Downside risk is at negative 2 standard deviation, which implies a KLCI index level of 1500. Upgrades from large cap stocks came from UMW, TM, Axiata and Sime Darby.

September 2012	Dutch general elections
April 2013	Malaysia general election must be held before this
	Italian general elections
September 2013	German general elections

Table 4: Upcoming political risk (Source: Bloomberg)

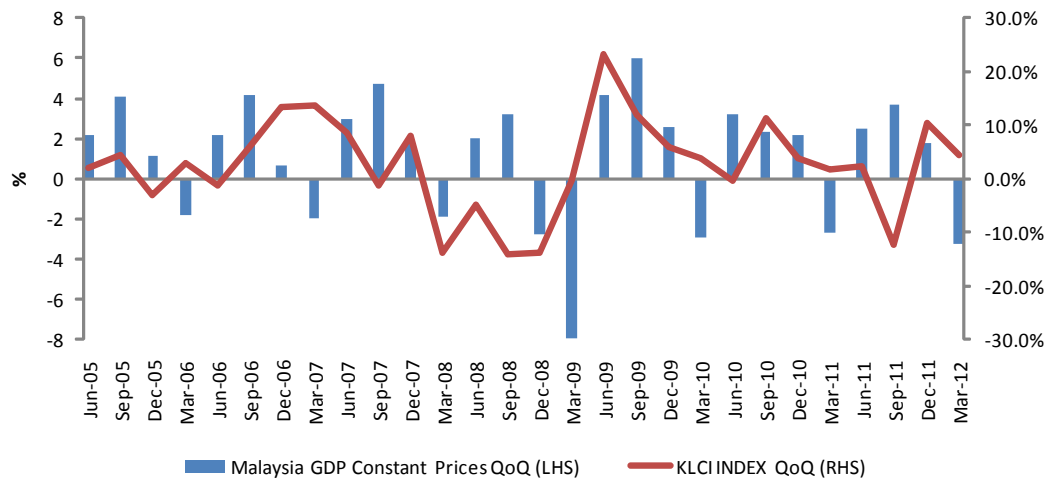


Chart 8: Malaysia GDP versus the KLCI index (Source: Bloomberg)

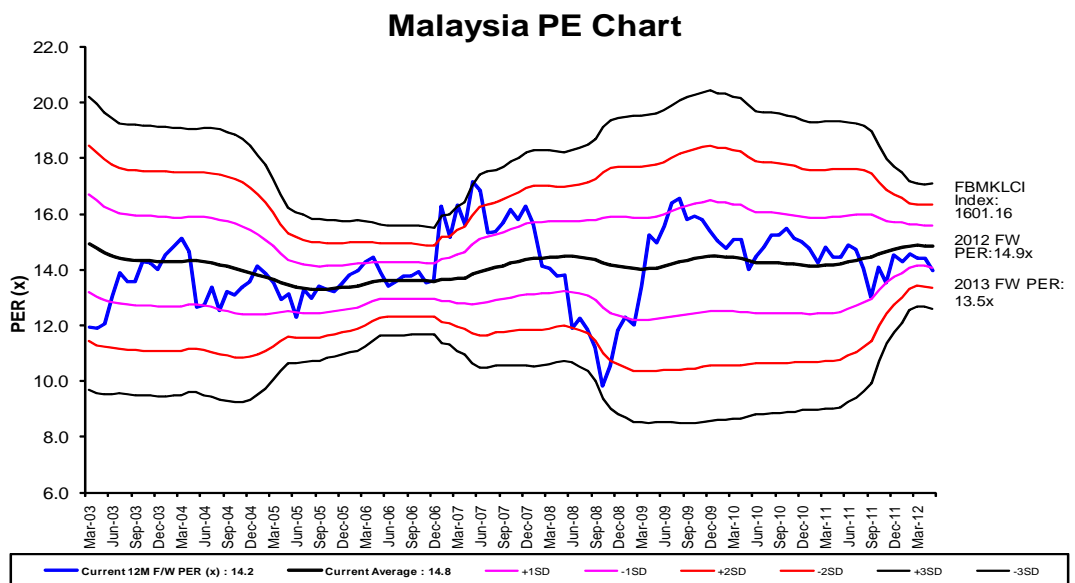


Chart 9: Malaysia's PER (Source: IBES)

Kuala Lumpur, Malaysia
AmInvestment Services Berhad

13 August 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 April 2012 to 30 June 2012, there was one (1) Board of Directors' meeting held by the Manager.

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

Name: Harinder Pal Singh a/l Joga Singh	
Age	: 50
Nationality	: Malaysian
Qualification	: Bachelors Degree in Accounting, 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 Malaysia</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-December 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 for the financial period (From 1 April 2012 to 30 June 2012)	: One (1)

Member of any other Board Committee	: Investment Committee (Non-Independent)
Date of appointment to the Investment Committee	: 18 January 2007
Number of Investment Committee meeting attended for the financial period (From 1 April 2012 to 30 June 2012)	: 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: Kok Tuck Cheong

Age	: 57
Nationality	: Malaysian
Qualification	: Bachelor of Science (Honours) in Commerce and Accountancy and Master of Science in Financial Managerial Controls, 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	: Chief Executive Officer of AmInvestment Bank Berhad
Date of appointment	: 9 November 2001
Directorship of other public companies	: None
Number of Board meeting attended for the financial period (From 1 April 2012 to 30 June 2012)	: One (1)
Member of any other Board Committee	: Audit Committee
Date of appointment to the Investment Committee	: Not applicable

Number of Investment Committee meeting attended for the financial period (From 1 April 2012 to 30 June 2012)	: Not applicable
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	: 53
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 for the financial period (From 1 April 2012 to 30 June 2012)	: One (1)
Member of any other Board Committee	: None
Date of appointment to the Investment Committee	: Not applicable
Number of Investment Committee meeting attended for the financial period (From 1 April 2012 to 30 June 2012)	: Not applicable

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. Nassir	
Age	: 54
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"> • Associate Professor (March 1993 – March 2000) • Professor (March 2000-Present) • Deputy Dean (September 2002 – January 2006) • Dean (February 2006-April 2011)
Occupation	: Professor, 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 for the financial period (From 1 April 2012 to 30 June 2012)	: One (1)
Member of any other Board committee	: Investment Committee and Audit Committee (Independent)
Date of appointment to the Investment Committee	: 18 January 2007
Number of Investment Committee meeting attended for the financial period (From 1 April 2012 to 30 June 2012)	: 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: Dato' Dr Mahani binti Zainal Abidin	
Age	: 58
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 for the financial period (From 1 April 2012 to 30 June 2012)	: One (1)
Member of any other Board Committee	: Investment Committee and Audit Committee (Independent)
Date of appointment to the Investment Committee	: 18 January 2007
Number of Investment Committee meeting attended for the financial period (From 1 April 2012 to 30 June 2012)	: 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: Lee Siang Korn @ Lee Siang Chin	
Age	: 63
Nationality	: Malaysian
Qualification	: <ul style="list-style-type: none"> • Fellow of the Institute of Chartered Accountants, 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 for the financial period (From 1 April 2012 to 30 June 2012)	: One (1)
Member of any other Board Committee	: Investment Committee and Audit Committee (Independent)
Date of appointment to the Investment Committee	: 18 January 2007
Number of Investment Committee meeting attended for the financial period (From 1 April 2012 to 30 June 2012)	: 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

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 has also 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 Malaysia on 4 March 1997, to implement the Fund's investment strategy on behalf of us to achieve the objectives of the Fund. AmInvestment Management Sdn Bhd, 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 from 1 April 2012 to 30 June 2012, there were two (2) 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	1,085,860	49.75
A.A. ANTHONY SECURITIES SDN. BHD	257,200	11.78
MALACCA SECURITIES SDN BHD	205,100	9.40
JF APEX SECURITIES BERHAD	92,300	4.23
CIMB INVESTMENT BANK BERHAD	49,400	2.26
CIMB INVESTMENT BANK BERHAD	40,000	1.83
HSBC BANK MALAYSIA BERHAD	33,100	1.52
HONG LEONG INVESTMENT BANK BERHAD	31,900	1.46
OSK INVESTMENT BANK BERHAD	30,000	1.37
ALLIANCE INVESTMENT BANK BERHAD	25,735	1.18
MAYBANK INVESTMENT BANK BERHAD	25,720	1.18
MERCURY SECURITIES SDN BHD	25,720	1.18
KENANGA INVESTMENT BANK BERHAD	25,720	1.18
AFFIN INVESTMENT BANK BERHAD	25,720	1.18
RHB INVESTMENT BANK BERHAD	20,000	0.92
HWANGDBS INVESTMENT BANK BERHAD	19,300	0.88
MAYBANK INVESTMENT BANK BERHAD	19,290	0.88
HWANGDBS INVESTMENT BANK BERHAD	18,000	0.82
MAYBANK INVESTMENT BANK BERHAD	16,075	0.74
HONG LEONG INVESTMENT BANK BERHAD	14,432	0.66
OSK INVESTMENT BANK BERHAD	12,860	0.59
TA SECURITIES HOLDINGS BERHAD	12,860	0.59
MAYBANK INVESTMENT BANK BERHAD	12,860	0.59
CIMB INVESTMENT BANK BERHAD	12,860	0.59
TA SECURITIES HOLDINGS BERHAD	12,860	0.59
CIMB INVESTMENT BANK BERHAD	12,500	0.57
HONG LEONG INVESTMENT BANK BERHAD	12,217	0.56
HWANGDBS INVESTMENT BANK BERHAD	12,000	0.55
PUBLIC INVESTMENT BANK BERHAD	10,720	0.49
PUBLIC INVESTMENT BANK BERHAD	10,144	0.46

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

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2012**

	Note	30-6-2012 (unaudited) RM	31-12-2011 (audited) RM
ASSETS			
Investments	4	4,033,555	3,861,829
Dividend receivables		18,709	17,672
Capital repayment receivable		-	67,195
Tax recoverable		8,769	8,410
Cash at banks		70,611	1,431
		<u>4,131,644</u>	<u>3,956,537</u>
TOTAL ASSETS			
LIABILITIES			
Amount due to Manager	5	1,602	6,956
Amount due to Trustee	6	192	187
Amount due to index provider	7	3,305	2,924
Sundry payables and accrued expenses		40,987	35,883
		<u>46,086</u>	<u>45,950</u>
TOTAL LIABILITIES			
EQUITY			
Unitholders’ capital	9(a)	3,658,895	3,658,895
Retained earnings	9(b)(c)	426,663	251,692
		<u>4,085,558</u>	<u>3,910,587</u>
TOTAL EQUITY			
TOTAL EQUITY AND LIABILITIES			
		<u>4,131,644</u>	<u>3,956,537</u>
UNITS IN CIRCULATION			
	9(a)	<u>2,508,000</u>	<u>2,508,000</u>
NET ASSET VALUE PER UNIT			
		<u>162.90 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 APRIL 2012 TO 30 JUNE 2012**

	Note	1-4-2012 to 30-6-2012 RM	1-4-2011 to 30-6-2011 RM
INVESTMENT INCOME			
Gross dividend income		48,967	34,529
Net gain from investments:			
– Financial assets at fair value through profit or loss (“FVTPL”)	8	<u>5,734</u>	<u>84,847</u>
Gross Income		<u>54,701</u>	<u>119,376</u>
EXPENDITURE			
Manager’s fee	5	5,000	4,853
Trustee’s fee	6	600	582
Licence fee	7	400	388
Auditors’ remuneration		992	998
Tax agent’s fee		1,240	1,246
Administrative expenses		<u>2,106</u>	<u>1,522</u>
Total Expenditure		<u>10,338</u>	<u>9,589</u>
NET INCOME BEFORE TAX		44,363	109,787
LESS: INCOME TAX	11	<u>(5,000)</u>	<u>(4,600)</u>
NET INCOME AFTER TAX		39,363	105,187
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>39,363</u>	<u>105,187</u>
Total comprehensive income comprises the following:			
Realised income		33,629	20,249
Unrealised gain		<u>5,734</u>	<u>84,938</u>
		<u>39,363</u>	<u>105,187</u>
Distribution for the period:			
Net distribution	12	<u>-</u>	<u>11,000</u>
Gross distribution per unit (sen)	12	<u>-</u>	<u>0.5153</u>
Net distribution per unit (sen)	12	<u>-</u>	<u>0.4386</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 APRIL 2012 TO 30 JUNE 2012**

	Note	Unitholders’ capital RM	Retained earnings RM	Total net asset value RM
At 1 April 2011		3,658,895	225,759	3,884,654
Total comprehensive income for the period		-	105,187	105,187
Distribution	12	-	(11,000)	(11,000)
Balance at 30 June 2011		<u>3,658,895</u>	<u>319,946</u>	<u>3,978,841</u>
At 1 April 2012		3,658,895	387,300	4,046,195
Total comprehensive income for the period		-	39,363	39,363
Balance at 30 June 2012		<u>3,658,895</u>	<u>426,663</u>	<u>4,085,558</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 APRIL 2012 TO 30 JUNE 2012**

	1-4-2012 to 30-6-2012 RM	1-4-2011 to 30-6-2011 RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES		
Proceeds from sale of investments	-	73,991
Dividend received	51,102	16,733
Manager’s fee paid	(5,046)	(4,847)
Trustee’s fee paid	(606)	(581)
Licence fee paid	(413)	(257)
Payment for other administrative expenses	(487)	(1,219)
Purchase of investments	(431)	(68,157)
	<u>44,119</u>	<u>15,663</u>
Net Cash Generated From Operating And Investing Activities		
CASH FLOWS FROM FINANCING ACTIVITY		
Distribution paid	(45,144)	-
	<u>(45,144)</u>	<u>-</u>
Net Cash Used In Financing Activity		
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		
	(1,025)	15,663
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		
	<u>71,636</u>	<u>13,581</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD		
	<u>70,611</u>	<u>29,244</u>
Cash and cash equivalents comprise:		
Cash at banks	<u>70,611</u>	<u>29,244</u>
	<u>70,611</u>	<u>29,244</u>

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 be 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 two years. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2014.

The key differences between the FRS Framework and MFRS Framework are that in the former, (a) FRS 201₂₀₀₄ *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 at 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 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 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 of units.

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 period.

4. INVESTMENTS

	30-6-2012 RM	31-12-2011 RM
Financial assets at FVTPL		
Quoted securities in Malaysia	<u>4,033,555</u>	<u>3,861,829</u>

Details of investments as at 30 June 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 %
Quoted Securities in Malaysia				
Construction				
YTL Corporation Berhad	35,470	71,650	52,697	1.75
YTL Corporation Berhad – A Shares	<u>2,364</u>	<u>4,775</u>	<u>3,513</u>	<u>0.12</u>
	<u>37,834</u>	<u>76,425</u>	<u>56,210</u>	<u>1.87</u>

(Forward)

Name of Company	Number of shares	Market value RM	Purchase cost RM	Market value as a percentage of net asset value %
Quoted Securities in Malaysia				
Consumer Products				
British American Tobacco (M) Berhad	1,100	61,600	47,867	1.51
PPB Group Berhad	4,500	71,910	63,142	1.76
UMW Holdings Berhad	6,400	58,432	44,032	1.43
	12,000	191,942	155,041	4.70
Finance				
AMMB Holdings Berhad	18,200	114,478	96,361	2.80
CIMB Group Holdings Berhad	45,000	340,650	325,315	8.34
Hong Leong Bank Berhad	5,660	70,410	47,060	1.72
Hong Leong Financial Group Berhad	2,200	26,928	19,595	0.66
Malayan Banking Berhad	46,531	404,820	348,335	9.91
Public Bank Berhad	28,500	392,160	331,977	9.60
RHB Capital Berhad	3,066	22,688	21,926	0.56
	149,157	1,372,134	1,190,569	33.59
Industrial Products				
PETRONAS Chemical Group Berhad	25,800	166,926	149,879	4.09
PETRONAS Gas Berhad	6,400	115,200	71,756	2.82
	32,200	282,126	221,635	6.91
Infrastructure				
DiGi.Com Berhad	47,100	200,175	115,338	4.90
YTL Power International Berhad	21,171	37,261	49,911	0.91
	68,271	237,436	165,249	5.81
Properties				
UEM Land Holdings Berhad	8,700	18,096	19,172	0.44
Plantation				
IOI Corporation Berhad	38,785	201,294	223,009	4.93
Kuala Lumpur Kepong Berhad	4,300	98,642	76,067	2.41
	43,085	299,936	299,076	7.34
(Forward)				

Name of Company	Number of shares	Market value RM	Purchase cost RM	Market value as a percentage of net asset value %
Quoted Securities in Malaysia				
Trading/Services				
AirAsia Berhad	15,600	55,692	58,254	1.36
Axiata Group Berhad	51,100	279,517	222,061	6.84
Bumi Armada Berhad	6,100	24,400	24,920	0.60
Genting Berhad	22,400	211,232	209,258	5.17
Genting Malaysia Berhad	22,700	81,720	77,799	2.00
Malaysia Marine and Heavy Engineering Holdings Berhad	3,200	16,960	26,544	0.42
Maxis Berhad	18,200	116,298	97,296	2.85
MMC Corporation Berhad	8,200	21,320	23,869	0.52
PETRONAS Dagangan Berhad	2,200	46,420	22,305	1.14
Sime Darby Berhad	36,289	358,898	309,535	8.78
Telekom Malaysia Berhad	21,700	122,605	58,555	3.00
Tenaga Nasional Berhad	32,700	220,398	239,286	5.39
	240,389	1,555,460	1,369,682	38.07
Total financial assets at FVTPL	591,636	4,033,555	3,476,634	98.73
Excess of market value over cost		556,921		

5. **AMOUNT DUE TO MANAGER**

	30-6-2012 RM	31-12-2011 RM
Manager's fee payable	1,602	1,556
Application fee payable to Manager	-	5,400
	<u>1,602</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

	1-4-2012 to 30-6-2012 RM	1-4-2011 to 30-6-2011 RM
Net gain on financial assets at FVTPL comprised:		
– Net realised loss on sale of quoted investments	-	(91)
– Net unrealised gain on changes in fair value of quoted investments	5,734	84,938
	<u>5,734</u>	<u>84,847</u>

9. TOTAL EQUITY

Total equity is represented by:

	Note	30-6-2012 RM	31-12-2011 RM
Unitholders' capital	(a)	3,658,895	3,658,895
Retained earnings			
– Realised loss	(b)	(130,258)	(133,934)
– Unrealised gain	(c)	556,921	385,626
		<u>4,085,558</u>	<u>3,910,587</u>

(a) UNITHOLDERS' CAPITAL/UNITS IN CIRCULATION

	1-4-2012 to 30-6-2012		1-1-2011 to 31-12-2011	
	Number of units	RM	Number of units	RM
At beginning/end of the 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 June 2012, the approved Fund size is 500 million units.

(b) **REALISED – DISTRIBUTABLE**

	1-4-2012 to 30-6-2012 RM	1-1-2011 to 31-12-2011 RM
At beginning of the period/year	(163,887)	(99,895)
Total comprehensive income for the period/year	39,363	113,661
Net unrealised gain attributable to investments held transferred to unrealised reserve [Note 9(c)]	(5,734)	(92,810)
Distributions out of realised reserve	-	(54,890)
Net increase/(decrease) in realised reserve for the period/year	33,629	(34,039)
At end of the period/year	(130,258)	(133,934)

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

	1-4-2012 to 30-6-2012 RM	1-1-2011 to 31-12-2011 RM
At beginning of the period/year	551,187	292,816
Net unrealised gain attributable to investments held transferred from realised reserve [Note 9(b)]	5,734	92,810
At end of the period/year	556,921	385,626

10. **UNITS HELD BY RELATED PARTIES**

	1-4-2012 to 30-6-2012		1-1-2011 to 31-12-2011	
	Number of units	RM	Number of units	RM
Parties related to the Manager*	1,102,206	1,713,930	942,587	1,437,445

* 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 June 2012 and 31 December 2011.

11. INCOME TAX

	1-4-2012 to 30-6-2012 RM	1-4-2011 to 30-6-2011 RM
Current period	<u>5,000</u>	<u>4,600</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 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:

	1-4-2012 to 30-6-2012 RM	1-4-2011 to 30-6-2011 RM
Net income before tax	<u>44,363</u>	<u>109,787</u>
Taxation at Malaysian statutory rate of 25%	11,100	27,400
Tax effects of:		
Income not subject to tax	(8,500)	(25,000)
Restriction on tax deductible expenses for unit trust fund	1,600	400
Non-permitted expenses for tax purposes	<u>800</u>	<u>1,800</u>
Tax expense for the period	<u>5,000</u>	<u>4,600</u>

12. DISTRIBUTION

Distribution to unitholders declared on 30 June 2011 for the previous period was from the following sources:

	1-4-2012 to 30-6-2012 RM	1-4-2011 to 30-6-2011 RM
Gross dividend income	-	25,280
Net realised loss on sale of quoted investments	<u>-</u>	<u>(91)</u>
	-	25,189
Less: Expenses	-	(9,589)
Tax	<u>-</u>	<u>(4,600)</u>
(Forward)		

Total amount of distribution	-	<u>11,000</u>
Gross distribution per unit (sen)	-	<u>0.5153</u>
Net distribution per unit (sen)	-	<u>0.4386</u>
Distribution made out of:		
– Realised reserve	-	<u>11,000</u>
Comprising:		
Cash distribution	-	<u>11,000</u>

13. MANAGEMENT EXPENSE RATIO (“MER”)

The Fund’s MER is as follows:

	1-4-2012 to 30-6-2012 % p.a.	1-4-2011 to 30-6-2011 % p.a.
Manager’s fee	0.50	0.50
Trustee’s fee	0.06	0.06
Licence fee	0.04	0.04
Trust administrative expenses	0.43	0.39
Total MER	<u>1.03</u>	<u>0.99</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 total acquisitions and disposals of investments to the average NAV of the Fund calculated on a daily basis, is nil (2011: 0.02 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 April 2012 to 30 June 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 30 June 2012 and 31 December 2012 by the class of financial instruments 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
30 June 2012				
Assets				
Investments	4,033,555	-	-	4,033,555
Dividend receivables	-	18,709	-	18,709
Cash at banks	-	70,611	-	70,611
	<hr/>	<hr/>	<hr/>	<hr/>
Total financial assets	4,033,555	89,320	-	4,122,875
Total non-financial assets				8,769
				<hr/>
				4,131,644
				<hr/>
Liabilities				
Amount due to Manager	-	-	1,602	1,602
Amount due to Trustee	-	-	192	192
Amount due to index provider	-	-	3,305	3,305
Sundry payables and accrued expenses	-	-	40,987	40,987
	<hr/>	<hr/>	<hr/>	<hr/>
Total financial liabilities	-	-	46,086	46,086
	<hr/>	<hr/>	<hr/>	<hr/>
31 December 2011				
Assets				
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/>

(Forward)

	Financial assets at FVTPL RM	Loans and receivables at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
31 December 2011				
Liabilities				
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
Total financial liabilities	-	-	45,950	45,950
			Income, expense, gains and losses	
			1-4-2012 to 30-6-2012 RM	1-4-2011 to 30-6-2011 RM
Net gain from financial assets at FVTPL			5,734	84,847
Income, of which derived from:				
– Gross dividend income			48,967	34,529

(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:

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
30 June 2012				
Financial assets at FVTPL	<u>4,033,555</u>	<u>-</u>	<u>-</u>	<u>4,033,555</u>
31 December 2011				
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 due to their short credit period:

- 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, 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 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 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 movement may be underestimated. VaR may also be under- or over-estimated due to the interdependence between the market risk factors. Even though positions may change throughout the day, the VaR only represents the risk of the portfolio at the close of each business day. Analysis is carried out to estimate potential losses at the 99% confidence level.

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

(b) **VaR assumptions**

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

	Value-at-Risk (%)	
	Equities Risk	Total VaR
30 June 2012	1.14	1.14
Average daily	1.48	1.48
Highest	1.79	1.79
Lowest	1.14	1.14
30 June 2011	2.24	2.24
Average daily	2.25	2.25
Highest	2.28	2.28
Lowest	2.19	2.19

Based on Gaussian VaR, using historical weekly data for the past 180 weeks, FTSE Bursa Malaysia KLCI 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 1.14% (2011: 2.24%). This implies that not more than 1 out of 100 trading days would record a daily loss exceeding 1.14% (2011: 2.24%) of the NAV.

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 effects on the capital market and 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 period ended 30 June 2012 and 30 June 2011.