

FTSE BURSA MALAYSIA KLCI etf

Quarterly Report

30 September 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

Secretary

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 quarterly accounts of FTSE Bursa Malaysia KLCI etf ("FBM KLCI etf") ("Fund") for the financial period from 1 July 2012 to 30 September 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 September 2012 are as follows:

Stock code	Company's name	Percentage weight (%)	Shares in issue ('million units)
1155	Malayan Banking Berhad	10.07	5,890.32
1295	Public Bank Berhad	9.64	3,531.93
4197	Sime Darby Berhad	8.36	4,498.49
1023	CIMB Group Holdings Berhad	7.93	5,574.58
6888	Axiata Group Berhad	7.72	6,333.87
6947	DiGi.Com Berhad	5.84	5,831.25
5347	Tenaga Nasional Berhad	5.30	4,098.59
3182	Genting Berhad	4.58	2,770.68
1961	IOI Corporation Berhad	4.55	4,810.15
5183	PETRONAS Chemicals Group Berhad	3.89	3,200.00
4863	Telekom Malaysia Berhad	3.15	2,683.05
6012	Maxis Berhad	2.95	2,250.00
6033	PETRONAS Gas Berhad	2.85	791.49
1015	AMMB Holdings Berhad	2.73	2,260.64
2445	Kuala Lumpur Kepong Berhad	2.24	534.39
4715	Genting Malaysia Berhad	1.97	2,967.65
5819	Hong Leong Bank Berhad	1.93	758.45
4677	YTL Corporation Berhad	1.73	5,306.78
4588	UMW Holdings Berhad	1.65	871.65
4162	British American Tobacco (M) Berhad	1.64	142.77
5225	IHH Healthcare Berhad	1.47	2,417.12
4065	PPB Group Berhad	1.36	592.75
5681	PETRONAS Dagangan Berhad	1.27	298.04
5099	AirAsia Berhad	1.19	2,068.15
6742	YTL Power International Berhad	0.91	2,912.80
1066	RHB Capital Berhad	0.91	670.73
1082	Hong Leong Financial Group Berhad	0.71	315.83
5210	Bumi Armada Berhad	0.62	878.54
5186	Malaysia Marine and Heavy Engineering Holdings Berhad	0.43	480.00
5148	UEM Land Holdings Berhad	0.41	1,296.92

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) is expected to be made semi-annually.

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

Size of holding	As at 30 September 2012		As at 30 June 2012	
	Number of units held ('000)	Number of unitholders	Number of units held ('000)	Number of unitholders
Less than 100	1.72	45	1.66	43
100 - 1,000	20.92	35	21.78	37
1,001 - 10,000	298.91	77	302.11	78
10,001 – 100,000	547.99	26	634.29	27
100,001 to less than 5% of issue units	105.40	1	-	-
5% and above of issue units	1,533.06	2	1,548.16	3

Fund Performance Data

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

	As at 30-9-2012 %	As at 30-6-2012 %	FY 2011 %	FY 2010 %	FY 2009 %
Construction	-	1.9	1.4	3.1	1.6
Consumers products	4.4	4.7	4.6	4.6	5.6
Finance	33.4	33.4	34.5	34.8	35.1
Industrial products	6.8	6.9	6.7	4.0	1.4
Infrastructure project companies	6.6	5.8	5.7	4.3	2.8
Plantations	6.8	7.3	7.9	8.5	9.0
Properties	0.3	0.4	0.5	-	-
Trading/Services	40.2	37.9	38.7	39.5	42.0
Cash and others	1.5	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 September 2012, 30 June 2012 and three financial years ended 31 December are as follows:

	3 months ended 30-9-2012	3 months ended 30-6-2012	FY 2011	FY 2010	FY 2009
Net asset value (RM)	4,201,990	4,085,558	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)	1.6754	1.6290*	1.5592	1.5358	1.2927
Highest net asset per unit (RM)	1.6886	1.6337*	1.6021	1.5412	7.0489
Lowest net asset per unit (RM)	1.6290	1.5561*	1.3492	1.2380	1.0900
Closing quoted price (RM)	1.6400	1.5550*	1.5250	1.5450	1.3000
Highest quoted price (RM)	1.6700	1.6100*	1.5950	1.5450	1.3150
Lowest quoted price (RM)	1.4150	1.4900*	1.3200	1.2400	0.8523
Benchmark performance (%)	3.39	1.41	4.45	23.80	50.00
Total return (%) ⁽¹⁾	3.16	0.97	2.97	20.56	46.42
- Capital growth (%)	2.85	0.97	1.54	19.07	45.28
- Income distribution (%)	0.31	-	1.43	1.49	1.14
Gross distribution (sen per unit)	0.54	-	2.31	2.13	7.74
Net distribution (sen per unit)	0.50	-	2.19	1.93	6.60
Distribution yield (%) ⁽²⁾	0.30	-	1.44	1.25	5.08
Management expense ratio (%) ⁽³⁾	0.98	1.03	1.11	1.19	1.18
Portfolio turnover ratio (times) ⁽⁴⁾	0.02	-	0.09	1.35	0.08

* Above price and net asset value per unit are not 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 0.05% as compared to 1.03% per annum for the financial period ended 30 June 2012 mainly due to increase in average fund size.
- (4) Portfolio turnover ratio ("PTR") is computed based on the average of the total acquisitions and total disposals of investment securities of the Fund divided by the average fund size calculated on a daily basis. The PTR increased by 0.02 times as compared to nil for the quarter ended 30 June 2012 mainly due to increase in investing activities.

Average Total Return (as at 30 September 2012)

	FBM KLCI etf ^(a)	FBM KLCI/ FBM30 Index ^(b)
	%	%
One year	20.9	22.7
Three years	12.8	14.9
Five years	5.2	8.3
Since launch (19 July 2007)	4.4	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 3.16% which comprising 2.85% capital growth and 0.31% income distribution.

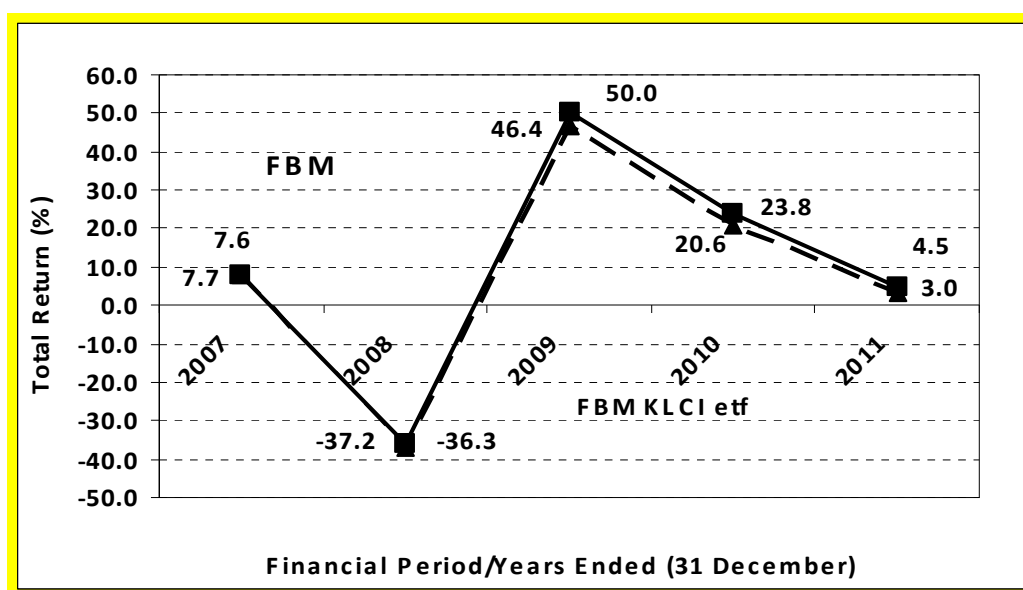
Thus, the Fund’s return of 3.16% has underperformed the benchmark return of 3.39% by 0.23%.

As compared to 30 June 2012, the NAV of the Fund increased by 2.85% from RM4,085,558 to RM4,201,990. The NAV per unit of the Fund also increased by 2.85% from RM1.6290 to RM1.6754 while units in circulation remain unchanged at 2,508,000 units.

The closing price of the Fund quoted on Bursa Malaysia increased by 5.47% from RM1.5550 to RM1.6400.

(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

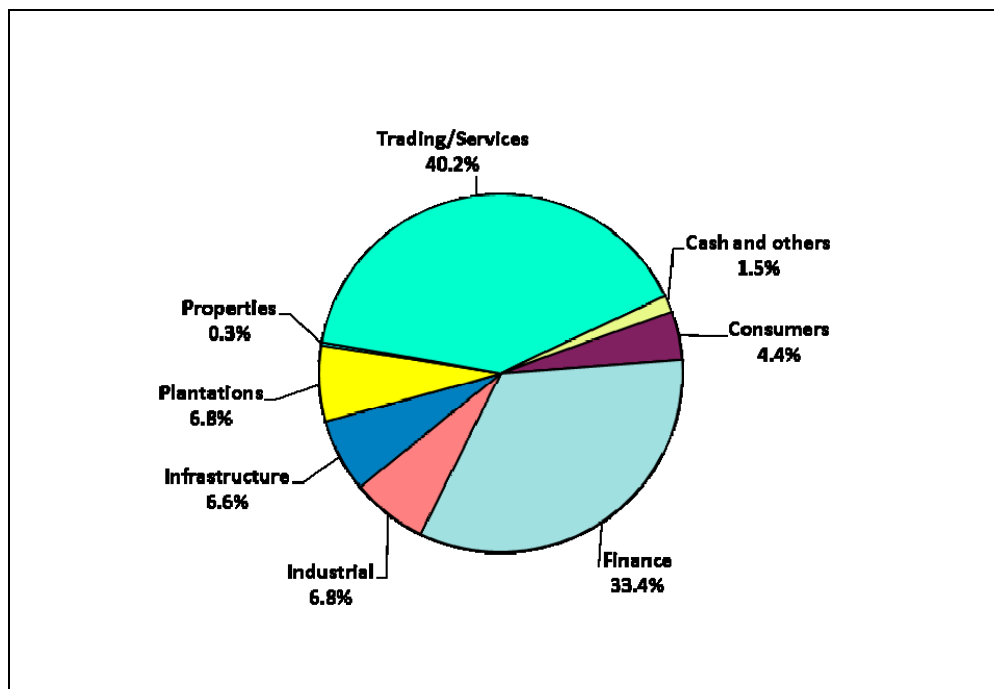
The table below is the asset allocation of the Fund for the financial period under review.

	As at 30-9-2012 %	As at 30-6-2012 %	Changes %
Construction	-	1.9	-1.9
Consumers products	4.4	4.7	-0.3
Finance	33.4	33.4	-
Industrial products	6.8	6.9	-0.1
Infrastructure project companies	6.6	5.8	0.8
Plantations	6.8	7.3	-0.5
Properties	0.3	0.4	-0.1
Trading/Services	40.2	37.9	2.3
Cash and others	1.5	1.7	-0.2
Total	100.0	100.0	

(Forward)

For the financial period under review, there were some changes to the sector weights, Trading/Services and Infrastructure project companies, where weighting increased by 2.3% and 0.8% respectively. Whereas the exposure to Construction down by 1.9%. The remaining sectors have no significant changes to the asset 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 the following income distributions, detailed as follows:

0.50 sen per unit interim income distribution	Change in the unit price prior and subsequent to the interim income distribution	Before income distribution on 7 September 2012 (RM)	After income distribution on 7 September 2012 (RM)
	Net asset value per unit	1.6595	1.6545

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 record breaking month for the KLCI in July as the index scaled new all-time highs nearly on a daily basis for several weeks. The delay in the calling of general elections, which was widely expected to be held in June/July, caused many local funds to increase their weightings as there could be a 3-8 month window of opportunity to squeeze maximum performance in 2H. The KLCI hit an intra-day record high of 1,648pts during the month. Profit taking activities emerged towards the last week of the month. For the month, the KLCI gained 33pts or 2.1% to close at 1,632pts.

The market continued to be driven by external factors in August. With little news, investors are waiting for the potential policy fireworks over the next few weeks to decide which way to tilt their holdings. The real policy focus in September will likely be on the Euro area. However, it was another record-breaking month for the KLCI as the index scaled new all-time highs briefly during the month. However, the new highs were marginal only as the KLCI crept up gradually a few points at a time each day. The KLCI hit an intra-day record high of 1,655pts on Aug 22. Results released during the month were hardly inspiring, with many companies disappointing. For the month, the KLCI gained 14pts or 0.9% to close at 1,646pts.

It was a weaker and more volatile than expected month for the KLCI in September. The market came under selling pressure due to the disappointing August results season. KLCI failed to scale new high even with QE3 announcement by the Federal Reserve of US, ECB bond buying program and more stimulus measures from China. Being considered as defensive market KLCI surrendered some of the gains in September.

FOMC took extremely aggressive policy actions which committing themselves to expanding the Fed's balance sheet until the labor market substantially strengthens and vowing to maintain near-zero rates for a considerable time even after the recovery strengthens and the German constitutional court approved ratification of the permanent bailout fund ESM. The prospect of ECB bond buying has eased concerns on Spain and Italy, but has not removed all volatility. While removing tail risks, some uncertainty remains. The countries may be subject to market pressure before joining an OMT program. Once in a program, there will be periods when yields rise if the country fails to meet its target and the ECB feels it has to step up the pressure (ECB plugging the leaks). The ECB OMT umbrella will act as a buffer. And this has to a large extent removes financial tail risks. For the month, the KLCI fell 9pts or 0.6% to close at 1,637pts and for the quarter under review KLCI up 37.51 points or 2.35%.

Market Outlook

In the past one month global macro data have started turning more positive, supporting our view that the global economy has begun the on the path of recovery, albeit a mild one. Our base case remains unchanged with the view that global outlook will stay weak to subpar but there will be sufficient growth to prevent the global economy spiraling into another crisis. We believe the equity markets will rise further but there will periods of volatility as there is not much margin for error on the global front. Apart from modest economic growth, the equity market will be supported by loose monetary policy, a fall in equity risk premium and mean reversion in valuations.

In the previous report, we mentioned that we should start shifting our attention to more cyclical sectors/stocks as there are signs that investors risk appetite are improving. With Moody recently confirming Spain Baa3 rating and Greece appears set to receive the next bailout tranche, these news flow are keeping the financial stress under control (Chart 1). However, we need to monitor the situation closely as based on past experience; there is always a risk that the crisis could easily flare up again.

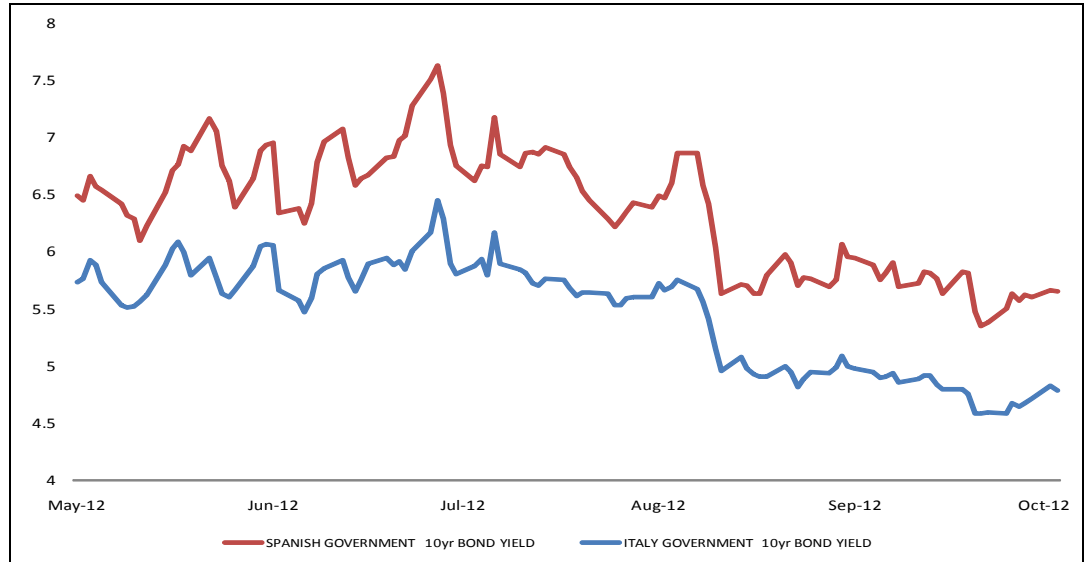


Chart 1: Spain and Italy 10Y yields (Source: Bloomberg)

In the US, macro data continues to surprise on the upside with the housing market (Chart 2), which has been the key drag of the US economy, leading the way. The latest housing data shows that the recovery is on a much broader base and it could strengthen further as mortgage rates remain near record low.



Chart 2: US housing sales and price (Source: Bloomberg)

Consumer sentiment (Chart 3), another key driver of US economy, has been showing signs of sustainable recovery as the pace of household deleveraging decline and personal income level gradually improving (Chart 4).

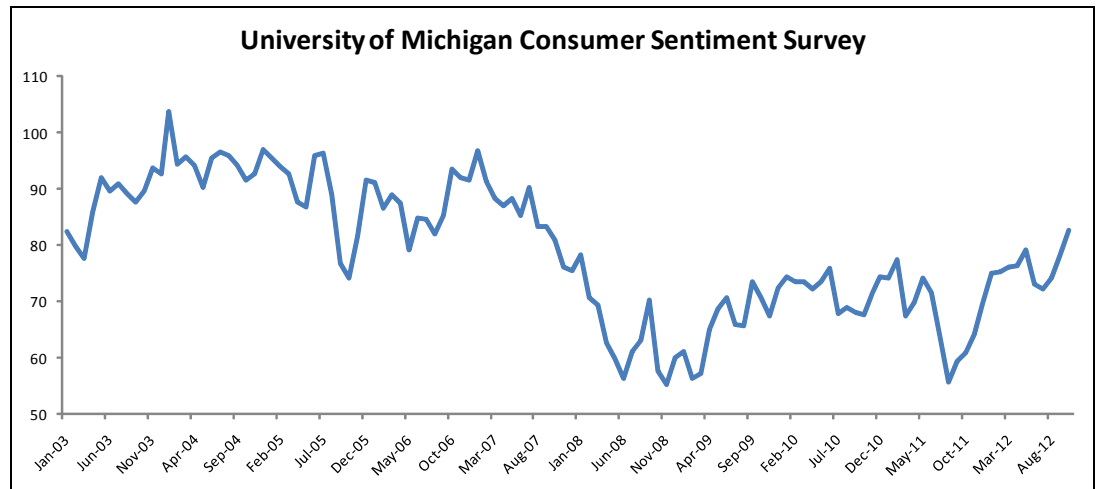


Chart 3: US Consumer Sentiment (Source: Bloomberg)

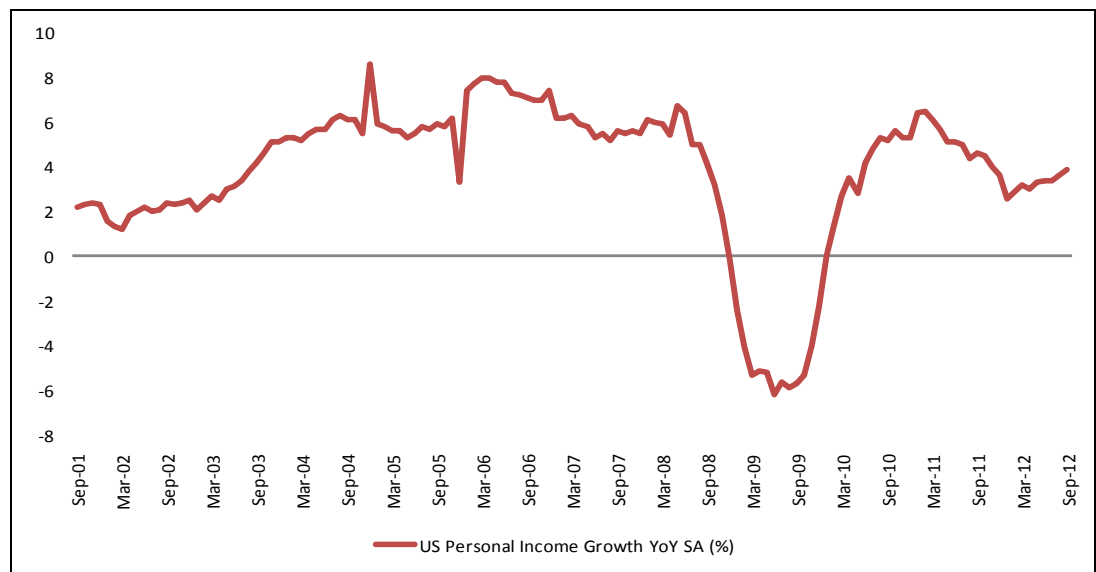


Chart 4: US personal income (Source: Bloomberg)

However, there are two events that we need to watch out that could jeopardize the recovery in the US. First is the Fiscal cliff and the other is the expiry of the payroll tax cut and emergency unemployment benefits by end of 2012. Fiscal tightening and expiry of the tax benefits could potentially shave up to 1.5% to 2% of the US GDP (source: CFSB). The fiscal cliff will weigh on investor sentiment in the short term as this issue will remain unresolved at least until the presidential election is concluded.

China

Recent macro indicators suggest that the economy has hit the bottom and are now showing signs of a rebound. The impact of the monetary easing and stimulus carried out by the Chinese government a couple of months back can now be seen filtering into the system (Chart 5). More importantly, housing stats (Chart 6) are showing encouraging signs and infrastructure spending is gathering steam (Chart 7) giving us further evidence that the rebound is sustainable. The Chinese market should react positively to all these indicators especially on the money supply as historical data has shown that they are positively correlated (Chart 8).

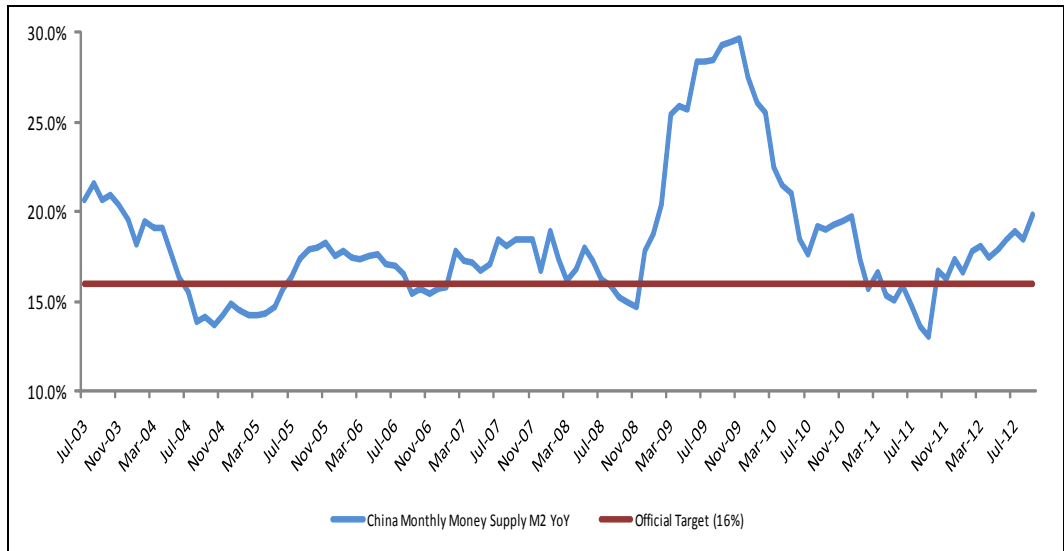


Chart 5: China money supply (Source: Bloomberg)

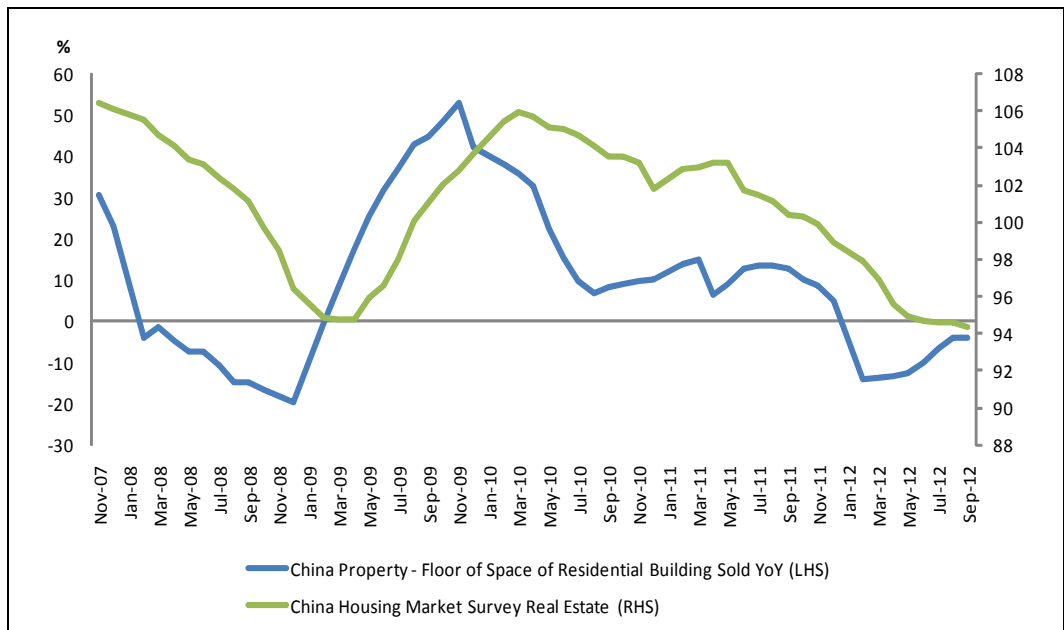


Chart 6: China Housing Stats and Market Survey (Source: Bloomberg)

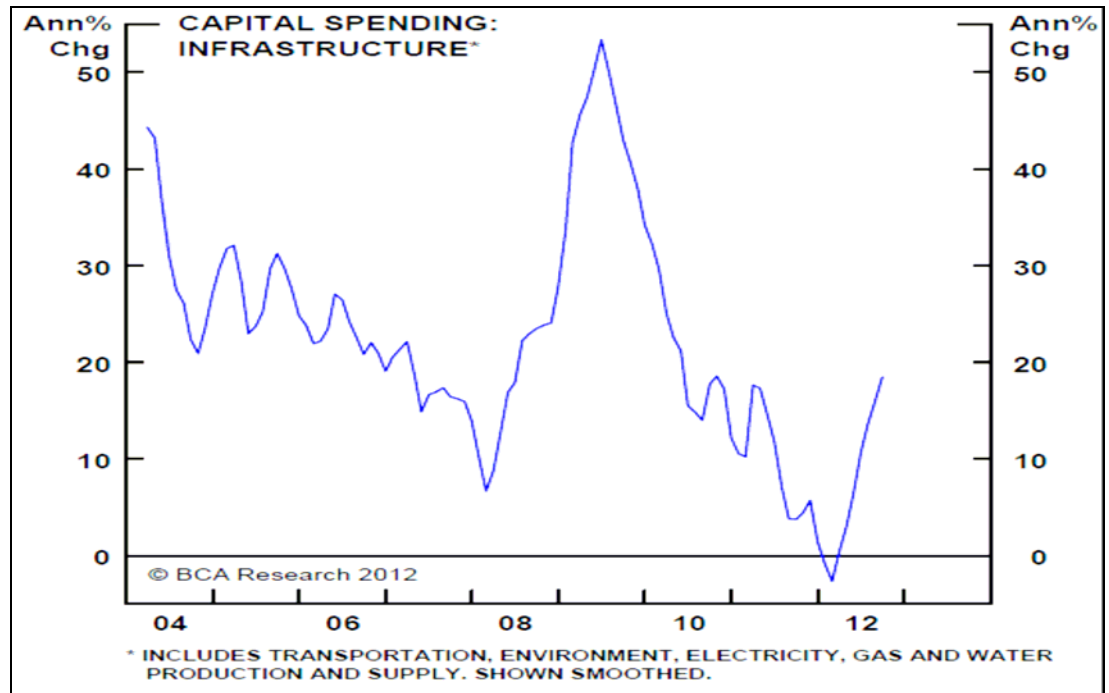


Chart 7: China' capital spending (Source: BCA)

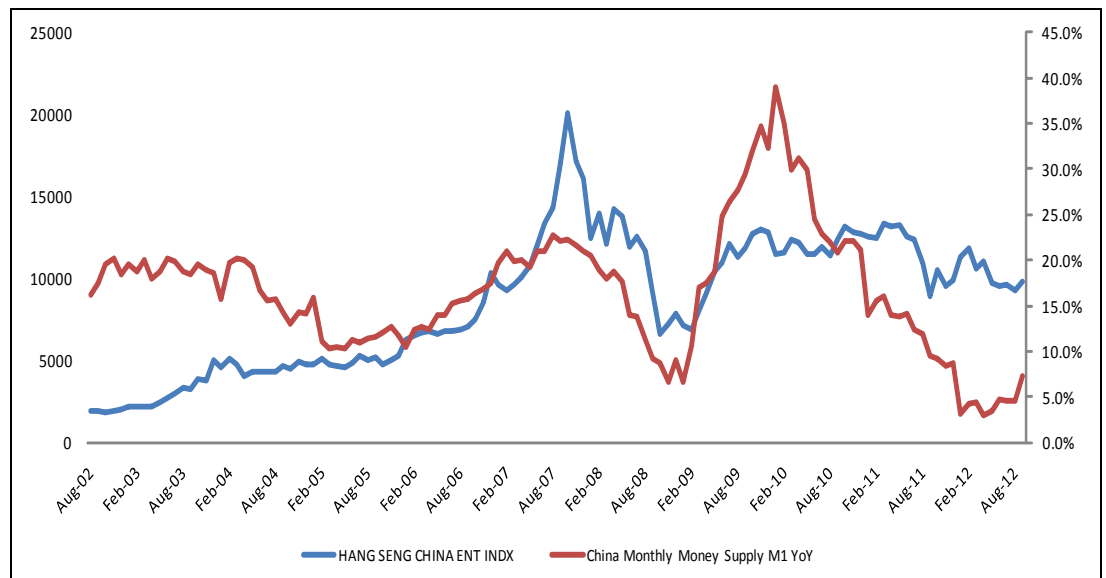


Chart 8: HSI (China) Index and China M2 (Source: Bloomberg)

Malaysia

The local index is trading at historical high driven mainly by defensive sectors such as telco and consumer stocks. There could be some momentum to push the index higher depending on how the third quarter of reporting season turns out. However, we suspect that the market will trade range bound from here as the general election and the GDP outlook weigh on investor sentiment.

In our previously strategy piece, we introduce our next year KLCI target of 1780 and this is based on 8% earnings growth. Apart from political instability, the key risk to our index target is the possibility of being downgrades by rating agencies. Global rating agencies have recently warned that Malaysia needs to make progress in fiscal reforms, failing which could prompt negative rating downgrades.

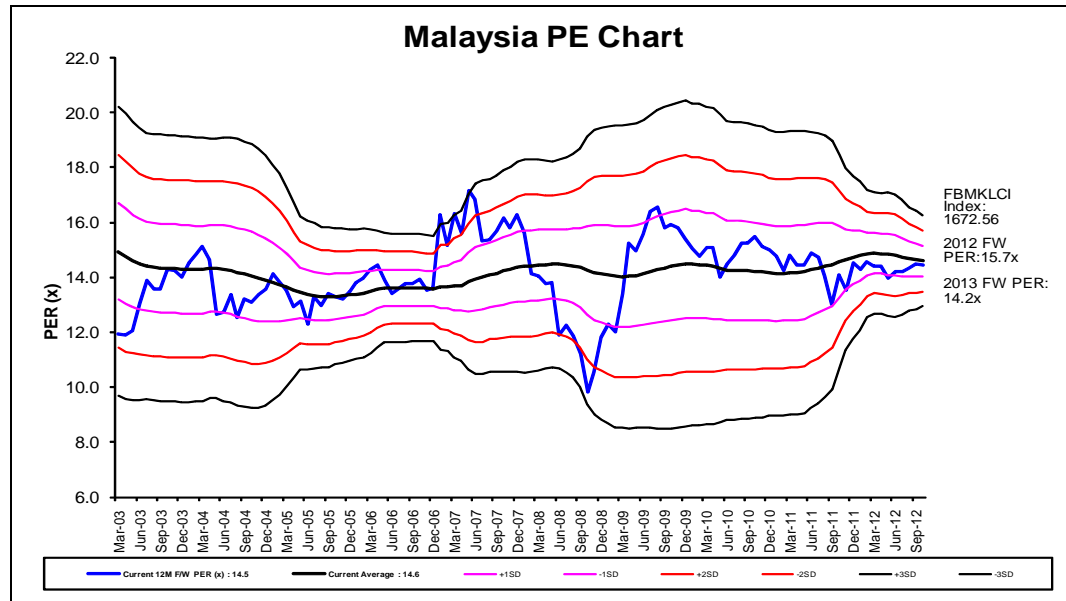


Chart 9: Malaysia PER (Source: IBES)

Strategy

With improving macro points from US and China together with ample liquidity and attractive valuation (Chart 10), investors will most likely start moving back into riskier assets. We will not be too defensive and will increase our exposure to cyclical and high beta stocks. However, we are mindful of the potential risks that could cause the equity market to plunge i.e. Europe crisis turning ugly again and the US fiscal cliff remains unresolved. To ensure that we make the most of this situation, we will diversify into a barbell strategy of defensive and cyclical sensitive sectors.

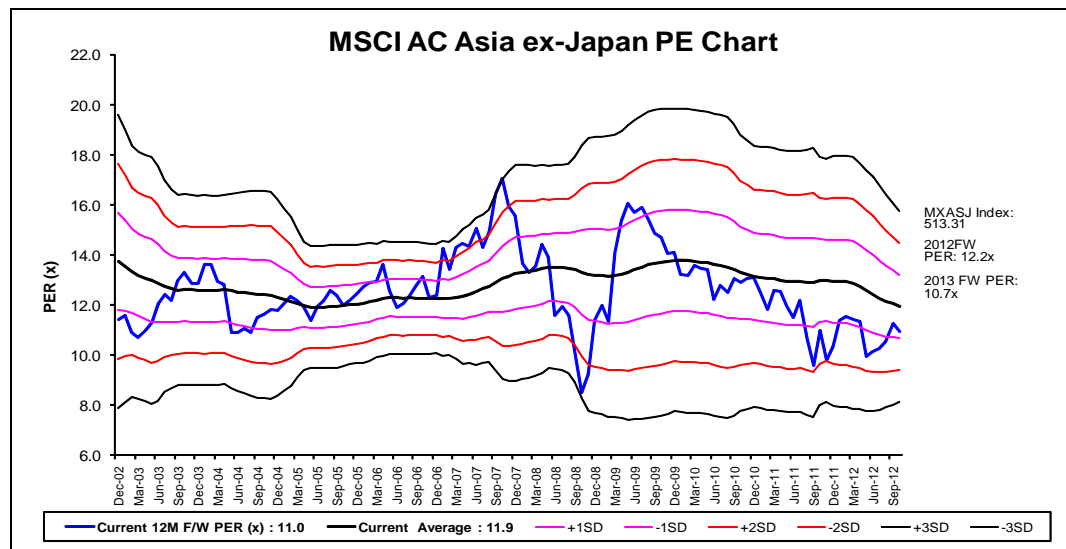


Chart 10: MSCI Asia ex-Japan PER (Source: IBES)

Kuala Lumpur, Malaysia
AmInvestment Services Berhad

31 October 2012

Additional Information

Board of Directors of the Manager

The Board of Directors, of which one-half are independent members, exercise ultimate control over the operations of the Manager. For the financial period under review from 1 July 2012 to 30 September 2012, there were two (2) Board of Director meetings 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	: Bachelor Degree in Accounting, University of 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 July 2012 to 30 September 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 meetings attended for the financial period (From 1 July 2012 to 30 September 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	: 56
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 July 2012 to 30 September 2012)	: Two (2)
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 July 2012 to 30 September 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 Funds Management Division 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 July 2012 to 30 September 2012)	:	Two (2)
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 July 2012 to 30 September 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	:	<p><i>University Putra Malaysia, Serdang</i></p> <ul style="list-style-type: none"> • Dean (February 2006 – April 2011) • Deputy Dean (September 2002 – January 2006) • Professor (March 2000-Present) • Associate Professor (March 1993 – March 2000) <p><i>University Pertanian Malaysia</i> Tutor (1981 – 1984)</p>

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 July 2012 to 30 September 2012)	:	Two (2)
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 July 2012 to 30 September 2012)	:	Three (3)
Family relationship with any director	:	None
Conflict of interest with the Fund	:	None
List of convictions for offences within the past 10 years (if any)	:	None

Name: Dato' Dr Mahani binti Zainal Abidin

Age	:	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>National Economic Advisory Council (NEAC)</i> Council Member (2009 – 2011) Member (1998 – 2000)

Institute of Strategic and International Studies (ISIS), Malaysia
Director General (May 2007 – December 2009)

Ministry of Higher Education Malaysia
Deputy Director-General (2005 – 2007)

National Accreditation Board
Deputy Chairman (2003 – 2007)

Prime Minister's Department, Malaysia
Head, Special Consultancy Team on Globalisation National Economic Action Council (April 2001 – July 2005)

BHLB Unit Trust
Member of Investment Panel (April 1999 – June 2004)

Employees Provident Fund Board, Malaysia
Board Member (June 1998 – 2000)

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 July 2012 to 30 September 2012)	:	Two (2)
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 meetings attended for the financial period (From 1 July 2012 to 30 September 2012)	:	Three (3)
Family relationship with any director	:	None
Conflict of interest with the Fund	:	None
List of convictions for offences within the past 10 years (if any)	:	None

Name: Lee Siang Korn @ Lee Siang Chin

Age	:	64
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	:	<p><i>Surf88.Com Sdn.Bhd</i> Chairman and Founding Shareholder (1999-2004)</p> <p><i>Arab-Malaysian Securities Sdn. Bhd.</i> Managing Director (1986-1999)</p> <p><i>Arab-Malaysian Merchant Bank Berhad</i> General Manager, Corporate Finance (1983-1986)</p>

Occupation	:	Director
Date of appointment	:	20 December 2006
Directorship of other public companies	:	<ul style="list-style-type: none"> • Social Security Organisation of Malaysian (SOCSO) • Star Publications (Malaysia) Berhad • UniAsia Life Assurance Berhad
Number of Board Meeting attended for the financial period (From 1 July 2012 to 30 September 2012)	:	Two (2)

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 July 2012 to 30 September 2012)	: Three (3)
Family relationship with any director	: None
Conflict of interest with the Fund	: None
List of convictions for offences within the past 10 years (if any)	: None

Material Litigation

For the financial period under review, neither the Directors of the management company nor the Manager of the Fund were engaged in any material litigation and arbitration, including those pending or threatened, and any facts likely to give any proceedings, which might materially affect the business/financial position of the Manager and of its delegates. The Fund 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, is 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 July 2012 to 30 September 2012, there were three (3) Investment Committee Meetings held by the Manager.

Unitholders

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

NAME	Number of Unit Held	Units Held (in %)
AmINVESTMENT BANK BERHAD	1,125,860	51.49
A.A. ANTHONY SECURITIES SDN. BHD	257,200	11.76
MALACCA SECURITIES SDN BHD	150,000	6.86
JF APEX SECURITIES BERHAD	105,400	4.82
CIMB INVESTMENT BANK BERHAD	49,400	2.26
CIMB INVESTMENT BANK BERHAD	45,000	2.06
HSBC BANK MALAYSIA BERHAD	33,100	1.51
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	0.91
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	11,144	0.51
PUBLIC INVESTMENT BANK BERHAD	10,720	0.49

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

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

	Note	30-9-2012 (unaudited) RM	31-12-2011 (audited) RM
ASSETS			
Investments	4	4,165,341	3,861,829
Dividend receivables		30,867	17,672
Capital repayment receivable		-	67,195
Tax recoverable		9,021	8,410
Cash at banks		<u>62,235</u>	<u>1,431</u>
TOTAL ASSETS		<u>4,267,464</u>	<u>3,956,537</u>
LIABILITIES			
Amount due to Manager	5	1,656	6,956
Amount due to Trustee	6	198	187
Amount due to index provider	7	1,759	2,924
Distribution payable		12,540	-
Sundry payables and accrued expenses	8	<u>49,321</u>	<u>35,883</u>
TOTAL LIABILITIES		<u>65,474</u>	<u>45,950</u>
EQUITY			
Unitholders’ capital	10(a)	3,658,895	3,658,895
Retained earnings	10(b)(c)	<u>543,095</u>	<u>251,692</u>
TOTAL EQUITY	10	<u>4,201,990</u>	<u>3,910,587</u>
TOTAL EQUITY AND LIABILITIES		<u>4,267,464</u>	<u>3,956,537</u>
UNITS IN CIRCULATION	10(a)	<u>2,508,000</u>	<u>2,508,000</u>
NET ASSET VALUE PER UNIT		<u>167.54 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 FINANCIAL PERIOD FROM 1 JULY 2012 TO 30 SEPTEMBER 2012**

	Note	1-7-2012 to 30-9-2012 RM	1-7-2011 to 30-9-2011 RM
INVESTMENT INCOME			
Gross dividend income		42,254	40,222
Interest income		21	15
Net gain/(loss) from investments:			
– Financial assets at fair value through profit or loss (“FVTPL”)	9	<u>100,889</u>	<u>(482,383)</u>
Gross Income/(Loss)		<u>143,164</u>	<u>(442,146)</u>
EXPENDITURE			
Manager’s fee	5	5,196	4,769
Trustee’s fee	6	624	572
Licence fee	7	416	382
Auditors’ remuneration		992	1,008
Tax agent’s fee		1,239	1,260
Administrative expenses		<u>1,825</u>	<u>2,506</u>
Total Expenditure		<u>10,292</u>	<u>10,497</u>
NET INCOME/(LOSS) BEFORE TAX		132,872	(452,643)
LESS: INCOME TAX	12	<u>(3,900)</u>	<u>(1,100)</u>
NET INCOME/(LOSS) AFTER TAX		128,972	(453,743)
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u><u>128,972</u></u>	<u><u>(453,743)</u></u>
Total comprehensive income comprises the following:			
Realised income		30,815	26,866
Unrealised gain/(loss)		<u>98,157</u>	<u>(480,609)</u>
		<u><u>128,972</u></u>	<u><u>(453,743)</u></u>
Distribution for the period:			
Net distribution	12	<u><u>12,540</u></u>	<u><u>-</u></u>
Gross distribution per unit (sen)	12	<u><u>0.5414</u></u>	<u><u>-</u></u>
Net distribution per unit (sen)	12	<u><u>0.5000</u></u>	<u><u>-</u></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 FINANCIAL PERIOD FROM 1 JULY 2012 TO 30 SEPTEMBER 2012**

	Note	Unitholders’ capital RM	Retained earnings/ (Accumulated losses) RM	Total net asset value RM
At 1 July 2011		3,658,895	319,946	3,978,841
Total comprehensive income for the period		-	(453,743)	(453,743)
Balance at 30 September 2011		<u>3,658,895</u>	<u>(133,797)</u>	<u>3,525,098</u>
At 1 July 2012		3,658,895	426,663	4,085,558
Total comprehensive income for the period		-	128,972	128,972
Distribution	13	-	(12,540)	(12,540)
Balance at 30 September 2012		<u>3,658,895</u>	<u>543,095</u>	<u>4,201,990</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 FINANCIAL PERIOD FROM 1 JULY 2012 TO 30 SEPTEMBER 2012

	1-7-2012 to 30-9-2012 RM	1-7-2011 to 30-9-2011 RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES		
Proceeds from sale of investments	62,760	5,739
Dividend received	25,945	57,999
Capital repayment received	6,510	-
Interest received	21	15
Manager’s fee paid	(5,142)	(4,802)
Trustee’s fee paid	(618)	(576)
Licence fee paid	(1,962)	-
Tax agent’s fee paid	(5,000)	(5,000)
Payment for other administrative expenses	(10,279)	(1,940)
Purchase of investments	(80,611)	(10,510)
	<u>(8,376)</u>	<u>40,925</u>
CASH FLOW FROM FINANCING ACTIVITY		
Distribution paid	-	(11,000)
	<u>-</u>	<u>(11,000)</u>
Net Cash Used In Financing Activity	-	(11,000)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>70,611</u>	<u>29,244</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>62,235</u>	<u>59,169</u>
Cash and cash equivalents comprises:		
Cash at banks	<u>62,235</u>	<u>59,169</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 applicable 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 income on short-term deposits is recognised on an accrual basis using 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 by the Fund 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 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 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 financial period.

4. **INVESTMENTS**

	30-9-2012 RM	31-12-2011 RM
Financial assets at FVTPL		
Quoted equity securities in Malaysia	<u>4,165,341</u>	<u>3,861,829</u>

Details of quoted investments as at 30 September 2012 are as follows:

Name of company	Number of units	Market value RM	Purchase cost RM	Market value as a percentage of net asset value %
Quoted equity securities in Malaysia				
Consumer Products				
British American Tobacco (M) Berhad	1,100	66,440	47,867	1.58
PPB Group Berhad	4,500	54,270	63,142	1.29
UMW Holdings Berhad	<u>6,600</u>	<u>66,000</u>	<u>46,086</u>	<u>1.57</u>
	<u>12,200</u>	<u>186,710</u>	<u>157,095</u>	<u>4.44</u>
Finance				
AMMB Holdings Berhad	18,200	115,752	96,360	2.75
CIMB Group Holdings Berhad	44,300	332,250	320,255	7.91
Hong Leong Bank Berhad	5,960	79,864	51,089	1.90
Hong Leong Financial Group Berhad	2,200	26,092	19,595	0.62
Malayan Banking Berhad	46,731	421,046	351,667	10.02
Public Bank Berhad	28,100	404,078	327,318	9.62
RHB Capital Berhad	<u>4,866</u>	<u>35,084</u>	<u>35,235</u>	<u>0.83</u>
	<u>150,357</u>	<u>1,414,166</u>	<u>1,201,519</u>	<u>33.65</u>
Industrial Products				
PETRONAS Chemical Group Berhad	25,800	165,120	149,879	3.93
PETRONAS Gas Berhad	<u>6,400</u>	<u>121,600</u>	<u>71,755</u>	<u>2.89</u>
	<u>32,200</u>	<u>286,720</u>	<u>221,634</u>	<u>6.82</u>
Infrastructure				
DiGi.Com Berhad	46,400	244,992	113,928	5.83
YTL Power International Berhad	<u>21,171</u>	<u>35,144</u>	<u>49,911</u>	<u>0.84</u>
	<u>67,571</u>	<u>280,136</u>	<u>163,839</u>	<u>6.67</u>
Plantation				
IOI Corporation Berhad	38,285	190,659	220,134	4.54
Kuala Lumpur Kepong Berhad	<u>4,300</u>	<u>94,858</u>	<u>76,067</u>	<u>2.26</u>
	<u>42,585</u>	<u>285,517</u>	<u>296,201</u>	<u>6.80</u>

(Forward)

Name of company	Number of units	Market value RM	Purchase cost RM	Market value as a percentage of net asset value %
Quoted equity securities in Malaysia				
Properties				
UEM Land Holdings Berhad	8,700	14,616	19,172	0.35
Trading/Services				
AirAsia Berhad	15,600	47,112	58,254	1.12
Axiata Group Berhad	50,400	327,600	219,256	7.80
Bumi Armada Berhad	6,100	22,509	24,920	0.54
Genting Berhad	22,000	191,620	205,521	4.56
Genting Malaysia Berhad	23,300	81,550	79,864	1.94
IHH Healthcare Berhad	18,200	58,240	57,775	1.39
Malaysia Marine and Heavy Engineering Holdings Berhad	3,200	15,232	26,544	0.36
Maxis Berhad	18,000	124,560	96,227	2.96
PETRONAS Dagangan Berhad	2,200	49,500	22,305	1.18
Sime Darby Berhad	35,789	350,732	305,438	8.35
Telekom Malaysia Berhad	21,400	132,466	51,326	3.15
Tenaga Nasional Berhad	32,700	223,014	239,286	5.31
YTL Corporation Berhad	42,134	72,471	64,087	1.72
	291,023	1,696,606	1,450,803	40.38
Total quoted securities	604,636	4,164,471	3,510,263	99.11
Quoted warrant in Malaysia				
YTL Corporation Berhad - Warrant	2,808	870	-	0.02
Total quoted warrant	2,808	870	-	0.02
Total financial assets at FVTPL	607,444	4,165,341	3,510,263	99.13
Excess of market value over cost		655,078		

5. **AMOUNT DUE TO MANAGER**

	30-9-2012 RM	31-12-2011 RM
Manager's fee payable	1,656	1,556
Application fee payable to Manager	-	5,400
	<u>1,656</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. SUNDRY PAYABLES AND ACCRUED EXPENSES

Included in sundry payables and accrued expenses was amount owing to broker for outstanding contracts where settlement was not due as follow:

	30-9-2012 RM	31-12-2011 RM
Amount owing to broker	<u>19,557</u>	<u>-</u>

The normal trade credit term for this balance is three business days.

9. NET GAIN/(LOSS) FROM INVESTMENTS AT FVTPL

	1-7-2012 to 30-9-2012 RM	1-7-2011 to 30-9-2011 RM
Net gain/(loss) on financial assets at FVTPL comprised:		
– Net realised gain/(loss) on sale of investments	2,732	(1,774)
– Net unrealised gain/(loss) on changes in fair value of investments	<u>98,157</u>	<u>(480,609)</u>
	<u>100,889</u>	<u>(482,383)</u>

10. TOTAL EQUITY

Total equity is represented by:

	Note	30-9-2012 RM	31-12-2011 RM
Unitholders' capital	(a)	3,658,895	3,658,895
Retained earnings			
– Realised loss	(b)	(111,983)	(133,934)
– Unrealised gain	(c)	<u>655,078</u>	<u>385,626</u>
		<u>4,201,990</u>	<u>3,910,587</u>

(a) UNITHOLDERS' CAPITAL/UNITS IN CIRCULATION

	1-7-2012 to 30-9-2012		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 September 2012, the approved Fund size is 500 million units.

(b) REALISED – DISTRIBUTABLE

	1-7-2012 to 30-9-2012 RM	1-1-2011 to 31-12-2011 RM
At beginning of the period/year	(130,258)	(99,895)
Total comprehensive income for the period/year	128,972	113,661
Net unrealised gain attributable to investments held transferred to unrealised reserve [Note 10(c)]	(98,157)	(92,810)
Distribution out of realised reserve (Note 13)	(12,540)	(54,890)
Net increase/(decrease) in realised reserve for the period/year	<u>18,275</u>	<u>(34,039)</u>
At end of the period/year	<u>(111,983)</u>	<u>(133,934)</u>

(c) UNREALISED – NON-DISTRIBUTABLE

	1-7-2012 to 30-9-2012 RM	1-1-2011 to 31-12-2011 RM
At beginning of the period/year	556,921	292,816
Net unrealised gain attributable to investments held transferred from realised reserve [Note 10(b)]	<u>98,157</u>	<u>92,810</u>
At end of the period/year	<u>655,078</u>	<u>385,626</u>

11. **UNITS HELD BY RELATED PARTIES**

	1-7-2012 to 30-9-2012		1-1-2011 to 31-12-2011	
	Number of units	RM	Number of units	RM
Parties related to the Manager*	<u>1,142,206</u>	<u>1,873,218</u>	<u>942,587</u>	<u>1,437,445</u>

* The parties related to the Manager are the legal and beneficial owners of the units. The Manager, AmInvestment Services Berhad, did not hold any unit in the Fund as at 30 September 2012 and 31 December 2011.

12. **INCOME TAX**

	1-7-2012 to 30-9-2012 RM	1-7-2011 to 30-9-2011 RM
Current period	<u>3,900</u>	<u>1,100</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/(loss) before tax at the statutory income tax rate to income tax expenses at the effective income tax rate of the Fund is as follows:

	1-7-2012 to 30-9-2012 RM	1-7-2011 to 30-9-2011 RM
Net income/(loss) before tax	<u>132,872</u>	<u>(452,643)</u>
Taxation at Malaysian statutory rate of 25%	33,200	(113,200)
Tax effects of:		
Income not subject to tax	(31,700)	111,800
Restriction on tax deductible expenses for unit trust fund	1,700	1,400
Non-permitted expenses for tax purposes	<u>700</u>	<u>1,100</u>
Tax expense for the financial period	<u>3,900</u>	<u>1,100</u>

13. **DISTRIBUTION**

Distribution to unitholders declared on 7 September 2012 was from the following sources:

	1-7-2012 to 30-9-2012 RM	1-7-2011 to 30-9-2011 RM
Dividend income	25,097	-
Interest income	12	-
Net realised gain on sale of investments	<u>1,623</u>	<u>-</u>
	26,732	-
Less: Expenses	(10,292)	-
Taxation	<u>(3,900)</u>	<u>-</u>
Total amount of distribution	<u>12,540</u>	<u>-</u>
Gross distribution per unit (sen)	<u>0.5414</u>	<u>-</u>
Net distribution per unit (sen)	<u>0.5000</u>	<u>-</u>
Distribution made out of:		
– Realised reserve [Note 10(b)]	<u>12,540</u>	<u>-</u>
Comprising:		
Cash distribution	<u>12,540</u>	<u>-</u>

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

The Fund’s MER is as follows:

	1-7-2012 to 30-9-2012 % p.a.	1-7-2011 to 30-9-2011 % 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	<u>0.38</u>	<u>0.50</u>
Total MER	<u>0.98</u>	<u>1.10</u>

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

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

The PTR of the Fund is the ratio of average total acquisitions and disposals of investments to the average net asset value of the Fund calculated on a daily basis, is 0.02 times (2011: nil).

16. SEGMENTAL REPORTING

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

17. TRANSACTIONS WITH FINANCIAL INSTITUTION/BROKER

Details of transactions with financial institution/broker for the financial period ended 30 September 2012 are as follows:

Financial Institution/Broker	Transaction value		Brokerage fee, stamp duty and clearing fee paid	
	RM	%	RM	%
AmInvestment Bank Berhad*	162,708	100.00	1,290	100.00

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

The above transactions values were in respect of listed securities.

18. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

The significant accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the financial assets and liabilities of the Fund in the statement of financial position as at 30 September 2012 and 31 December 2011 by the class of financial instrument to which they are assigned, and therefore by the measurement basis.

	Financial assets at FVTPL RM	Loans and receivables at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
30 September 2012				
Assets				
Investments	4,165,341	-	-	4,165,341
Dividend receivables	-	30,867	-	30,867
Cash at banks	-	62,235	-	62,235
	<hr/>	<hr/>	<hr/>	<hr/>
Total financial assets	4,165,341	93,102	-	4,258,443
Total non-financial assets				9,021
				<hr/>
				4,267,464

(Forward)

	Financial assets at FVTPL RM	Loans and receivables at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
Liabilities				
Amount due to Manager	-	-	1,656	1,656
Amount due to Trustee	-	-	198	198
Amount due to index provider	-	-	1,759	1,759
Distribution payable	-	-	12,540	12,540
Sundry payables and accrued expenses	-	-	49,321	49,321
Total financial liabilities	-	-	65,474	65,474
31 December 2011				
Investments	3,861,829	-	-	3,861,829
Dividend receivables	-	17,672	-	17,672
Capital repayment receivable	-	67,195	-	67,195
Cash at banks	-	1,431	-	1,431
Total financial assets	3,861,829	86,298	-	3,948,127
Total non-financial assets				8,410
				3,956,537
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				
		1-7-2012 to 30-9-2012 RM	1-7-2011 to 30-9-2011 RM	
Net gain/(loss) from financial assets at FVTPL		100,889	(482,383)	
Income, of which derived from:				
– Gross dividend income from financial assets at FVTPL		42,254	40,222	
– Interest income from loans and receivables		21	15	

(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;

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 September 2012				
Financial assets at FVTPL	<u>4,165,341</u>	<u>-</u>	<u>-</u>	<u>4,165,341</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
- Amounts due to Manager
- Amount due to Trustee
- Amount due to index provider
- Distribution payable
- 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.

19. RISK MANAGEMENT

The Fund is exposed to a variety of risks that included market risk, interest rate risk, credit risk, liquidity risk, single issuer risk, regulatory risk, management risk and 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 September 2012	1.29	1.29
Average daily	1.36	1.36
Highest	1.41	1.41
Lowest	1.29	1.29
30 September 2011	2.06	2.06
Average daily	2.11	2.11
Highest	2.13	2.13
Lowest	2.06	2.06

Based on Gaussian VaR, using historical weekly data for the past 180 weeks, 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 1.29% (2011: 2.06%). This implies that not more than 1 out of 100 trading days would record a daily loss exceeding 1.29% (2011: 2.06%) of the net asset value.

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.

20. CAPITAL MANAGEMENT

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

The Fund manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Fund may issue new or bonus units, 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 financial period ended 30 September 2012 and 30 September 2011.