

# **FTSE BURSA MALAYSIA KLCI etf**

**Quarterly Report**

**31 March 2013**

## **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

**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:03-2032 2888 Fax: 03-2026 5630

**AmInvestment Management Sdn Bhd**

*Registered Office*

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

*Head Office*

9<sup>th</sup> & 10<sup>th</sup> Floor, Bangunan AmBank Group  
55, Jalan Raja Chulan, 50200 Kuala Lumpur  
Tel:03-2032 2888 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 January 2013 to 31 March 2013.

### 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 31 March 2013 are as follows:

Stock code	Company's name	Percentage weight (%)	Shares in issue ('million units)
1295	Public Bank Berhad	10.91%	35,319.26
1155	Malayan Banking Berhad	8.69%	84,401.25
1023	CIMB Group Holdings Berhad	7.83%	74,327.75
4197	Sime Darby Berhad	7.32%	59,979.88
6888	Axiata Group Berhad	7.10%	84,451.54
5347	Tenaga Nasional Berhad	5.51%	55,237.64
3182	Genting Berhad	4.79%	36,942.40
5183	PETRONAS Chemicals Group Berhad	3.98%	80,000.00
1961	IOI Corporation Berhad	3.76%	64,135.29
6947	DiGi.Com Berhad	3.73%	77,750.00
6033	PETRONAS Gas Berhad	3.25%	19,787.32
6012	Maxis Berhad	3.17%	75,000.00
4863	Telekom Malaysia Berhad	2.95%	35,774.02
1015	AMMB Holdings Berhad	2.47%	30,141.85
2445	Kuala Lumpur Kepong Berhad	2.41%	10,687.74
4715	Genting Malaysia Berhad	2.32%	59,353.01
4162	British American Tobacco (M) Berhad	1.92%	2,855.30
4588	UMW Holdings Berhad	1.91%	11,622.03
5819	Hong Leong Bank Berhad	1.89%	18,961.28
4677	YTL Corporation Berhad	1.89%	107,377.39
5222	Felda Global Ventures Holdings Berhad	1.85%	36,481.52
5225	IHH Healthcare Berhad	1.69%	80,570.80
4065	PPB Group Berhad	1.62%	11,855.00
5681	PETRONAS Dagangan Berhad	1.49%	9,934.54
5210	Bumi Armada Berhad	1.09%	29,284.62

(Forward)

<b>Stock code</b>	<b>Company's name</b>	<b>Percentage weight (%)</b>	<b>Shares in issue ('million units)</b>
1066	RHB Capital Berhad	1.04%	24,807.63
6742	YTL Power International Berhad	1.03%	72,819.98
6399	Astro Malaysia Holdings Berhad	0.95%	51,973.00
5148	UEM Land Holdings Bhd	0.76%	43,230.55
1082	Hong Leong Financial Group Berhad	0.68%	10,527.68

**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 1,672,000 units.

<b>Size of holding</b>	<b>As at 31 March 2013</b>		<b>As at 31 December 2012</b>	
	<b>Number of units held</b>	<b>Number of unitholders</b>	<b>Number of units held</b>	<b>Number of unitholders</b>
Less than 100	1,615	45	1,779	46
100 - 1,000	19,500	34	20,519	34
1,001 - 10,000	291,832	73	291,649	75
10,001 – 100,000	597,993	26	488,693	25
100,001 to less than 5% of issue units	-	-	235,300	2
5% and above of issue units	761,060	3	1,470,060	2

## Fund Performance Data

**Portfolio Composition** Details of portfolio composition of the Fund as at 31 March 2013 and three financial years as at 31 December are as follows:

	<b>As at 31-3-2013 %</b>	<b>FY 2012 %</b>	<b>FY 2011 %</b>	<b>FY 2010 %</b>
Construction	-	-	1.4	3.1
Consumers products	4.9	4.6	4.6	4.6
Finance	35.5	34.8	34.5	34.8
Industrial products	6.6	6.5	6.7	4.0
Infrastructure project companies	5.7	6.4	5.7	4.3
Plantations	7.0	7.6	7.9	8.5
Properties	0.6	0.4	0.5	-
Trading/Services	38.9	38.4	38.7	39.5
Cash and others	0.8	1.3	-	1.2
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

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

**Performance Details** Performance details of the Fund for the financial period ended 31 March 2013 and three financial years ended 31 December are as follows:

	<b>3 months ended 31-3-2013</b>	<b>FY 2012</b>	<b>FY 2011</b>	<b>FY 2010</b>
Net asset value (RM)	2,840,615	4,298,639	3,910,587	3,851,816
Units in circulation	1,672,000	2,508,000	2,508,000	2,508,000
Net asset value per unit (RM)	1.6989*	1.7140	1.5592	1.5358
Highest net asset per unit (RM)	1.7185*	1.7156	1.6021	1.5412
Lowest net asset per unit (RM)	1.6351*	1.5322	1.3492	1.2380
Closing quoted price (RM)	1.6500*	1.6400	1.5250	1.5450
Highest quoted price (RM)	1.6600*	1.6750	1.5950	1.5450
Lowest quoted price (RM)	1.6400*	1.4900	1.3200	1.2400
Benchmark performance (%)	-0.56	14.31	4.45	23.80
Total return (%) <sup>(1)</sup>	-0.88	12.76	2.97	20.56
- Capital growth (%)	-0.88	10.07	1.54	19.07
- Income distribution (%)	-	2.69	1.43	1.49
Gross distribution (sen per unit)	-	4.43	2.31	2.13
Net distribution (sen per unit)	-	4.20	2.19	1.93
Distribution yield (%) <sup>(2)</sup>	-	2.56	1.44	1.25
Management expense ratio (%) <sup>(3)</sup>	1.33	1.07	1.11	1.19
Portfolio turnover ratio (times) <sup>(4)</sup>	0.24	0.04	0.09	1.35

*\* 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 increased by 0.26% as compared to 1.07% per annum for the financial year ended 31 December 2012 mainly due to decrease in average fund size..
- (4) Portfolio turnover ratio (“PTR”) is calculated 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 0.20 times (>100%) as compared to 0.04 times for the financial year ended 31 December 2012 mainly due to increase in investing activities.

#### Average Total Return (as at 31 March 2013)

	FBM KLCI etf <sup>(a)</sup>	FBM KLCI/ FBM30 Index <sup>(b)</sup>
	%	%
One year	6.8	8.4
Three years	10.1	12.7
Five years	6.0	10.4
Since launch (19 July 2007)	4.5	7.9

#### Annual Total Return

Financial Years Ended (31 December)	FBM KLCI etf <sup>(a)</sup>	FBM KLCI/ FBM30 Index <sup>(b)</sup>
	%	%
2012	12.8	14.3
2011	3.0	4.5
2010	20.6	23.8
2009	46.4	50.0
2008	-37.2	-36.3

(a) Independently verified by Perkasa Normandy Managers 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”).

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 achieved 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**

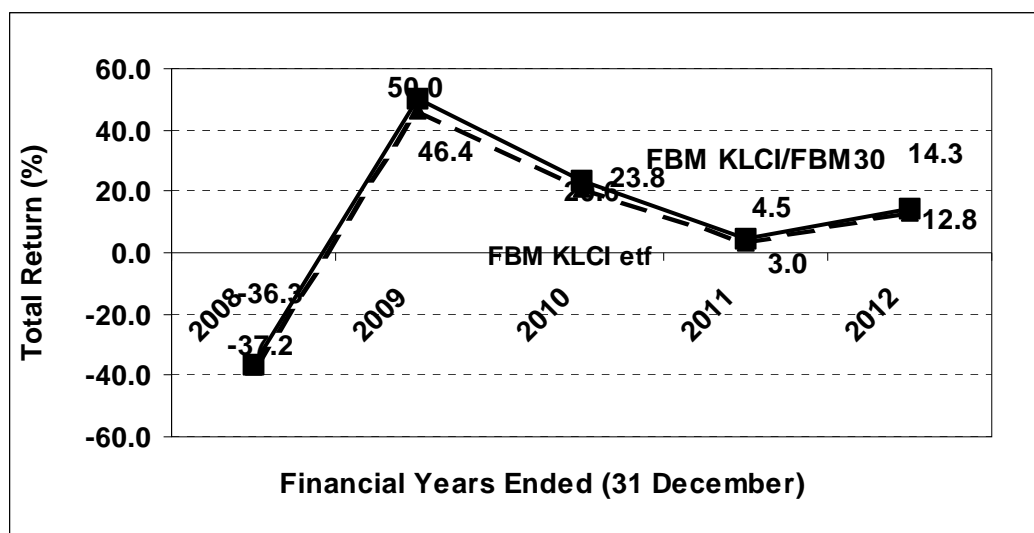
For the financial period under review, the Fund recorded a negative return of 0.88% which was entirely capital in nature.

Thus, the Fund's negative return of 0.88% has underperformed the benchmark negative return of 0.56% by 0.32%.

As compared to the financial year ended 31 December 2012, the NAV of the Fund decreased by 33.92% from RM4,298,639 to RM2,840,615. The NAV per unit of the Fund also decreased by 0.88% from RM1.7140 to RM1.6989 while units in circulation also decreased by 33.33% from 2,508,000 units to 1,672,000 units.

The closing price of the Fund quoted on Bursa Malaysia increased by 0.61% from RM1.6400 to RM1.6500.

The line chart below shows the comparison between the annual performance of FBM KLCI etf and its benchmark for each of the financial years ended 31 December.



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

**Strategies and Policies Employed**

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

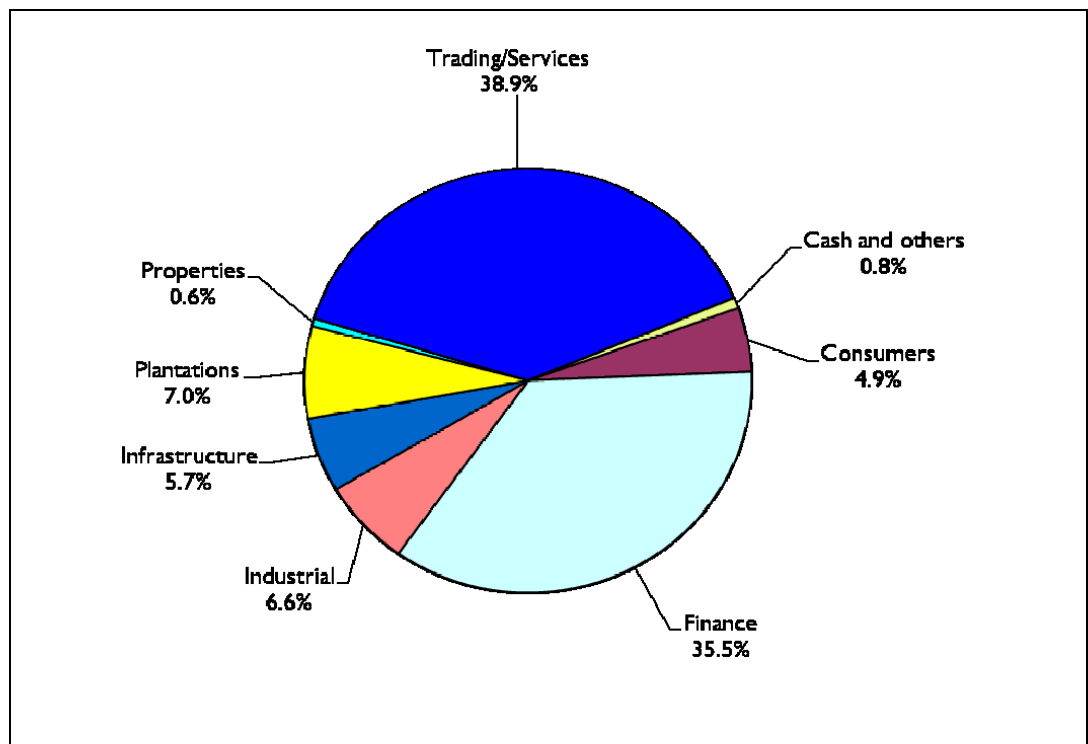
**Portfolio Structure**

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

	As at 31-3-2013 %	As at 31-12-2012 %	Changes %
Consumers products	4.9	4.6	0.3
Finance	35.5	34.8	0.7
Industrial products	6.6	6.5	0.1
Infrastructure project companies	5.7	6.4	-0.7
Plantations	7.0	7.6	-0.6
Properties	0.6	0.4	0.2
Trading/Services	38.9	38.4	0.5
Cash and others	0.8	1.3	-0.5
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	

For the financial period under review, there were some changes to the sector weights, Finance and Infrastructure project companies, where weighting changed by 0.7% and -0.7% respectively. Plantation reduced by 0.6%. 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**

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**

FBM KLCI Index reached a high of 1,694.16 points on 7 January 2013 before underwent a severe selling pressure. Rumour that the Prime Minister would soon announce the dissolution of parliament to pave way for general election resulted in the local stock market sentiment turning jittery. FBM KLCI Index fell to a low of 1,614.14 points on 6 February 2013.

Although selective buying emerged, investors were quick to lock in gains. Pre-election jitters and weaker economic data from China and US continue to weigh sentiment. The index fell to a closing low of 1,613.33 points on 20 February 2013 before bouncing back following indication that the U.S economic recovery appears to be on firmer footing. Improvement of the housing market and a pick-up in job creation following an increase of 236,000 jobs in non-farm payrolls in February helped spur-buying interest. The FBM KLCI Index reached a high of 1,657.96 points on 11 March 2013 before a new wave of selling kicked-in. The resurfacing of Cyprus banking crisis resulted in investor selling down on their holdings. Investors were worried that the levy on bank deposits in Cyprus could spark an exodus of capital from other fragile European economies and jeopardize the region's recent tentative recovery. The local bourse retraced to a low of 1,6421.36 points on March 18, 2013.

Bargain hunting emerged, thereafter, as investors' belief that the politicians will do their utmost to contain the melt down in Cyprus. Sentiment was also being supported by positive economic development in US and China, which confirms that future prospect for global growth is arguably better. FBM KLCI Index rose to close at 1,671.63 points for the period under review ending 31 March 2013, representing a loss of 1.03%.

**Market  
Outlook**

The financial crisis in Cyprus, post-election political gridlock in Italy and recent weak macro readings across the euro zone serves as vivid reminder that the euro crisis is far from over and will continue to be a source of volatility to the equity market. Nevertheless, chances that the region will fall apart is remote at this point of time as we believe the politicians will do their utmost to contain the melt down in Cyprus and the Italian elections will not undermine the integrity of the Eurozone the way the Greek elections did in mid 2012. Moreover, European Central Bank (ECB) willingness to be lender of last resort has also dramatically diminished the risk of contagion from the periphery to the rest of Europe.

For the US, pieces are falling into place for a recovery to transition into a self-reinforcing stage, with private sector spending growth finally accelerating to a sustained above-trend pace. Improvement in private spending is driven by slower pace of household deleveraging (which is currently at the advanced stage), improving labor market and housing price appreciation.

On top of that, corporates who have been holding back in the past couple of months might start spending again. As tail risk from the debt ceiling debacle and "fiscal cliff" gradually fades off, corporate chieftains are feeling more upbeat about the current economy.

Even though US macro numbers are turning more positive, we caution that growth momentum could weaken in the next one to two quarters as the sequester takes effect and the full impact of fiscal tightening is felt over the next coming months.

Unlike US, recent economic data coming from China is showing mixed signals, raising doubts over the sustainability of the growth recovery. At the same time, authorities concerns about inflation and renewed efforts targeting the housing sector as well as shadow banking assets (especially wealth management products) are further complicating the economy's growth outlook. These headwinds will drag growth and affect sentiments of the Chinese market in the short term. Over a longer term view, we believe that China is past the worst of the growth slow-down phase and they are on track to achieve their Gross Domestic Product (GDP) growth target of 7.5% to 8% in FY2013. Fixed Asset Investments which contributes about 40% to China's GDP growth is still showing double digit growth and private spending continues to remain solid.

Furthermore, housing market is not nearly as overheated as when previous intensive credit crunches were imposed back in 2006, 2008 and 2011. Likewise prices of agricultural product could have moderated following the festive holidays, which will likely lead to slower food inflation and consequently lower headline CPI in the coming month.

The economic activity of Chinese economy is becoming more critical to the general health of the global economy. Unlike the past, Chinese economy now plays a major part in the global trade with imports accounting for 8% of world shipment, coming in third after the US and Europe which account for 13% and 11% respectively. China has even a bigger share in the industrial metal and coal market, consuming at least 40% and 50% of the global demand respectively.

Hence, we continue to hold on to our view that the equity market will end higher as we approach towards the end of the year. On a fundamental level, future prospect for global growth is arguably better today than it was six to seven months ago. US economy is strengthening and Chinese economy is rebounding and Japan downward spiral has ended. Furthermore, most of the fiscal adjustment in peripheral Europe is complete and this should lead to better growth numbers going into 2014.

Kuala Lumpur, Malaysia  
AmInvestment Services Berhad

30 April 2013

## 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 January 2013 to 31 March 2013, there was one (1) Board of Director meetings held by the Manager.

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

<b>Name</b>	:	Harinder Pal Singh a/l Joga Singh
<b>Age</b>	:	51
<b>Nationality</b>	:	Malaysian
<b>Qualification</b>	:	Bachelor Degree in Accounting, University of Malaya
<b>Executive/Non-Executive Director</b>	:	Executive Director
<b>Independent/Non-Independent Director</b>	:	Non-Independent Director
<b>Working Experience</b>	:	<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>Arab-Malaysian Securities 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"><li>• Manager, Client Service &amp; Operations (July 2001 – June 2002)</li><li>• Senior Manager, Client Service &amp; Operations (July 2002 – 2003)</li><li>• Head, Sales Services (2003-December 2006)</li><li>• Principal Officer / Director of Operations (Present)</li><li>• Director (September 2008 - Present)</li></ul>
<b>Occupation</b>	:	Principal Officer/Director of Operations of AmInvestment Services Berhad
<b>Date of appointment</b>	:	22 September 2008
<b>Directorship of other public companies</b>	:	None
<b>Number of Board meeting attended for the financial period (From 1 January 2013 to 31 March 2013)</b>	:	One (1)
<b>Member of any other Board Committee</b>	:	Investment Committee (Non-Independent)

<b>Date of appointment to the Investment Committee</b>	: 18 January 2007
<b>Number of Investment Committee meetings attended for the financial period (From 1 January 2013 to 31 March 2013)</b>	: Four (4)
<b>Family relationship with any director</b>	: None
<b>Conflict of interest with the Fund</b>	: None
<b>List of convictions for offences within the past 10 years (if any)</b>	: None
<b>Name</b>	: Kok Tuck Cheong
<b>Age</b>	: 57
<b>Nationality</b>	: Malaysian
<b>Qualification</b>	: Bachelor of Science (Honours) in Commerce and Accountancy and Master of Science in Financial Managerial Controls, University of Southampton.
<b>Executive/Non-Executive Director</b>	: Non-Executive Director
<b>Independent/Non-Independent Director</b>	: Non-Independent Director
<b>Working Experience</b>	: He started his career with AmMerchant Bank Berhad in the Treasury Department before joining the Banking and Corporate Finance Department and later the Investment Department where he served in various positions. He was appointed as General Manager, Banking in January 1989 and later served as Senior General Manager until his appointment as Executive Director in September 2000.
<b>Occupation</b>	: Chief Executive Officer of AmInvestment Bank Berhad
<b>Date of appointment</b>	: 9 November 2001
<b>Directorship of other public companies</b>	: None
<b>Number of Board meeting attended for the financial period (From 1 January 2013 to 31 March 2013)</b>	: One (1)
<b>Member of any other Board Committee</b>	: Audit Committee
<b>Date of appointment to the Investment Committee</b>	: Not applicable
<b>Number of Investment Committee meeting attended for the financial period (From 1 January 2013 to 31 March 2013)</b>	: Not applicable
<b>Family relationship with any director</b>	: None

<b>Conflict of interest with the Fund</b>	: None
<b>List of convictions for offences within the past 10 years (if any)</b>	: None
<b>Name</b>	: Datin Maznah binti Mahbob
<b>Age</b>	: 54
<b>Nationality</b>	: Malaysian
<b>Qualification</b>	: A graduate of the Institute of Chartered Secretaries and Administrators (UK) and holds the Capital Markets Services Representative's Licence
<b>Executive/Non-Executive Director</b>	: Non-Executive Director
<b>Independent/Non-Independent Director</b>	: Non-Independent Director
<b>Working Experience</b>	: She has been in the funds management industry since year 1987, in a fund management role, before assuming the responsibility as the Chief Executive Officer of Funds Management Division, AmInvestment Bank Group in year 2002. Prior to this, she was in the Corporate Finance Department of AmInvestment Bank Berhad for 3 years.
<b>Occupation</b>	: Chief Executive Officer of Funds Management Division and Chief Executive Officer/Executive Director of AmInvestment Management Sdn Bhd.
<b>Date of appointment</b>	: 29 December 2005
<b>Directorship of other public companies</b>	: None
<b>Number of Board meeting attended for the financial period (From 1 January 2013 to 31 March 2013)</b>	: One (1)
<b>Member of any other Board Committee</b>	: None
<b>Date of appointment to the Investment Committee</b>	: Not applicable
<b>Number of Investment Committee meeting attended for the financial period (From 1 January 2013 to 31 March 2013)</b>	: Not applicable
<b>Family relationship with any director</b>	: None
<b>Conflict of interest with the Fund</b>	: None
<b>List of convictions for offences within the past 10 years (if any)</b>	: None

<b>Name</b>	:	Professor Dr Annuar bin Md Nassir
<b>Age</b>	:	55
<b>Nationality</b>	:	Malaysian
<b>Qualification</b>	:	Doctor of Philosophy, University Putra Malaysia
<b>Executive/Non-Executive Director</b>	:	Non-Executive Director
<b>Independent/Non-Independent Director</b>	:	Independent Director
<b>Working Experience</b>	:	<p><i>University Putra Malaysia, Serdang</i></p> <ul style="list-style-type: none"> <li>• Dean (February 2006 – April 2011)</li> <li>• Deputy Dean (September 2002 – January 2006)</li> <li>• Professor (March 2000-Present)</li> <li>• Associate Professor (March 1993 – March 2000)</li> </ul> <p><i>University Pertanian Malaysia</i> Tutor (1981 – 1984)</p>
<b>Occupation</b>	:	Professor, Faculty of Economics and Management of University Putra Malaysia
<b>Date of appointment</b>	:	8 April 2003
<b>Directorship of other public companies</b>	:	None
<b>Number of Board Meeting attended for the financial period (From 1 January 2013 to 31 March 2013)</b>	:	One (1)
<b>Member of any other Board Committee</b>	:	Investment Committee and Audit Committee (Independent)
<b>Date of appointment to the Investment Committee</b>	:	18 January 2007
<b>Number of Investment Committee meeting attended for the financial period (From 1 January 2013 to 31 March 2013)</b>	:	Four (4)
<b>Family relationship with any director</b>	:	None
<b>Conflict of interest with the Fund</b>	:	None
<b>List of convictions for offences within the past 10 years (if any)</b>	:	None

<b>Name</b>	:	Dato' Dr Mahani binti Zainal Abidin
<b>Age</b>	:	58
<b>Nationality</b>	:	Malaysian
<b>Qualification</b>	:	Doctor of Philosophy in Development Economics, University of London.
<b>Executive/Non-Executive Director</b>	:	Non-Executive Director
<b>Independent/Non-Independent Director</b>	:	Independent Director



**Working Experience** : *National Economic Advisory Council (NEAC)*  
 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)

*Faculty of Economic and Administration, University of Malaya*  
 Professor (1992 – 2007)

<b>Occupation</b>	: Chief Executive, Institute of Strategic and International Studies (ISIS) Malaysia.
<b>Date of appointment</b>	: 14 July 2004
<b>Directorship of other public companies</b>	: AmIslamic Bank Berhad
<b>Number of Board Meeting attended for the financial period (From 1 January 2013 to 31 March 2013)</b>	: None
<b>Member of any other Board Committee</b>	: Investment Committee and Audit Committee (Independent)
<b>Date of appointment to the Investment Committee</b>	: 18 January 2007
<b>Number of Investment Committee meetings attended for the financial period (From 1 January 2013 to 31 March 2013)</b>	: Two (2)
<b>Family relationship with any director</b>	: None
<b>Conflict of interest with the Fund</b>	: None
<b>List of convictions for offences within the past 10 years (if any)</b>	: None

<b>Name</b>	: Lee Siang Korn @ Lee Siang Chin
<b>Age</b>	: 64
<b>Nationality</b>	: Malaysian
<b>Qualification</b>	: <ul style="list-style-type: none"> <li>• Fellow of the Institute of Chartered Accountants, England and Wales (July 1972)</li> <li>• Member of the Malaysian Association of Certified Public Accountants (June 1975)</li> </ul>
<b>Executive/Non-Executive Director</b>	: Non-Executive Director
<b>Independent/Non-Independent Director</b>	: Independent Director
<b>Working Experience</b>	: <p><i>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>
<b>Occupation</b>	: Director
<b>Date of appointment</b>	: 20 December 2006
<b>Directorship of other public companies</b>	: <ul style="list-style-type: none"> <li>• Social Security Organisation of Malaysia (SOCSO)</li> <li>• Star Publications (Malaysia) Berhad</li> <li>• Uni.Asia Life Assurance Berhad</li> </ul>
<b>Number of Board Meeting attended for the financial period (From 1 January 2013 to 31 March 2013)</b>	: One (1)
<b>Member of any other Board Committee</b>	: Investment Committee and Audit Committee (Independent)
<b>Date of appointment to the Investment Committee</b>	: 18 January 2007
<b>Number of Investment Committee meeting attended for the financial period (From 1 January 2013 to 31 March 2013)</b>	: Four (4)
<b>Family relationship with any director</b>	: None
<b>Conflict of interest with the Fund</b>	: None
<b>List of convictions for offences within the past 10 years (if any)</b>	: None

#### ***Material Litigation***

For the financial period under review, neither the Directors of the management company nor the Manager of the Fund were engaged in any material litigation and arbitration, including those pending or threatened, and any facts likely to give any proceedings, which might materially affect the

business/financial position of the Manager and of its delegates. The Fund 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 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 year 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 January 2013 to 31 March 2013, there were four (4) Investment Committee Meetings held by the Manager.

## *Unitholders*

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

<b>NAME</b>	<b>Number of Unit Held</b>	<b>Units Held (%)</b>
AmINVESTMENT BANK BERHAD	368,660	26.93
A.A. ANTHONY SECURITIES SDN. BHD	257,200	18.79
JF APEX SECURITIES BERHAD	135,200	9.88
MALACCA SECURITIES SDN BHD	100,000	7.30
CIMB INVESTMENT BANK BERHAD	45,000	3.29
HSBC BANK MALAYSIA BERHAD	33,100	2.42
OSK INVESTMENT BANK BERHAD	30,000	2.19
ALLIANCE INVESTMENT BANK BERHAD	25,735	1.88
MAYBANK INVESTMENT BANK BERHAD	25,720	1.88
MERCURY SECURITIES SDN BHD	25,720	1.88
KENANGA INVESTMENT BANK BERHAD	25,720	1.88
AFFIN INVESTMENT BANK BERHAD	25,720	1.88
AmINVESTMENT BANK BERHAD	22,000	1.61
CIMB INVESTMENT BANK BERHAD	21,800	1.59
RHB INVESTMENT BANK BERHAD	20,000	1.46
HWANGDBS INVESTMENT BANK BERHAD	19,300	1.41
MAYBANK INVESTMENT BANK BERHAD	19,290	1.41
HWANGDBS INVESTMENT BANK BERHAD	18,000	1.31
MAYBANK INVESTMENT BANK BERHAD	16,075	1.17
HONG LEONG INVESTMENT BANK BERHAD	14,432	1.05
OSK INVESTMENT BANK BERHAD	12,860	0.94
TA SECURITIES HOLDINGS BERHAD	12,860	0.94
MAYBANK INVESTMENT BANK BERHAD	12,860	0.94
CIMB INVESTMENT BANK BERHAD	12,860	0.94
TA SECURITIES HOLDINGS BERHAD	12,860	0.94
HONG LEONG INVESTMENT BANK BERHAD	12,217	0.89
HWANGDBS INVESTMENT BANK BERHAD	12,000	0.88
PUBLIC INVESTMENT BANK BERHAD	11,144	0.81
PUBLIC INVESTMENT BANK BERHAD	10,720	0.78
MAYBANK INVESTMENT BANK BERHAD	10,000	0.73

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

**STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2013**

	Note	31-3-2013 (unaudited) RM	31-12-2012 (audited) RM
<b>ASSETS</b>			
Investments	4	2,841,442	4,295,997
Dividends receivable		13,096	25,107
Tax recoverable		824	9,281
Cash at banks		21,993	55,731
		<u>2,877,355</u>	<u>4,386,116</u>
<b>TOTAL ASSETS</b>			
<b>LIABILITIES</b>			
Amount due to Manager	5	1,309	3,792
Amount due to Trustee	6	133	215
Amount due to index provider	7	1,616	1,766
Distribution payable		-	47,652
Sundry payables and accrued expenses		33,682	34,052
		<u>36,740</u>	<u>87,477</u>
<b>TOTAL LIABILITIES</b>			
<b>EQUITY</b>			
Unitholders’ capital	9(a)	2,230,505	3,658,895
Retained earnings	9(b)(c)	610,110	639,744
		<u>2,840,615</u>	<u>4,298,639</u>
<b>TOTAL EQUITY</b>			
<b>TOTAL EQUITY AND LIABILITIES</b>			
		<u>2,877,355</u>	<u>4,386,116</u>
<b>UNITS IN CIRCULATION</b>			
	9(a)	<u>1,672,000</u>	<u>2,508,000</u>
<b>NET ASSET VALUE PER UNIT – EX DISTRIBUTION</b>			
		<u>169.89 sen</u>	<u>171.40 sen</u>

The accompanying notes form 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 JANUARY 2013 TO 31 MARCH 2013**

	Note	1-1-2013 to 31-3-2013 RM	1-1-2012 to 31-3-2012 RM
<b>INVESTMENT (LOSS)/INCOME</b>			
Gross dividend income		13,723	25,581
Interest income		21	22
Net (loss)/gain from investments:			
– Financial assets at fair value through profit or loss (“FVTPL”)	8	<u>(31,187)</u>	<u>165,561</u>
Gross (Loss)/Income		<u>(17,443)</u>	<u>191,164</u>
<b>EXPENDITURE</b>			
Manager’s fee	5	3,562	4,919
Trustee’s fee	6	427	590
Licence fee	7	285	393
Auditors’ remuneration		964	992
Tax agent’s fee		1,206	1,240
Administrative expenses		<u>3,017</u>	<u>2,278</u>
Total Expenditure		<u>9,461</u>	<u>10,412</u>
<b>NET (LOSS)/INCOME BEFORE TAX</b>		(26,904)	180,752
<b>LESS: INCOME TAX</b>	11	<u>(2,730)</u>	<u>-</u>
<b>NET (LOSS)/INCOME AFTER TAX</b>		(29,634)	180,752
<b>OTHER COMPREHENSIVE INCOME</b>		<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD</b>		<u><u>(29,634)</u></u>	<u><u>180,752</u></u>
Total comprehensive (loss)/income comprises the following:			
Realised income		267,692	15,191
Unrealised (loss)/gain		<u>(297,326)</u>	<u>165,561</u>
		<u>(29,634)</u>	<u>180,752</u>
Distribution for the period:			
Net distribution	12	<u>-</u>	<u>45,144</u>
Gross distribution per unit (sen)	12	<u>-</u>	<u>1.80</u>
Net distribution per unit (sen)	12	<u>-</u>	<u>1.80</u>

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

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

**STATEMENT OF CHANGES IN EQUITY *(Unaudited)***  
**FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2013 TO 31 MARCH 2013**

	Note	Unitholders’ capital RM	Retained earnings RM	Total equity RM
At 1 January 2012		3,658,895	251,692	3,910,587
Total comprehensive income for the period		-	180,752	180,752
Distribution	12	-	(45,144)	(45,144)
<b>Balance at 31 March 2012</b>		<u>3,658,895</u>	<u>387,300</u>	<u>4,046,195</u>
At 1 January 2013		3,658,895	639,744	4,298,639
Total comprehensive loss for the period		-	(29,634)	(29,634)
Cancellation of units	9	(1,428,390)	-	(1,428,390)
<b>Balance at 31 March 2013</b>		<u>2,230,505</u>	<u>610,110</u>	<u>2,840,615</u>

The accompanying notes form 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 JANUARY 2013 TO 31 MARCH 2013**

	<b>1-1-2013 to 31-3-2013 RM</b>	<b>1-1-2012 to 31-3-2012 RM</b>
<b>CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	1,423,368	-
Capital repayments received	-	67,195
Dividends received	25,519	17,050
Interest received	21	22
Tax refunded	5,942	-
Manager’s fee paid	(6,045)	(10,227)
Trustee’s fee paid	(509)	(579)
Licence fee paid	(435)	-
Payments for other administrative expenses	(5,557)	(3,256)
	<u>1,442,304</u>	<u>70,205</u>
Net cash generated from operating and investing activities		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments for cancellation of units	(1,428,390)	-
Distribution paid	(47,652)	-
	<u>(1,476,042)</u>	<u>-</u>
Net cash used in financing activities		
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		
	(33,738)	70,205
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>		
	<u>55,731</u>	<u>1,431</u>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>		
	<u>21,993</u>	<u>71,636</u>
Cash and cash equivalents comprise:		
Cash at banks	<u>21,993</u>	<u>71,636</u>

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



NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

On 6 July 2009, the Fund’s benchmark, FTSE Bursa Malaysia Large 30 Index (“FBM30”) has been renamed to FTSE Bursa Malaysia KLCI and concurrent with this change, the Fund also announced the change of name to FTSE Bursa Malaysia KLCI etf (short name: FBM KLCI etf). The Fund’s change of its name is pursuant to the Third Supplemental Deed dated 29 June 2009.

The Fund was set up with the objective to achieve a price and yield performance, before fees, expenses and tax, that is generally similar to that of the benchmark index, FTSE Bursa Malaysia KLCI, balanced with the need to facilitate liquidity provision. As provided in the Deeds, the “accrual period” or financial year shall end on 31 December and the units in the Fund were first offered for sale on 7 June 2007.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Fund have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) as issued by the Malaysian Accounting Standards Board (“MASB”) and also prepared in compliance with International Financial Reporting Standards.

The financial statements of the Fund have been prepared under the historical cost convention, unless otherwise stated in the accounting policies.

Standards issued but not yet effective

As at the date of authorisation of these financial statements, the following Standards, Amendments and Interpretations of the Issues Committee (“IC Interpretations”) have been issued by MASB but are not yet effective and have not been adopted by the Fund.

		<b>Effective for financial periods beginning on or after</b>
MFRS 12	Disclosure of Interests in Other Entities	1 January 2013
MFRS 13	Fair Value Measurement	1 January 2013
Amendments to MFRS 7	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013

(Forward)

		<b>Effective for financial periods beginning on or after</b>
Amendments to MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)	1 January 2013
Amendments to MFRS 101	Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)	1 January 2013
Amendments to MFRS 132	Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)	1 January 2013
Amendments to MFRS 134	Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)	1 January 2013
Amendments to MFRS 12	Disclosure of Interests in Other Entities: Transition Guidance	1 January 2013
Amendments to MFRS 132	Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 9	Financial Instruments	1 January 2015
Amendments to MFRS 7	Financial Instruments: Disclosures - Mandatory Date of MFRS 9 and Transition Disclosures	1 January 2015

The Fund plans to adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are expected to have no significant impact to the financial statements of the Fund upon their initial application except as described below:

#### MFRS 9 *Financial Instruments*

MFRS 9, as issued, reflects the first phase of the International Accounting Standards Board's ("IASB") work on the replacement of MFRS 139 Financial Instruments: Recognition and Measurement ("MFRS 139") and applies to classification and measurement of financial assets and financial liabilities as defined in MFRS 139 and replaces the guidance in MFRS 139.

In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The adoption of the first phase of MFRS 9 may have an effect on the classification and measurement of the Fund's financial assets but will not have an impact on the classification and measurement of financial liabilities. The Fund will quantify the effect in conjunction with the other phases when the final standard including all phases is issued.

#### MFRS 13 *Fair Value Measurement*

MFRS 13 establishes a single source of guidance under MFRS for all fair value measurements. MFRS 13 does not change when an entity is required to use fair value but rather provides guidance on how to measure fair value under MFRS when fair value is required or permitted. The Fund is currently assessing the impact that this Standard will have on the financial position and performance of the Fund but based on preliminary analyses, no material impact is expected.

### 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 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 of the Fund meets the definition of puttable instruments and is classified as equity instruments under the revised MFRS 132 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities ("MFRS 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 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’. Dividend revenue and interest earned elements of such instruments are recorded separately in ‘Gross dividend income’ and ‘Interest income’ respectively.

For investments in quoted securities, market value is determined based on the closing price quoted on Bursa Malaysia Securities Berhad. Unrealised gain or loss recognised in profit or loss is not distributable in nature.

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

### **(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.

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 MFRS 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

	<b>31-3-2013</b>	<b>31-12-2012</b>
	<b>RM</b>	<b>RM</b>
<b>Financial assets at FVTPL</b>		
Quoted equity securities in Malaysia	<u>2,841,442</u>	<u>4,295,997</u>

Details of investments as at 31 March 2013 are as follows:

Name of company	Number of shares	Market value RM	Purchase cost RM	Market value as a percentage of net asset value %
<b>Quoted equity securities in Malaysia</b>				
<b>Consumer products</b>				
British American Tobacco (M) Berhad	700	43,512	30,461	1.53
PPB Group Berhad	3,000	37,920	42,094	1.33
UMW Holdings Berhad	4,400	58,696	30,724	2.07
	<u>8,100</u>	<u>140,128</u>	<u>103,279</u>	<u>4.93</u>
<b>Finance</b>				
AMMB Holdings Berhad	11,900	77,945	63,005	2.74
CIMB Group Holdings Berhad	29,400	224,322	212,539	7.90
Hong Leong Bank Berhad	3,960	57,261	33,945	2.02
Hong Leong Financial Group Berhad	1,500	22,410	13,361	0.79
Malayan Banking Berhad	32,131	300,425	243,369	10.58
Public Bank Berhad	18,700	304,062	217,824	10.70
RHB Capital Berhad	3,666	30,978	26,723	1.09
	<u>101,257</u>	<u>1,017,403</u>	<u>810,766</u>	<u>35.82</u>

(Forward)

Name of company	Number of shares	Market Value RM	Purchase cost RM	Market value as a percentage of net asset value %
<b>Quoted equity securities in Malaysia</b>				
<b>Industrial products</b>				
PETRONAS Chemicals Group Berhad	16,900	108,329	98,177	3.81
PETRONAS Gas Berhad	4,200	79,800	47,089	2.81
	<u>21,100</u>	<u>188,129</u>	<u>145,266</u>	<u>6.62</u>
<b>Infrastructure</b>				
DiGi.Com Berhad	30,800	142,604	75,625	5.02
YTL Power International Berhad	14,271	20,836	33,644	0.73
	<u>45,071</u>	<u>163,440</u>	<u>109,269</u>	<u>5.75</u>
<b>Plantation</b>				
Felda Global Ventures Holdings Berhad	5,400	24,840	24,881	0.88
IOI Corporation Berhad	25,385	118,802	145,960	4.18
Kuala Lumpur Kepong Berhad	2,800	58,576	49,532	2.06
	<u>33,585</u>	<u>202,218</u>	<u>220,373</u>	<u>7.12</u>
<b>Properties</b>				
UEM Land Holdings Berhad	6,100	16,653	13,442	0.59
<b>Trading/Services</b>				
Astro Malaysia Holdings Berhad	7,600	21,432	22,429	0.75
Axiata Group Berhad	33,400	220,440	145,301	7.76
Bumi Armada Berhad	4,200	15,792	17,158	0.56
Genting Berhad	14,600	146,292	136,391	5.15
Genting Malaysia Berhad	14,700	53,214	50,386	1.87
IHH Healthcare Berhad	12,300	46,002	39,046	1.62
Maxis Berhad	11,900	77,707	63,617	2.74
PETRONAS Dagangan Berhad	1,500	34,650	15,208	1.22
Sime Darby Berhad	23,689	219,597	202,172	7.73
Telekom Malaysia Berhad	14,100	75,999	33,818	2.67
Tenaga Nasional Berhad	21,900	158,118	160,255	5.57
YTL Corporation Berhad	27,134	44,228	41,271	1.56
	<u>187,023</u>	<u>1,113,471</u>	<u>927,052</u>	<u>39.20</u>
<b>Total financial assets at FVTPL</b>	<u>402,236</u>	<u>2,841,442</u>	<u>2,329,447</u>	<u>100.03</u>
<b>Excess of market value over cost</b>		<u>511,995</u>		

5. **AMOUNT DUE TO MANAGER**

	<b>31-3-2013</b>	<b>31-12-2012</b>
	<b>RM</b>	<b>RM</b>
Manager's fee payable	1,109	1,792
Application fee payable to Manager	200	2,000
	<u>1,309</u>	<u>3,792</u>

Manager's fee was charged at a rate of 0.50% per annum on the net asset value of the Fund, calculated on a daily basis (2012: 0.50%).

The normal credit period in the previous and current financial periods for Manager's fee payable is one month.

6. **AMOUNT DUE TO TRUSTEE**

Trustee's fee was charged at a rate of 0.06% per annum on the net asset value of the Fund, calculated on a daily basis (2012: 0.06%).

The normal credit period in the previous and current financial periods 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 on the net asset value of the Fund, calculated on a daily basis (2012: 0.04%).

8. **NET (LOSS)/GAIN FROM INVESTMENTS**

	<b>1-1-2013 to</b>	<b>1-1-2012 to</b>
	<b>31-3-2013</b>	<b>31-3-2012</b>
	<b>RM</b>	<b>RM</b>
Net (loss)/gain on financial assets at FVTPL comprised:		
– Net realised gain on sale of investments	266,139	-
– Net unrealised (loss)/gain on changes in fair value of investments	(297,326)	165,561
	<u>(31,187)</u>	<u>165,561</u>



## 9. TOTAL EQUITY

Total equity is represented by:

	Note	31-3-2013 RM	31-12-2012 RM
Unitholders' capital	(a)	2,230,505	3,658,895
Retained earnings			
– Realised gain/(loss)	(b)	98,115	(169,577)
– Unrealised gain	(c)	511,995	809,321
		<u>2,840,615</u>	<u>4,298,639</u>

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

	1-1-2013 to 31-3-2013		1-1-2012 to 31-12-2012	
	Number of units	RM	Number of units	RM
At beginning of the period/year	2,508,000	3,658,895	2,508,000	3,658,895
Cancellation during the period/year	<u>(836,000)</u>	<u>(1,428,390)</u>	<u>-</u>	<u>-</u>
At end of the period/year	<u>1,672,000</u>	<u>2,230,505</u>	<u>2,508,000</u>	<u>3,658,895</u>

As at 31 March 2013, the approved Fund size is 500 million units.

### (b) REALISED – DISTRIBUTABLE

	1-1-2013 to 31-3-2013 RM	1-1-2012 to 31-12-2012 RM
At beginning of the period/year	(169,577)	(133,934)
Total comprehensive (loss)/income for the period/year	(29,634)	493,388
Net unrealised loss/(gain) attributable to investments held transferred to unrealised reserve [Note 9(c)]	297,326	(423,695)
Distribution out of realised reserve	-	(105,336)
Net increase/(decrease) in realised reserve for the period/year	<u>267,692</u>	<u>(35,643)</u>
At end of the period/year	<u>98,115</u>	<u>(169,577)</u>

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

	<b>1-1-2013 to 31-3-2013 RM</b>	<b>1-1-2012 to 31-12-2012 RM</b>
At beginning of the period/year	809,321	385,626
Net unrealised (loss)/gain attributable to investments held transferred from realised reserve [Note 9(b)]	<u>(297,326)</u>	<u>423,695</u>
At end of the period/year	<u>511,995</u>	<u>809,321</u>

10. **UNITS HELD BY RELATED PARTIES**

	<b>1-1-2013 to 31-3-2013</b>		<b>1-1-2012 to 31-12-2012</b>	
	<b>Number of units</b>	<b>RM</b>	<b>Number of units</b>	<b>RM</b>
Parties related to the Manager*	<u>407,006</u>	<u>671,560</u>	<u>1,251,206</u>	<u>2,051,978</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 units in the Fund as at 31 March 2013 and 31 December 2012.*

11. **INCOME TAX**

	<b>1-1-2013 to 31-3-2013 RM</b>	<b>1-1-2012 to 31-3-2012 RM</b>
Current period	100	100
Under/(over) provision of tax in prior period	<u>2,630</u>	<u>(100)</u>
	<u>2,730</u>	<u>-</u>

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

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

A reconciliation of income tax expenses applicable to net (loss)/income before tax at the statutory income tax rate to income tax expenses at the effective income tax rate of the Fund are as follows:

	<b>1-1-2013 to 31-3-2013 RM</b>	<b>1-1-2012 to 31-3-2012 RM</b>
Net (loss)/income before tax	<u>(26,904)</u>	<u>180,752</u>
Taxation at Malaysian statutory rate of 25%	(6,700)	45,200
Tax effects of:		
Income not subject to tax	(69,700)	(47,500)
Loss not deductible for tax purposes	74,300	-
Restriction on tax deductible expenses for unit trust fund	1,300	1,600
Non-permitted expenses for tax purposes	900	800
Under/(over) provision of tax in prior periods	<u>2,630</u>	<u>(100)</u>
Tax expense for the financial period	<u>2,730</u>	<u>-</u>

## 12. DISTRIBUTION

Distribution to unitholders declared on 9 March 2012 for the previous financial period was from the following sources:

	<b>1-1-2013 to 31-3-2013 RM</b>	<b>1-1-2012 to 31-3-2012 RM</b>
Undistributed net income brought forward	-	39,202
Gross dividend income	-	16,340
Interest income	<u>-</u>	<u>14</u>
	-	55,556
Less: Expenses	-	(10,412)
Tax	<u>-</u>	<u>-</u>
Total amount of distribution	<u>-</u>	<u>45,144</u>
Gross distribution per unit (sen)	<u>-</u>	<u>1.80</u>
Net distribution per unit (sen)	<u>-</u>	<u>1.80</u>
Distribution made out of:		
– Realised reserve	<u>-</u>	<u>45,144</u>
Comprising:		
Cash distribution	<u>-</u>	<u>45,144</u>

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

The Fund’s MER is as follows:

	<b>1-1-2013 to 31-3-2013 % p.a.</b>	<b>1-1-2012 to 31-3-2012 % p.a.</b>
Manager’s fee	0.50	0.50
Trustee’s fee	0.06	0.06
Licence fee	0.04	0.04
Trust administrative expenses	0.73	0.46
	<hr/>	<hr/>
Total MER	<u>1.33</u>	<u>1.06</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.

14. **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 0.24 times (2012: nil 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 BROKER**

Detail of transaction with broker for the financial period ended 31 March 2013 is as follows:

<b>Broker</b>	<b>Transaction value</b>		<b>Brokerage fee, stamp duty and clearing fee</b>	
	<b>RM</b>	<b>%</b>	<b>RM</b>	<b>%</b>
CLSA Securities Malaysia Sdn Bhd	<u>39,840</u>	<u>100.0</u>	<u>151</u>	<u>100.0</u>

The above transaction value was in respect of listed securities.

## 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 by the class of financial instrument to which they are assigned, and therefore by the measurement basis.

	<b>Financial assets at FVTPL RM</b>	<b>Loans and receivables at amortised cost RM</b>	<b>Financial liabilities at amortised cost RM</b>	<b>Total RM</b>
<b>31 March 2013</b>				
<b>Assets</b>				
Investments	2,841,442	-	-	2,841,442
Dividends receivable	-	13,096	-	13,096
Cash at banks	-	21,993	-	21,993
	<hr/>	<hr/>	<hr/>	<hr/>
Total financial assets	<u>2,841,442</u>	<u>35,089</u>	<u>-</u>	<u>2,876,531</u>
<b>Liabilities</b>				
Amount due to Manager	-	-	1,309	1,309
Amount due to Trustee	-	-	133	133
Amount due to index provider	-	-	1,616	1,616
Sundry payables and accrued expenses	-	-	33,682	33,682
	<hr/>	<hr/>	<hr/>	<hr/>
Total financial liabilities	<u>-</u>	<u>-</u>	<u>36,740</u>	<u>36,740</u>
<b>31 December 2012</b>				
<b>Assets</b>				
Investments	4,295,997	-	-	4,295,997
Dividends receivable	-	25,107	-	25,107
Cash at banks	-	55,731	-	55,731
	<hr/>	<hr/>	<hr/>	<hr/>
Total financial assets	<u>4,295,997</u>	<u>80,838</u>	<u>-</u>	<u>4,376,835</u>
<b>Liabilities</b>				
Amount due to Manager	-	-	3,792	3,792
Amount due to Trustee	-	-	215	215
Amount due to index provider	-	-	1,766	1,766
Distribution payable	-	-	47,652	47,652
Sundry payables and accrued expenses	-	-	34,052	34,052
	<hr/>	<hr/>	<hr/>	<hr/>
Total financial liabilities	<u>-</u>	<u>-</u>	<u>87,477</u>	<u>87,477</u>

	<b>Income, expense, gains and losses</b>	
	<b>1-1-2013 to 31-3-2013 RM</b>	<b>1-1-2012 to 31-3-2012 RM</b>
Net (loss)/gain from financial assets at FVTPL	(31,187)	165,561
Income, of which derived from:		
– Gross dividend income from financial assets at FVTPL	13,723	25,581
– Interest income from loans and receivables	<u>21</u>	<u>22</u>

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

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

Quoted equity instruments

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

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

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

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

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

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

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

	<b>Level 1 RM</b>	<b>Level 2 RM</b>	<b>Level 3 RM</b>	<b>Total RM</b>
<b>31 March 2013</b>				
Financial assets at FVTPL	<u>2,841,442</u>	<u>-</u>	<u>-</u>	<u>2,841,442</u>
<b>31 December 2012</b>				
Financial assets at FVTPL	<u>4,295,997</u>	<u>-</u>	<u>-</u>	<u>4,295,997</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:

- Dividends receivable
- Cash at banks
- Amount 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.

18. **RISK MANAGEMENT POLICIES**

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 investments 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.

	<b>Value-at-Risk (%)</b>	
	<b>Equities risk</b>	<b>Total VaR</b>
<b>31 March 2013</b>	1.09	1.09
Average Daily	1.11	1.11
Highest	1.15	1.15
Lowest	1.09	1.09
<b>31 March 2012</b>	1.98	1.98
Average Daily	2.02	2.02
Highest	2.06	2.06
Lowest	1.98	1.98

Based on Gaussian VaR, using historical weekly data for the past 180 weeks, 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 1.09% (2012: 1.98%). This implies that not more than 1 out of 100 trading days would record a daily loss exceeding 1.09% (2012: 1.98%) 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 and dividends receivable. The issuer of such instruments may not be able to fulfil the required interest payments or repay the principal invested or amount owing. 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 the 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 1,672,000 units have been issued and a further 498,328,000 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 periods ended 31 March 2013 and 31 March 2012.