

# **FTSE BURSA MALAYSIA KLCI etf**

**Quarterly Report**

**30 September 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  
Lee Siang Korn @ Lee Siang Chin  
Datin Maznah Mahbob  
Harinder Pal Singh

### **Investment Committee**

Professor Dr Annuar Md. Nassir  
Lee Siang Korn @ Lee Siang Chin  
Dato' Mohd Effendi Abdullah  
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:03-2032 2888 Fax: 03-2031 5210

### **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: 03-2031 5210

### **Secretary**

Koh Suet Peng (MAICSA 7019861)

22nd Floor, Bangunan AmBank Group  
55, Jalan Raja Chulan, 50200 Kuala Lumpur

### **HSBC (Malaysia) Trustee Berhad**

#### *Business/Registered Office/Head Office*

Fund Services, Bangunan HSBC, 13<sup>th</sup> Floor, South Tower  
No.2, Leboh Ampang, 50100 Kuala Lumpur  
Tel: 03-2075 7800 Fax: 03-2026 1273

## **Contents**

### **Pages**

1-8	Manager's report
8-14	Additional Information
15	Statement of financial position
16	Statement of comprehensive income
17	Statement of changes in equity
18	Statement of cash flows
19-34	Notes to the financial statements

## 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 2013 to 30 September 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 30 September 2013 are as follows:

Stock code	Company's name	Percentage weight (%)	Shares in issue ('million units)
1295	Public Bank Berhad	10.09	3,531.93
1155	Malayan Banking Berhad	8.53	8,440.13
1023	CIMB Group Holdings Berhad	7.38	7,615.85
6888	Axiata Group Berhad	6.90	8,445.15
4197	Sime Darby Berhad	5.97	5,997.99
5347	Tenaga Nasional Berhad	5.70	5,596.24
3182	Genting Berhad	4.64	3,694.24
1961	IOI Corporation Berhad	4.01	6,413.53
5183	PETRONAS Chemicals Group Berhad	3.97	8,000.00
6012	Maxis Berhad	3.70	7,500.00
6947	DiGi.Com Berhad	3.65	7,775.00
6033	PETRONAS Gas Berhad	3.51	1,978.73
5218	SapuraKencana Petroleum Berhad	2.72	5,992.16
4863	Telekom Malaysia Berhad	2.68	3,577.40
1015	AMMB Holdings Berhad	2.61	3,014.18
4715	Genting Malaysia Berhad	2.52	5,935.30
2445	Kuala Lumpur Kepong Berhad	2.43	1,068.77
5225	IHH Healthcare Berhad	2.29	8,057.08
4162	British American Tobacco (M) Berhad	1.85	285.53
5681	PETRONAS Dagangan Berhad	1.74	993.45
5819	Hong Leong Bank Berhad	1.71	1,896.13
4065	PPB Group Berhad	1.70	1,185.50
4677	YTL Corporation Berhad	1.66	10,737.74
4588	UMW Holdings Berhad	1.58	1,162.20
5222	Felda Global Ventures Holdings Berhad	1.57	3,648.15
3816	MISC Berhad	1.52	4,463.79
1066	RHB Capital Berhad	1.06	2,480.76
6399	Astro Malaysia Holdings Berhad	0.92	5,197.30
5148	UEM Sunrise Bhd	0.78	4,323.06
1082	Hong Leong Financial Group Berhad	0.62	1,052.77

**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.

Size of holding	As at 30 September 2013		As at 30 June 2013	
	Number of units held	Number of unitholders	Number of units held	Number of unitholders
Less than 100	1,796	49	1,662	46
100 - 1,000	20,294	36	19,865	35
1,001 - 10,000	264,892	64	266,455	66
10,001 – 100,000	509,658	22	464,858	23
100,001 to less than 5% of issue units	-	-	-	-
5% and above of issue units	875,360	4	919,160	4

### *Fund Performance Data*

**Portfolio Composition** Details of portfolio composition of the Fund as at 30 September 2013, 30 June 2013 and three financial years as at 31 December are as follows:

	As at 30-9-2013 %	As at 30-6-2013 %	FY 2012 %	FY 2011 %	FY 2010 %
Construction	-	-	-	1.4	3.1
Consumers products	4.9	5.0	4.6	4.6	4.6
Finance	31.7	32.3	34.8	34.5	34.8
Industrial products	7.4	7.1	6.5	6.7	4.0
Infrastructure project companies	3.6	3.5	6.4	5.7	4.3
Plantations	8.0	8.0	7.6	7.9	8.5
Properties	0.7	0.9	0.4	0.5	-
Trading/Services	42.6	41.5	38.4	38.7	39.5
Cash and others	1.1	1.7	1.3	-	1.2
<b>Total</b>	<b>100.0</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 periods ended 30 September 2013, 30 June 2013 and three financial years ended 31 December are as follows:

	3 months ended 30-9-2013	3 months ended 30-6-2013	FY 2012	FY 2011	FY 2010
Net asset value (RM)	3,047,218	3,036,821	4,298,639	3,910,587	3,851,816
Units in circulation	1,672,000	1,672,000	2,508,000	2,508,000	2,508,000
Net asset value per unit (RM)	1.8225*	1.8163	1.7140	1.5592	1.5358
Highest net asset per unit (RM)	1.8532*	1.8349	1.7156	1.6021	1.5412
Lowest net asset per unit (RM)	1.7294*	1.6941	1.5322	1.3492	1.2380
Closing quoted price (RM)	1.7800*	1.7600	1.6400	1.5250	1.5450
Highest quoted price (RM)	1.8100*	1.7800	1.6750	1.5950	1.5450
Lowest quoted price (RM)	1.7200*	1.6250	1.4900	1.3200	1.2400
Benchmark performance (%)	0.73	7.55	14.31	4.45	23.80
Total return (%) <sup>(1)</sup>	0.34	7.20	12.76	2.97	20.56
- Capital growth (%)	0.34	6.91	10.07	1.54	19.07
- Income distribution (%)	-	0.29	2.69	1.43	1.49
Gross distribution (sen per unit)	-	0.50	4.43	2.31	2.13
Net distribution (sen per unit)	-	0.50	4.20	2.19	1.93
Distribution yield (%) <sup>(2)</sup>	-	0.28	2.56	1.44	1.25
Management expense ratio (%) <sup>(3)</sup>	1.24	1.19	1.07	1.11	1.19
Portfolio turnover ratio (times) <sup>(4)</sup>	-	0.10	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 0.05% as compared to 1.19% per annum for the financial period ended 30 June 2013 mainly due to increase in trust administrative expenses.
- (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. There was no investing activity during this reporting period.

**Average Total Return (as at 30 September 2013)**

	FBM KLCI etf <sup>(a)</sup> %	FBM KLCI/ FBM30 Index <sup>(b)</sup> %
One year	10.31	11.91
Three years	8.89	11.16
Five years	12.26	16.23
Since launch (19 July 2007)	5.35	8.61

## Annual Total Return

<b>Financial Years Ended (31 December)</b>	<b>FBM KLCI etf<sup>(a)</sup> %</b>	<b>FBM KLCI/ FBM30 Index<sup>(b)</sup> %</b>
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 met its investment objectives by full replication. The fund had 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 return of 0.34% which was entirely capital growth in nature.

Thus, the Fund’s return of 0.34% has underperformed the benchmark return of 0.73% by 0.39%.

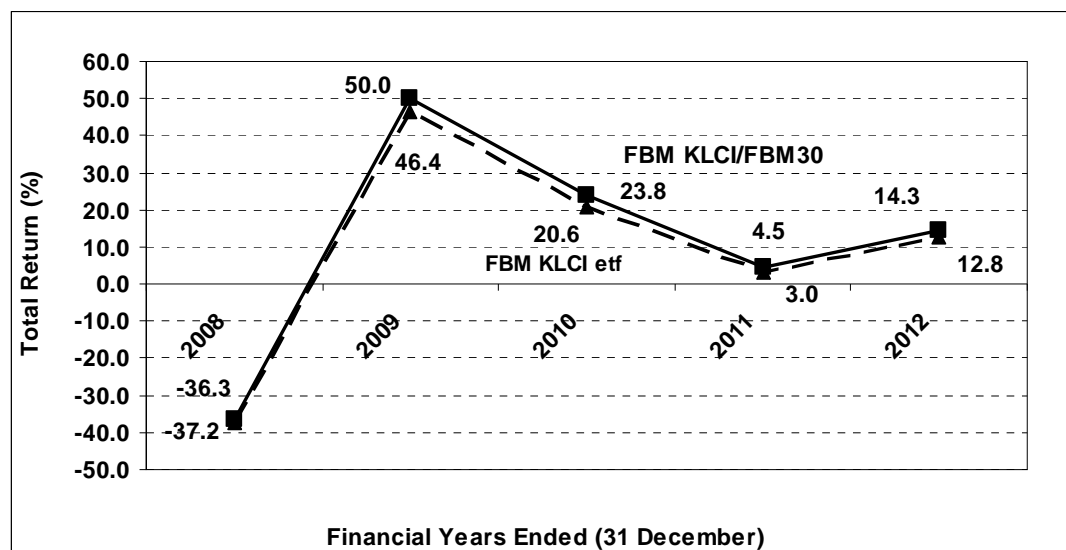
As compared to the financial period ended 30 June 2013, the net asset value (“NAV”) of the Fund increased by 0.34% from RM3,036,821 to RM3,047,218. The NAV per unit of the Fund also increased by 0.34% from RM1.8163 to RM1.8225 while units in circulation remained at 1,672,000 units.

The closing price of the Fund quoted on Bursa Malaysia increased by 1.14% from RM1.7600 to RM1.7800.

(Forward)



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.



**Note: 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.

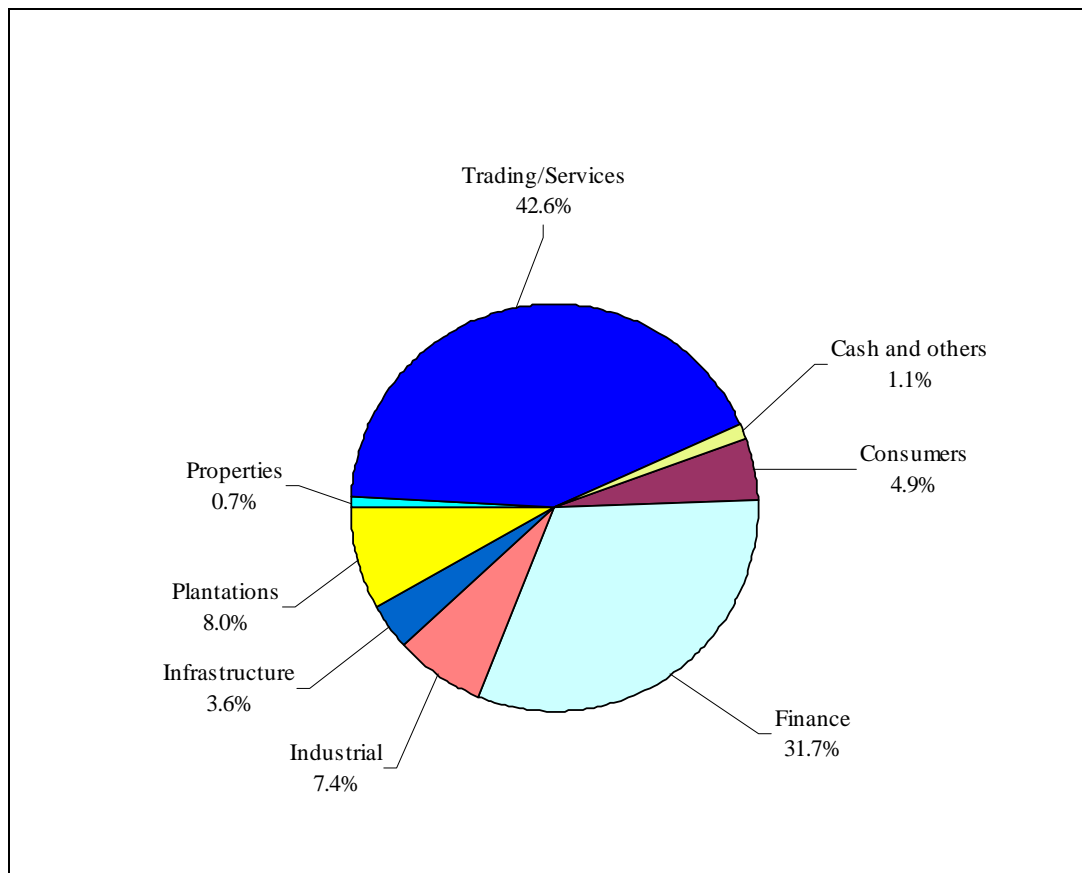
**Portfolio Structure**

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

	<b>As at 30-9-2013 %</b>	<b>As at 30-6-2013 %</b>	<b>Changes %</b>
Consumers products	4.9	5.0	-0.1
Finance	31.7	32.3	-0.6
Industrial products	7.4	7.1	0.3
Infrastructure project companies	3.6	3.5	0.1
Plantations	8.0	8.0	-
Properties	0.7	0.9	-0.2
Trading/Services	42.6	41.5	1.1
Cash and others	1.1	1.7	-0.6
<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. Trading/Services increased by 1.1% while both Finance and Cash and others 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 declared for the financial period under review.

<b>State of Affairs of the Fund</b>	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.
<b>Rebates and Soft Commission</b>	<p>It is our policy to pay all rebates to the Fund. Soft commission received from brokers/dealers are retained by the Manager only if the goods and services provided are of demonstrable benefit to unitholders of the Fund.</p> <p>During the financial period under review, the Manager had received on behalf of the Fund, soft commissions in the form of fundamental database, financial wire services, technical analysis software and stock quotation system incidental to investment management of the Fund. These soft commissions received by the Manager are deem to be beneficial to the unitholders of the Fund.</p>
<b>Market Review</b>	FBM KLCI Index reached a high of 1,811.65 points on 26 July 2013 before undergoing a severe selling pressure reaching to a low of 1,660.39 on 28 August 2013. Subsequently the index recovered and closed at 1,768.62.
<b>Market Outlook</b>	The government recently increased petrol prices and tobacco excise duty as part of the measures to address the country's fiscal deficit. As these measures are necessary to rationalize subsidy and broaden the revenue base, there will be a short-term impact to companies' earnings. As the budget announcement draws near, more fiscal consolidation will be likely be announced and this could lead to more volatility in the KLCI. In addition, KLCI will most likely trade range bound and we still maintain 2013 year end KLCI target at 1,800 points. Preferred sectors are still oil and gas and plantations.

Kuala Lumpur, Malaysia  
AmInvestment Services Berhad

31 October 2013

## Additional Information

### *Board of Directors of the Manager*

The Board of Directors, of which one-third are independent members, exercise ultimate control over the operations of the Manager. For the financial period under review from 1 July 2013 to 30 September 2013, there was one (1) Board of Director meeting 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>	:	52
<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>	:	Federation of Investment Managers Malaysia
<b>Number of Board meeting attended for the financial period (From 1 July 2013 to 30 September 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 July 2013 to 30 September 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>	:	Kok Tuck Cheong
<b>Age</b>	:	58
<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 July 2013 to 30 September 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 July 2013 to 30 September 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 July 2013 to 30 September 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 July 2013 to 30 September 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></p> <p>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 July 2013 to 30 September 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 July 2013 to 30 September 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>	:	65
<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>	: <i>Surf88.Com Sdn Bhd</i> Chairman and Founding Shareholder (1999-2004)  <i>Arab-Malaysian Securities Sdn Bhd</i> Managing Director (1986-1999)  <i>Arab-Malaysian Merchant Bank Berhad</i> General Manager, Corporate Finance (1983-1986)
<b>Occupation</b>	: Director
<b>Date of appointment</b>	: 20 December 2006
<b>Directorship of other public companies</b>	: • Social Security Organisation of Malaysia (SOCSSO) • Star Publications (Malaysia) Berhad • Uni.Asia Life Assurance Berhad • Tune Insurance Malaysia Berhad
<b>Number of Board Meeting attended for the financial period (From 1 July 2013 to 30 September 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 July 2013 to 30 September 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

### *Investment Committee*

The Investment Committee, of which one-half are independent members, exercise ultimate select appropriate strategies and efficiently implemented to achieve the proper performance, actively monitor, measure and evaluate the fund management performance of the Manager. For the financial period under review from 1 July 2013 to 30 September 2013, there was two (2) Investment Committee meeting held by the Manager.

- Prof. Dr Annuar Md Nassir (profile as above mentioned)
- Lee Siang Korn @ Lee Siang Chin (profile as above mentioned)
- Harinder Pal Singh (profile as above mentioned)
- Dato' Mohd Effendi Abdullah (profile as below mentioned)

<b>Name</b>	: Dato' Mohd Effendi Abdullah
<b>Age</b>	: 52
<b>Nationality</b>	: Malaysian



<b>Qualification</b>	:	Bachelor of Economics, majoring in Accounting and Financial Management from Macquarie University, Sydney, Australia.
<b>Executive/Non-Executive Director</b>	:	Executive Director
<b>Independent/Non-Independent Director</b>	:	Non-Independent Director
<b>Working Experience</b>	:	<i>AmInvestment Bank Berhad</i> <ul style="list-style-type: none"> <li>• Corporate Banking (1985 – 1993)</li> <li>• Islamic Markets (1993 - present)</li> </ul>
<b>Occupation</b>	:	Director of Islamic Markets, AmInvestment Bank Berhad
<b>Directorship of other public companies</b>	:	<ul style="list-style-type: none"> <li>• Islamic Banking and Finance Institute Malaysia (IBFIM)</li> </ul>
<b>Member of any other Board Committee</b>	:	Investment Committee (Non-Independent)
<b>Date of appointment to the Investment Committee</b>	:	2 September 2013
<b>Number of Investment Committee meetings attended for the financial period (From 1 July 2013 to 30 September 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

### ***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 July 2013 to 30 September 2013, there were two (2) 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	368,460	25.86
UOB KAY HIAN SECURITIES (M) SDN BHD	257,200	18.05
JF APEX SECURITIES BERHAD	144,100	10.11
HWANGDBS INVESTMENT BANK BERHAD	105,600	7.41
MALACCA SECURITIES SND BHD	99,800	7.01
HSBC BANK MALAYSIA BERHAD	33,100	2.32
RHB INVESTMENT BANK BERHAD	30,000	2.11
ALLIANCE INVESTMENT BANK BERHAD	25,720	1.81
MAYBANK INVESTMENT BANK BERHAD	25,720	1.81
MERCURY SECURITIES SDN BHD	25,720	1.81
KENANGA INVESTMENT BANK BERHAD	25,720	1.81
AFFIN INVESTMENT BANK BERHAD	25,720	1.81
CIMB INVESTMENT BANK BERHAD	25,400	1.78
RHB INVESTMENT BANK BERHAD	20,000	1.40
HWANGDBS INVESTMENT BANK BERHAD	19,300	1.35
RHB INVESTMENT BANK BERHAD	19,290	1.35
HWANGDBS INVESTMENT BANK BERHAD	18,000	1.26
MAYBANK INVESTMENT BANK BERHAD	16,075	1.13
HONG LEONG INVESTMENT BANK BERHAD	14,432	1.01
RHB INVESTMENT BANK BERHAD	12,860	0.90
TA SECURITIES HOLDINGS BERHAD	12,860	0.90
CIMB INVESTMENT BANK BERHAD	12,860	0.90
HONG LEONG INVESTMENT BANK BERHAD	12,217	0.86
PUBLIC INVESTMENT BANK BERHAD	12,144	0.85
HWANGDBS INVESTMENT BANK BERHAD	12,000	0.84
PUBLIC INVESTMENT BANK BERHAD	10,720	0.75
MAYBANK INVESTMENT BANK BERHAD	10,000	0.70
MAYBANK INVESTMENT BANK BERHAD	10,000	0.70
PUBLIC INVESTMENT BANK BERHAD	10,000	0.70
UOB KAY HIAN SECURITIES (M) SDN BHD	9,645	0.68

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

**STATEMENT OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2013**

	Note	30-9-2013 (unaudited) RM	31-12-2012 (audited) RM
<b>ASSETS</b>			
Investments	4	3,007,795	4,295,997
Dividends receivable		12,311	25,107
Tax recoverable		1,144	9,281
Cash at banks		65,325	55,731
<b>TOTAL ASSETS</b>		<u>3,086,575</u>	<u>4,386,116</u>
<b>LIABILITIES</b>			
Amount due to Manager	5	1,485	3,792
Amount due to Trustee	6	154	215
Amount due to index provider	7	2,225	1,766
Distribution payable		-	47,652
Sundry payables and accrued expenses		35,493	34,052
<b>TOTAL LIABILITIES</b>		<u>39,357</u>	<u>87,477</u>
<b>EQUITY</b>			
Unitholders’ capital	9(a)	2,230,505	3,658,895
Retained earnings	9(b)(c)	816,713	639,744
<b>TOTAL EQUITY</b>	9	<u>3,047,218</u>	<u>4,298,639</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>3,086,575</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>182.25 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 JULY 2013 TO 30 SEPTEMBER 2013**

	Note	1-7-2013 to 30-9-2013 RM	1-7-2012 to 30-9-2012 RM
<b>INVESTMENT INCOME</b>			
Gross dividend income		29,375	42,254
Interest income		-	21
Net (loss)/gain from investments:			
– Financial assets at fair value through profit or loss (“FVTPL”)	8	<u>(7,864)</u>	<u>100,889</u>
Gross Income		<u>21,511</u>	<u>143,164</u>
<b>EXPENDITURE</b>			
Manager’s fee	5	3,907	5,196
Trustee’s fee	6	469	624
Licence fee	7	313	416
Auditors’ remuneration		1,030	992
Tax agent’s fee		1,288	1,239
Administrative expenses		<u>2,536</u>	<u>1,825</u>
Total Expenditure		<u>9,543</u>	<u>10,292</u>
<b>NET INCOME BEFORE TAX</b>		11,968	132,872
<b>LESS: INCOME TAX</b>	11	<u>(1,571)</u>	<u>(3,900)</u>
<b>NET INCOME AFTER TAX</b>		10,397	128,972
<b>OTHER COMPREHENSIVE INCOME</b>		<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<u><u>10,397</u></u>	<u><u>128,972</u></u>
Total comprehensive income comprises the following:			
Realised income		18,261	30,815
Unrealised (loss)/gain		<u>(7,864)</u>	<u>98,157</u>
		<u>10,397</u>	<u>128,972</u>
Distribution for the period:			
Net distribution	12	<u>-</u>	<u>12,540</u>
Gross distribution per unit (sen)	12	<u>-</u>	<u>0.5414</u>
Net distribution per unit (sen)	12	<u>-</u>	<u>0.5000</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 JULY 2013 TO 30 SEPTEMBER 2013**

	<b>Unitholders’ capital RM</b>	<b>Retained earnings RM</b>	<b>Total equity RM</b>
At 1 July 2012	3,658,895	426,663	4,085,558
Total comprehensive income for the period	-	128,972	128,972
Distribution	-	(12,540)	(12,540)
	<u>3,658,895</u>	<u>543,095</u>	<u>4,201,990</u>
<b>Balance at 30 September 2012</b>			
At 1 July 2013	2,230,505	806,316	3,036,821
Total comprehensive income for the period	-	10,397	10,397
	<u>2,230,505</u>	<u>816,713</u>	<u>3,047,218</u>
<b>Balance at 30 September 2013</b>			

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 JULY 2013 TO 30 SEPTEMBER 2013**

	<b>1-7-2013 to 30-9-2013 RM</b>	<b>1-7-2012 to 30-9-2012 RM</b>
<b>CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	-	62,760
Capital repayment received	-	6,510
Dividends received	32,312	25,945
Interest received	-	21
Manager’s fee paid	(3,782)	(5,142)
Trustee’s fee paid	(454)	(618)
Licence fee paid	-	(1,962)
Tax agent’s fee paid	(5,000)	(5,000)
Payments for other administrative expenses	(2,033)	(10,279)
Purchase of investments	-	(80,611)
	<hr/>	<hr/>
Net cash generated from/(used in) operating and investing activities	21,043	(8,376)
	<hr/>	<hr/>
<b>CASH FLOW FROM FINANCING ACTIVITY</b>		
Distribution paid	(8,360)	-
	<hr/>	<hr/>
Net cash used in financing activity	(8,360)	-
	<hr/>	<hr/>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	12,683	(8,376)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	52,642	70,611
	<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	65,325	62,235
	<hr/>	<hr/>
Cash and cash equivalents comprise:		
Cash at banks	65,325	62,235
	<hr/>	<hr/>

The accompanying notes form 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 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>
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 MFRS 132 Financial Instruments: Presentation ("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 gains or losses recognised in profit or loss 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 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>30-9-2013</b>	<b>31-12-2012</b>
	<b>RM</b>	<b>RM</b>
<b>Financial assets at FVTPL</b>		
Quoted equity securities in Malaysia	<u>3,007,795</u>	<u>4,295,997</u>

Details of investments as at 30 September 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	800	51,360	36,289	1.69
PPB Group Berhad	3,500	49,770	48,933	1.63
UMW Holdings Berhad	3,900	46,098	27,232	1.51
	<u>8,200</u>	<u>147,228</u>	<u>112,454</u>	<u>4.83</u>
<b>Finance</b>				
AMMB Holdings Berhad	10,700	79,394	56,652	2.61
CIMB Group Holdings Berhad	29,700	223,344	215,010	7.33
Hong Leong Bank Berhad	3,600	50,328	30,859	1.65
Hong Leong Financial Group Berhad	1,200	17,424	10,688	0.57
Malayan Banking Berhad	26,231	258,113	198,681	8.47
Public Bank Berhad	17,200	305,128	200,351	10.01
RHB Capital Berhad	4,066	30,739	30,152	1.01
	<u>92,697</u>	<u>964,470</u>	<u>742,393</u>	<u>31.65</u>
<b>Industrial products</b>				
PETRONAS Chemicals Group Berhad	17,500	119,875	102,182	3.93
PETRONAS Gas Berhad	4,800	105,600	59,194	3.47
	<u>22,300</u>	<u>225,475</u>	<u>161,376</u>	<u>7.40</u>
<b>Infrastructure</b>				
DiGi.Com Berhad	22,700	110,322	55,736	3.62
<b>Plantation</b>				
Felda Global Ventures Holdings Berhad	11,000	46,200	50,627	1.51
IOI Corporation Berhad	22,785	122,127	131,011	4.01
Kuala Lumpur Kepong Berhad	3,300	74,580	60,226	2.45
	<u>37,085</u>	<u>242,907</u>	<u>241,864</u>	<u>7.97</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>Properties</b>				
UEM Sunrise Berhad	8,800	22,440	21,377	0.74
<b>Trading/Services</b>				
Astro Malaysia Holdings Berhad	9,000	26,280	26,689	0.86
Axiata Group Berhad	30,400	209,152	132,250	6.86
Genting Berhad	13,500	140,400	126,115	4.61
Genting Malaysia Berhad	18,100	76,382	63,125	2.51
IHH Healthcare Berhad	16,300	67,645	54,747	2.22
Maxis Berhad	16,000	112,000	91,315	3.68
MISC Berhad	8,700	44,544	43,054	1.46
PETRONAS Dagangan Berhad	1,800	52,200	22,758	1.71
SapuraKencana Petroleum Berhad	22,300	82,287	89,315	2.70
Sime Darby Berhad	19,089	181,346	162,913	5.95
Telekom Malaysia Berhad	15,500	81,220	41,428	2.67
Tenaga Nasional Berhad	19,100	172,473	139,766	5.66
YTL Corporation Berhad	31,834	49,024	48,983	1.61
	221,623	1,294,953	1,042,458	42.50
<b>Total financial assets at FVTPL</b>	<b>413,405</b>	<b>3,007,795</b>	<b>2,377,658</b>	<b>98.71</b>
<b>Excess of market value over cost</b>		<b>630,137</b>		

5. **AMOUNT DUE TO MANAGER**

	30-9-2013 RM	31-12-2012 RM
Manager's fee payable	1,285	1,792
Application fee payable to Manager	200	2,000
	<u>1,485</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>1-7-2013 to 30-9-2013 RM</b>	<b>1-7-2012 to 30-9-2012 RM</b>
Net (loss)/gain on financial assets at FVTPL comprised:		
– Net realised gain on sale of investments	-	2,732
– Net unrealised (loss)/gain on changes in fair value of investments	<u>(7,864)</u>	<u>98,157</u>
	<u>(7,864)</u>	<u>100,889</u>

9. **TOTAL EQUITY**

Total equity is represented by:

	<b>Note</b>	<b>30-9-2013 RM</b>	<b>31-12-2012 RM</b>
Unitholders' capital	(a)	2,230,505	3,658,895
Retained earnings			
– Realised income/(loss)	(b)	186,576	(169,577)
– Unrealised gain	(c)	<u>630,137</u>	<u>809,321</u>
		<u>3,047,218</u>	<u>4,298,639</u>

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

	<b>1-7-2013 to 30-9-2013</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>
At beginning/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 30 September 2013, the approved Fund size is 500 million units.

(b) **REALISED – DISTRIBUTABLE**

	<b>1-7-2013 to 30-9-2013 RM</b>	<b>1-1-2012 to 31-12-2012 RM</b>
At beginning of the period/year	168,315	(133,934)
Total comprehensive income for the period/year	10,397	493,388
Net unrealised loss/(gain) attributable to investments held transferred to unrealised reserve [Note 9(c)]	7,864	(423,695)
Distribution out of realised reserve	-	(105,336)
Net increase/(decrease) in realised reserve for the period/year	18,261	(35,643)
At end of the period/year	186,576	(169,577)

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

	<b>1-7-2013 to 30-9-2013 RM</b>	<b>1-1-2012 to 31-12-2012 RM</b>
At beginning of the period/year	638,001	385,626
Net unrealised (loss)/gain attributable to investments held transferred from realised reserve [Note 9(b)]	(7,864)	423,695
At end of the period/year	630,137	809,321

10. **UNITS HELD BY RELATED PARTIES**

	<b>1-7-2013 to 30-9-2013</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 *	378,376	673,509	1,251,206	2,051,978

\* *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 30 September 2013 and 31 December 2012.*

## 11. INCOME TAX

	<b>1-7-2013 to 30-9-2013 RM</b>	<b>1-7-2012 to 30-9-2012 RM</b>
Current period	1,600	3,900
Over provision of tax in prior period	(29)	-
	<u>1,571</u>	<u>3,900</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 of the Income Tax Act, 1967, interest income derived by the Fund is exempted from tax.

A reconciliation of income tax expense applicable to net income before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Fund is as follows:

	<b>1-7-2013 to 30-9-2013 RM</b>	<b>1-7-2012 to 30-9-2012 RM</b>
Net income before tax	<u>11,968</u>	<u>132,872</u>
Taxation at Malaysian statutory rate of 25%	3,000	33,200
Tax effects of:		
Income not subject to tax	(5,600)	(31,700)
Loss not deductible for tax purposes	2,000	-
Restriction on tax deductible expenses for unit trust fund	1,400	1,700
Non-permitted expenses for tax purposes	800	700
Over provision of tax in prior period	(29)	-
Tax expense for the financial period	<u>1,571</u>	<u>3,900</u>

## 12. DISTRIBUTION

Distribution to unitholders declared on 7 September 2012 for the previous financial period was from the following sources:

	<b>1-7-2013 to 30-9-2013 RM</b>	<b>1-7-2012 to 30-9-2012 RM</b>
Gross dividend income	-	25,097
Interest income	-	12
Net realised gain on sale of investments	-	<u>1,623</u>

(Forward)



	<b>1-7-2013 to 30-9-2013 RM</b>	<b>1-7-2012 to 30-9-2012 RM</b>
Less: Expenses	-	26,732
Tax	-	(10,292)
	-	(3,900)
	<hr/>	<hr/>
Total amount of distribution	-	12,540
	<hr/>	<hr/>
Gross distribution per unit (sen)	-	0.5414
	<hr/>	<hr/>
Net distribution per unit (sen)	-	0.5000
	<hr/>	<hr/>
Distribution made out of:		
– Realised reserve	-	12,540
	<hr/>	<hr/>
Comprising:		
Cash distribution	-	12,540
	<hr/>	<hr/>

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

The Fund’s MER is as follows:

	<b>1-7-2013 to 30-9-2013 % p.a.</b>	<b>1-7-2012 to 30-9-2012 % 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	0.64	0.38
	<hr/>	<hr/>
Total MER	1.24	0.98
	<hr/>	<hr/>

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 nil (2012: 0.02 times).

### 15. SEGMENTAL REPORTING

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

16. **TRANSACTION WITH FINANCIAL INSTITUTION**

No transaction with financial institution is presented for the financial period from 1 July 2013 to 30 September 2013.

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>30 September 2013</b>				
<b>Assets</b>				
Investments	3,007,795	-	-	3,007,795
Dividends receivable	-	12,311	-	12,311
Cash at banks	-	65,325	-	65,325
	<hr/>	<hr/>	<hr/>	<hr/>
Total financial assets	3,007,795	77,636	-	3,085,431
<b>Liabilities</b>				
Amount due to Manager	-	-	1,485	1,485
Amount due to Trustee	-	-	154	154
Amount due to index provider	-	-	2,225	2,225
Sundry payables and accrued expenses	-	-	35,493	35,493
	<hr/>	<hr/>	<hr/>	<hr/>
Total financial liabilities	-	-	39,357	39,357
<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	4,295,997	80,838	-	4,376,835

(Forward)

	<b>Financial assets at FVTPL RM</b>	<b>Loans and receivables at amortised cost RM</b>	<b>Financial liabilities at amortised cost RM</b>	<b>Total RM</b>
<b>31 December 2012</b>				
<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
Distributions payable	-	-	47,652	47,652
Sundry payables and accrued expenses	-	-	34,052	34,052
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>87,477</b>	<b>87,477</b>
<b>Income, expense, gains and losses</b>				
<b>1-7-2013 to 30-9-2013 RM</b>				
<b>1-7-2012 to 30-9-2012 RM</b>				
Net (loss)/gain from financial assets at FVTPL			(7,864)	100,889
Income, of which derived from:				
– Gross dividend income from financial assets at FVTPL			29,375	42,254
– Interest income from loans and receivables			-	21

(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 prices 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>30 September 2013</b>				
Financial assets at FVTPL	3,007,795	-	-	3,007,795
<b>31 December 2012</b>				
Financial assets at FVTPL	4,295,997	-	-	4,295,997

(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 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 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>30 September 2013</b>	1.39	1.39
Average daily	1.27	1.27
Highest	1.39	1.39
Lowest	1.06	1.06
<b>30 September 2012</b>	1.29	1.29
Average daily	1.36	1.36
Highest	1.41	1.41
Lowest	1.29	1.29

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 1.39% (2012: 1.29%). This implies that not more than 1 out of 100 trading days the Fund would record a daily loss exceeding 1.39% (2012: 1.29%) 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, debentures and dividends receivable. The issuer of such instruments may not be able to fulfil the required interest 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 of 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 30 September 2013 and 30 September 2012.