

**FTSE BURSA MALAYSIA KLCI etf**

**Quarterly Report**

**31 March 2015**

## **TRUST DIRECTORY**

### **Manager**

AmInvestment Services Berhad  
9<sup>th</sup> & 10<sup>th</sup> Floor, Bangunan AmBank Group  
55 Jalan Raja Chulan  
50200 Kuala Lumpur

### **Board of Directors**

Kok Tuck Cheong  
Tai Terk Lin  
Datin Maznah Mahbob  
Harinder Pal Singh  
Mustafa Mohd Nor  
Mohd Fauzi Mohd Tahir

### **Investment Committee**

Tai Terk Lin  
Dato' Effendi Abdullah  
Harinder Pal Singh  
Mustafa Mohd Nor  
Dr Frank Richard

### ***Trustee***

HSBC (Malaysia) Trustee Berhad

### **Auditors and Reporting Accountants**

Ernst & Young

### **Taxation Adviser**

Deloitte Tax Services Sdn Bhd

## **CORPORATE DIRECTORY**

### **AmInvestment Services Bhd**

Registered Office

22<sup>nd</sup> 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**

Koh Suet Peng (MAICSA 7019861)  
22<sup>nd</sup> 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

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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 2015 to 31 March 2015.

### Salient Information of the Fund

<b>Name</b>	FTSE Bursa Malaysia KLCI etf ("Fund")		
<b>Category/ Type</b>	ETF/ Equity		
<b>Objective</b>	The objective of 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.		
<b>Index Component</b>	Details of the index component as at 31 March 2015 are as follows:		
	<b>Stock code</b>	<b>Company's name</b>	<b>Percentage weight (%)</b>
		<b>Shares in issue ('million units)</b>	
	1295	Public Bank Berhad	11.29
	5347	Tenaga Nasional Berhad	9.74
	1155	Malayan Banking Berhad	8.53
	1023	CIMB Group Holdings Berhad	6.30
	6888	Axiata Group Berhad	5.87
	4197	Sime Darby Berhad	5.56
	6947	DiGi.Com Berhad	4.52
	3182	Genting Berhad	3.84
	6012	Maxis Berhad	3.63
	6033	PETRONAS Gas Berhad	3.51
	1961	IOI Corporation Berhad	3.28
	5225	IHH Healthcare Berhad	3.17
	5183	PETRONAS Chemicals Group Berhad	3.12
	4863	Telekom Malaysia Berhad	2.95
	4715	Genting Malaysia Berhad	2.41
	3816	MISC Berhad	2.41
	2445	Kuala Lumpur Kepong Berhad	2.34
	1015	AMMB Holdings Berhad	2.14
	4162	British American Tobacco (Malaysia) Berhad	1.89
	4065	PPB Group Berhad	1.75
	5218	SapuraKencana Petroleum Berhad	1.74
	4677	YTL Corporation Berhad	1.72
	(Forward)		

	Stock code	Company's name	Percentage weight (%)	Shares in issue ('million units)	
	5819	Hong Leong Bank Berhad	1.66	1,896.13	
	4588	UMW Holdings Berhad	1.38	1,162.20	
	5681	PETRONAS Dagangan Berhad	1.15	993.45	
	1066	RHB Capital Berhad	1.06	2,480.76	
	6399	Astro Malaysia Holdings Berhad	0.96	5,197.30	
	5222	Felda Global Ventures Holdings Berhad	0.78	3,648.15	
	1082	Hong Leong Financial Group Berhad	0.69	1,052.77	
	5235SS	KLCC Property Holdings Berhad & KLCC Real Estate Investment Trust	0.61	1,805.33	
<b>Duration</b>	The Fund 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.				
<b>Performance Benchmark</b>	FTSE Bursa Malaysia KLCI etf ("FBM KLCI")				
<b>Income Distribution Policy</b>	Income distribution (if any) is expected to be made semi-annually.				
<b>Breakdown of Unit Holdings by Size</b>	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 2015</b>		<b>As at 31 December 2014</b>	
		<b>No of units held</b>	<b>Number of unitholders</b>	<b>No of units held</b>	<b>Number of unitholders</b>
	Less than 100	1,764	49	1,831	49
	100 - 1,000	29,676	53	22,904	42
	1,001 - 10,000	286,101	68	271,731	67
	10,001 – 100,000	516,499	20	661,074	24
	100,001 to less than 5% of issue units	-	-	-	-
	5% and above of issue units	837,960	5	714,460	4

## Fund Performance Data

Portfolio Composition	Details of portfolio composition of the Fund for the financial period as at 31 March 2015 and three financial years as at 31 December are as follows:				
		As at 31-3-2015 %	FY 2014 %	FY 2013 %	FY 2012 %
	Consumers products	3.4	3.3	4.8	4.6
	Finance	30.8	30.7	31.0	34.8
	Industrial products	6.6	6.6	7.3	6.5
	Infrastructure project companies	4.5	4.6	3.5	6.4
	Plantations	6.4	6.8	8.0	7.6
	Properties	-	-	0.6	0.4
	REITs	0.5	0.5	-	-
	Trading/Services	46.0	45.4	42.9	38.4
	Cash and others	1.8	2.1	1.9	1.3
	<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<i>Note: The abovementioned percentages are based on total investment carrying value plus cash.</i>					
Performance Details	Performance details of the Fund for the financial period ended 31 March 2015 and three financial years ended 31 December are as follows:				
		3 months ended 31-3-2015	FY 2014	FY 2013	FY 2012
	Net asset value (RM)	3,143,450	3,014,938	3,175,355	4,298,639
	Units in circulation	1,672,000	1,672,000	1,672,000	2,508,000
	Net asset value per unit (RM)	1.8801*	1.8032	1.8991	1.7140
	Highest net asset per unit (RM)	1.8801*	1.9418	1.9061	1.7156
	Lowest net asset per unit (RM)	1.7507*	1.7352	1.6351	1.5322
	Closing quoted price (RM)	1.8650	1.7800	1.8100	1.6400
	Highest quoted price (RM)	1.8650	1.9000	1.8200	1.6750
	Lowest quoted price (RM)	1.7500	1.7800	1.6250	1.4900
	Benchmark performance (%)	4.55	-2.62	14.11	14.31
	Total return (%) <sup>(1)</sup>	4.26	-3.55	12.71	12.76
	- Capital growth (%)	4.26	-5.05	10.84	10.07
	- Income distribution (%)	-	1.50	1.87	2.69
	Gross distribution (sen per unit)	-	2.85	3.24	4.43
	Net distribution (sen per unit)	-	2.85	3.20	4.20
	Distribution yield (%) <sup>(2)</sup>	-	1.60	1.77	2.56
	Management expense ratio (%) <sup>(3)</sup>	0.98	1.04	1.21	1.07
	Portfolio turnover ratio (times) <sup>(4)</sup>	-	0.03	0.33	0.04

\* Above prices and net asset value per unit are not shown as ex-distribution.

Note:

- (1) Total return is the actual return of the Fund for the respective financial period/years computed based on the net asset value per unit and net of all fees.
- (2) Distribution yield is calculated based on the total distribution for the years divided by the closing quoted price.
- (3) Management expense ratio (“MER”) is calculated based on the total fees and expenses incurred by the Fund divided by the average fund size calculated on a daily basis. The MER decreased by 0.06% as compared to 1.04% per annum for the financial year ended 31 December 2014 mainly due to decrease in 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. The PTR decreased to nil as compared to 0.03 times for the financial year ended 31 December 2014 as there was no investing activities during the financial period.

#### Average Total Return (as at 31 March 2015)

	FBM KLCI etf <sup>(a)</sup> %	FBM KLCI/ FBM30 Index <sup>(b)</sup> %
One year	1.20	2.16
Three years	6.90	8.12
Five years	8.81	10.31
Since launch (19 July 2007)	5.12	7.63

#### Annual Total Return

Financial Years Ended (31 December)	FBM KLCI etf <sup>(a)</sup> %	FBM KLCI/ FBM30 Index <sup>(b)</sup> %
2014	-3.55	-2.62
2013	12.71	14.11
2012	12.76	14.31
2011	2.97	4.45
2010	20.56	23.80

(a) Independently verified by Novagni Analytics and Advisory Sdn. Bhd.

(b) Effective from 6 July 2009, the FTSE Bursa Malaysia Large 30 Index (“FBM30Index”) has been renamed FTSE Bursa Malaysia KLCI (“FBM KLCI”).

The Fund performance is calculated based on the net asset value per unit of the Fund. Average total return of the Fund and its benchmark for a period is computed based on the absolute return 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.**

**Fund Performance**

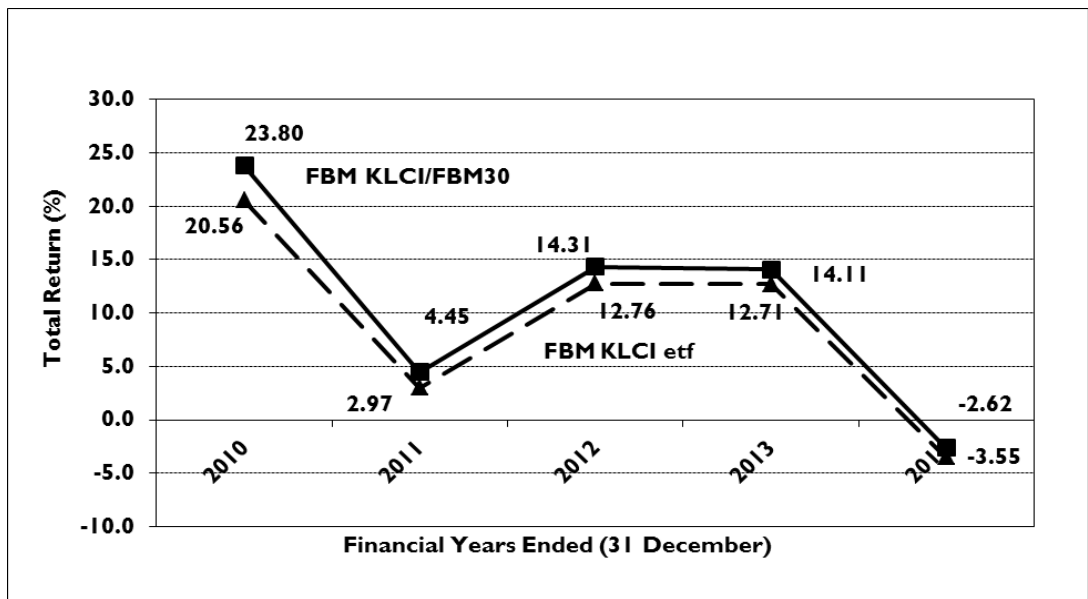
For the financial period under review, the Fund registered a return of 4.26% which was entirely capital growth in nature.

Thus, the Fund’s return of 4.26% has underperformed the benchmark’s return of 4.55% by 0.29%.

As compared with the financial year ended 31 December 2014, the net asset value (“NAV”) of the Fund increased by 4.26% from RM3,014,938 to RM3,143,450. The NAV per unit of the Fund increased by 4.26% from RM1.8032 to RM1.8801, while units in circulations remain unchanged at 1,672,000 units.

The closing price of the Fund quoted on Bursa Malaysia increased by 4.78% from RM1.7800 to RM1.8650.

The line chart below shows comparison between the annual performances of FBM KLCI etf and its benchmark, FBM KLCI/FBM30 Index, for 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 had been 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.																																								
<b>Portfolio Structure</b>	<p>This table below is the asset allocation of the Fund for the financial period/year under review.</p> <table border="1"> <thead> <tr> <th></th> <th>As at 31-3-2015 %</th> <th>As at 31-12-2014 %</th> <th>Changes %</th> </tr> </thead> <tbody> <tr> <td>Consumers products</td> <td>3.4</td> <td>3.3</td> <td>0.1</td> </tr> <tr> <td>Finance</td> <td>30.8</td> <td>30.7</td> <td>0.1</td> </tr> <tr> <td>Industrial products</td> <td>6.6</td> <td>6.6</td> <td>-</td> </tr> <tr> <td>Infrastructure project companies</td> <td>4.5</td> <td>4.6</td> <td>-0.1</td> </tr> <tr> <td>Plantations</td> <td>6.4</td> <td>6.8</td> <td>-0.4</td> </tr> <tr> <td>REITs</td> <td>0.5</td> <td>0.5</td> <td>-</td> </tr> <tr> <td>Trading/Services</td> <td>46.0</td> <td>45.4</td> <td>0.6</td> </tr> <tr> <td>Cash and others</td> <td>1.8</td> <td>2.1</td> <td>-0.3</td> </tr> <tr> <td><b>Total</b></td> <td><b>100.0</b></td> <td><b>100.0</b></td> <td></td> </tr> </tbody> </table> <p>For the financial period under review, there were no significant changes to sector weights.</p>		As at 31-3-2015 %	As at 31-12-2014 %	Changes %	Consumers products	3.4	3.3	0.1	Finance	30.8	30.7	0.1	Industrial products	6.6	6.6	-	Infrastructure project companies	4.5	4.6	-0.1	Plantations	6.4	6.8	-0.4	REITs	0.5	0.5	-	Trading/Services	46.0	45.4	0.6	Cash and others	1.8	2.1	-0.3	<b>Total</b>	<b>100.0</b>	<b>100.0</b>	
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<b>Distribution/ unit splits</b>	There was no income distribution and unit split 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 deemed to be beneficial to the unitholders of the Fund.</p>																																								
<b>Market Review</b>	FBM KLCI posted a gain of 3.95% for 1 <sup>st</sup> Quarter of 2015, closing at 1830.78. FBM KLCI eased to low of 1709.18. Subsequently it rebounded on the support of institutional buying and recovery of oil prices. After that, it rebounded along with regional markets on easing concerns over rate hike following US Federal Open Market Committee (“FOMC”) meeting 18 Mar 2015.																																								
<b>Market Outlook</b>	Earnings growth for 2015 has been downgraded from 8% to 6.5% but note that visibility is still lacking due to Goods and Services Tax (“GST”) implementation and low commodity prices especially oil. We are also concerned about possible downgrade by Fitch from A- to BBB. Fitch made a statement that Malaysia’s credit																																								

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rating is more than 50% likely to be downgraded as its trade balance worsens and a government related SPV struggles to meet its obligation. Coupled with US Federal Reserve (“Fed”) raising interest rate, Malaysia will face vulnerabilities with regards to capital outflows.

For now, our target remains at 1850 but there could be some margin pressure arising from the GST implementation.

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Kuala Lumpur, Malaysia  
AmInvestment Services Berhad

30 April 2015

## 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 year ended 31 December 2014 (1 January 2014 to 31 December 2014), there was one (1) Board of Directors 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>	: 53 years old
<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 / Senior Vice President of Operations (Present)</li></ul>
<b>Occupation</b>	: Principal Officer/Senior Vice President 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 meetings attended for the financial period (From 1 January 2015 to 31 March 2015)</b>	: One (1)

<b>Member of any other Board Committee</b>	: Investment Committee (Non-Independent)
<b>Date of appointment to the Investment Committee</b>	: 12 July 2005
<b>Number of Investment Committee meetings attended for financial period (From 1 January 2015 to 31 March 2015)</b>	: Three (3)
<b>Family relationship with any director</b>	: None
<b>Conflict of interest with the Fund</b>	: None
<b>List of convictions for offences within the past 10 years (if any)</b>	: None
<b>Name</b>	: Kok Tuck Cheong
<b>Age</b>	: 59 years old
<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 meetings attended for the financial period (From 1 January 2015 to 31 March 2015)</b>	: One (1)
<b>Member of any other Board Committee</b>	: Audit Committee of Directors
<b>Date of appointment to the Investment Committee</b>	: Not applicable
<b>Number of Investment Committee meetings attended for financial period (From 1 January 2015 to 31 March 2015)</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>	: 56 years old
<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 Licence Holder
<b>Executive/Non-Executive Director</b>	: 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 Services Berhad.
<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 2015 to 31 March 2015)</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 meetings attended for financial period (From 1 January 2015 to 31 March 2015)</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>	: Mustafa bin Mohd Nor
<b>Age</b>	: 63 years old
<b>Nationality</b>	: Malaysian
<b>Qualification</b>	: Masters of Arts (Economic Policy), Boston University Bachelor of Economics (Analytical), University of Malaya

<b>Executive/Non-Executive Director</b>	: Non-Executive Director
<b>Independent/Non-Independent Director</b>	: Independent Director
<b>Working Experience</b>	: <ol style="list-style-type: none"> <li>1. 1975-1988 : Ministry of Finance-various positions, last as Head, Macroeconomic Section, Economic and International Division</li> <li>2. 1988-1990 : Manager, Treasury Department, Development &amp; Commercial Bank Berhad.</li> <li>3. March 1990-August 1992 : Chief Economist, Arab Malaysian Securities Sdn Bhd</li> <li>4. September 1992-December 2001 : Executive Director/Chief Economist, AmSecurities Sdn Bhd</li> <li>5. January 2002-December 2005 : Managing Director, AmSecurities Sdn Bhd</li> <li>6. January 2006-May 2009 (Retirement) : Economic Advisor, AmInvestment Bank Berhad Group</li> <li>7. September 2009-August 2012 (Contract) : Senior Vice President/Head, Research Division of Permodalan Nasional Berhad</li> </ol>
<b>Occupation</b>	: Director
<b>Date of appointment</b>	: 3 March 2014
<b>Directorship of other public companies</b>	: KUISAS Berhad
<b>Number of Board meeting attended for the financial period (From 1 January 2015 to 31 March 2015)</b>	: One (1)
<b>Member of any other Board Committee</b>	: Investment Committee and Audit Committee of Directors (Independent)
<b>Date of appointment to the Investment Committee</b>	: 3 March 2014
<b>Number of Investment Committee meetings attended for financial period (From 1 January 2015 to 31 March 2015)</b>	: Three (3)
<b>Family relationship with any director</b>	: None
<b>Conflict of interest with the Fund</b>	: None
<b>List of convictions for offences within the past 10 years (if any)</b>	: None
<b>Name</b>	: Mohd Fauzi bin Mohd Tahir
<b>Age</b>	: 47 years old
<b>Nationality</b>	: Malaysian

<b>Qualification</b>	: 1. The Chartered Association of Certified Accountants, Emile Woolf College of Accountancy, England. 2. Bachelor of Arts (Hons) in Accounting & Finance, Leeds Metropolitan University, England. 3. Capital Markets Services Representative License Holder
<b>Executive/Non-Executive Director</b>	: Non-Executive Director
<b>Independent/Non-Independent Director</b>	: Non-Independent Director
<b>Working Experience</b>	: 1. March 2009 – Present Head, Islamic Equities, AmIslamic Funds Management Sdn Bhd 2. August 2005 – February 2009 Head of Islamic Equities, AmInvestment Managemnet Sdn Bhd 3. February 2004 – August 2005 Senior Manager, Invesment – Fund Management, American International Assurance Company, Limited 4. December 1996 – January 2004 Assistant Vice President, Investment – Equities, Great Eastern Life Assurance (Malaysia) Berhad 5. October 1994 – November 1996 Investment Executive, Aseambankers Malaysia Berhad 6. April 1993 – September 1994 Internal Audit Executive, Oriental Bank Berhad
<b>Occupation</b>	: Executive Director/Head, Islamic Equities, AmIslamic Funds Management Sdn Bhd
<b>Date of appointment</b>	: 1 December 2014
<b>Directorship of other public companies</b>	: None
<b>Number of Board meetings attended for the financial period (From 1 January 2015 to 31 March 2015)</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 meetings attended for the financial period (From 1 January 2015 to 31 March 2015)</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>	: Tai Terk Lin
<b>Age</b>	: 54 years old
<b>Nationality</b>	: Malaysian
<b>Qualification</b>	: 1. Master of Business Administration (School of Management), Cranfield Institute of Technology, United Kingdom.  2. Bachelor of Science with Education, Mathematics & Physics, University of Malaya, Malaysia.
<b>Executive/Non-Executive Director</b>	: Non-Executive Director
<b>Independent/Non-Independent Director</b>	: Independent Director
<b>Working Experience</b>	: 1. <b>October 2009 – September 2012 (Oct 2012 with ICB Indonesia)</b> Group Chief Executive Officer of ICB Financial Group Holdings AG, ICB Banking Group  2. <b>January 2009 – August 2009</b> Executive Director/Head of Business Development(Asia) Pte Ltd, Singapore  3. <b>January 2007 – November 2008</b> Senior Vice President/Head – Malaysia Coverage, Private Banking of DBS Bank, Singapore  4. <b>March 2002 – December 2006</b> Directory/Head, Private Banking, AmInvestment Bank Berhad  5. <b>April 1995 – December 2001</b> Chief Executive Officer, HLB Unit Trust Management Bhd  6. <b>April 1994 – March 1995</b> Chief Project Manager/Credit Manager of Hong Leong Bank Berhad (Ex-Hong Leong Finance)  7. <b>January 1994 – April 1994</b> Special Assistant to Executive Chairman, United Merchant Finance Berhad

	<p>8. <b>June 1992 – December 1993</b> Senior Analyst (Executive Chairman’s Office), Hong Leong Management Company Sdn Bhd</p> <p>9. <b>January 1991 – June 1992</b> Consulting Manager, Corporate Care Division of PricewaterhouseCoopers</p>
<b>Occupation</b>	: Director
<b>Date of appointment</b>	: 15 December 2014
<b>Directorship of other public companies</b>	: None
<b>Number of Board meeting attended for the financial period (From 1 January 2015 to 31 March 2015)</b>	: One (1)
<b>Member of any other Board Committee</b>	: Investment Committee and Audit Committee of Directors (Independent)
<b>Date of appointment to the Investment Committee</b>	: 15 December 2014
<b>Number of Investment Committee meetings attended for the financial period (From 1 January 2015 to 31 March 2015)</b>	: Three (3)
<b>Family relationship with any director</b>	: None
<b>Conflict of interest with the Fund</b>	: None
<b>List of convictions for offences within the past 10 years (if any)</b>	: None

### Investment Committee

The Investment Committee, consist of 5 members, of which 3 are independent members. That 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 January 2015 to 31 March 2015, there were four (4) Investment Committee meetings held by the Manager.

- Encik Mustafa bin Mohd Nor (profile as mentioned above)
- Mr Tai Terk Lin (profile as mentioned above)
- Dr Frank Richard Ashe (profile as mentioned below)
- Mr Harinder Pal Singh a/l Joga Singh (profile as mentioned above)
- Y Bhg Dato’ Mohd Effendi bin Abdullah (profile as mentioned below)

<b>Name</b>	: Dato’ Mohd Effendi bin Abdullah
<b>Age</b>	: 53
<b>Nationality</b>	: Malaysian
<b>Qualification</b>	: Bachelor of Economics (major in Accounting and Financial Management), Macquarie University, Australia.
<b>Executive/Non-Executive Director</b>	: Not applicable

<b>Independent/Non-Independent Director</b>	: Not applicable
<b>Working Experience</b>	: <b><i>AmInvestment Bank Berhad</i></b> <ul style="list-style-type: none"> <li>• Corporate Banking (1985 – 1993)</li> <li>• Islamic Markets (1993 - present)</li> </ul>
<b>Occupation</b>	: Senior Vice President/ Head, Islamic Markets Of AmInvestment Bank Berhad.
<b>Directorship of other public companies</b>	: Islamic Banking and Finance Institute Malaysia (IBFIM)
<b>Member of any other Board Committee</b>	: None
<b>Date of appointment to the Investment Committee</b>	: 2 September 2013
<b>Number of Investment Committee meetings attended for financial period (From 1 January 2015 to 31 March 2015)</b>	: One (1)
<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>	: Dr. Frank Richard Ashe
<b>Age</b>	: 62 years old
<b>Nationality</b>	: Australian
<b>Qualification</b>	: <ol style="list-style-type: none"> <li>1. Doctor of Philosophy in Operations Research, University of New South Wales, Australia</li> <li>2. Bachelor of Arts, (First Class Honours), majoring in Actuarial Studies, Statistics, Pure Mathematics and Applied Mathematics, Macquarie University, Australia</li> </ol> AIMR (now the CFA Institute) Investment Management Workshop (Princeton University)
<b>Executive/Non-Executive Director</b>	: Not applicable
<b>Independent/Non-Independent Director</b>	: Not applicable
<b>Working Experience</b>	: <ol style="list-style-type: none"> <li><b>1. Independent Consultant</b> January 2007 – ongoing</li> <li><b>2. Executive Education</b></li> <li><b>3. Macquarie University</b> Associate Professor – Applied Finance Centre (Full Time : January 2002 – December 2006) (Part Time : January 2007 – December 2014)</li> </ol>

- 4. Manulife Financial - Elliott & Page Asset Management**  
Senior Advisor, Market Risk Management  
September 1999 – December 2001
- 5. Freelance Consulting**  
May 1999 – September 1999
- 6. Structured Investments Group**  
Portfolio Manager, County Investment Management  
August 1996 – May 1999
- 7. Macquarie University**  
Visiting Fellow, Macquarie Applied Finance Centre  
1997 - 2001
- 8. University of Technology, Sydney : School of Economics**  
Visiting Lecturer, Master of Business in Finance  
1997
- 9. Condell Vann & Co.**  
Executive Director  
April 1995 – July 1996
- 10. Quantitative Strategist Legal & General Asset Management, Australia**  
Executive Director (October 1993 – 1995)  
July 1989 – April 1995
- 11. IFTC and related subsidiary companies :**  
**Equity Systems Limited (ESL), Giltnet,** (software companies)  
**Australian Gilt Options,** (futures option market makers)  
**Australian Gilt Securities** (now Rand Merchant Bank, fixed interest dealers),  
**Australian Gilt Funds Management**  
September 1986 – June 1989
- 12. Mercer Campbell Cook and Knight, formerly E.S. Knight & Co.**  
Consultant and earlier as technical assistant  
1980 - 1986
- 13. Macquarie and New South Wales Universities**  
Part time tutor in Statistics, Mathematics, and Mechanical Engineering  
1975 - 1980

<b>Occupation</b>	: Independent Consultant
<b>Directorship of other public companies</b>	: None
<b>Member of any other Board Committee</b>	: None
<b>Date of appointment to the Investment Committee</b>	: 16 February 2015
<b>Number of Investment Committee meetings attended for financial period (From 1 January 2015 to 31 March 2015)</b>	: Three (3)
<b>Family relationship with any director</b>	: None

<b>Conflict of interest with the Fund</b>	: None
<b>List of convictions for offences within the past 10 years (if any)</b>	: None

### *Material Litigation*

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

### Manager

Previously, we have appointed AmInvestment Management Sdn Bhd (“AIM”) to implement the Fund’s investment strategy on behalf of us to achieve the objectives of the Fund. However, following the consolidation of business activities of AmInvestment Services Berhad (“AIS”) and AIM on 1 December 2014, AIS has acquired/assume the obligations, undertaking, commitments and contingencies of AIM. Effective 1 December 2014, AIS is a licensed fund manager approved by the Securities Commission Malaysia and manages the Fund.

### 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 2015 to 31 March 2015, 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>Unit Held (%)</b>
HSBC BANK MALAYSIA BERHAD	654,257,870	99.07%
DEUTSCHE BANK (MALAYSIA) BERHAD	2,899,000	0.44%
AMINVESTMENT BANK BERHAD	1,696,630	0.26%
AMINVESTMENT BANK BERHAD	716,000	0.11%
CITIBANK BERHAD	400,000	0.061%
AFFIN HWANG INVESTMENT BANK BERHAD	245,000	0.037%
CITIBANK BERHAD	140,000	0.021%
PUBLIC INVESTMENT BANK BERHAD	15,000	0.0023%
MAYBANK INVESTMENT BANK BERHAD	12,000	0.0018%
CIMB INVESTMENT BANK BERHAD	9,600	0.0015%
ALLIANCE INVESTMENT BANK BERHAD	6,000	0.00091%
CIMB INVESTMENT BANK BERHAD	3,600	0.00055%
CIMB INVESTMENT BANK BERHAD	3,000	0.00045%
INTER-PACIFIC SECURITIES SDN BHD	3,000	0.00045%
CIMB INVESTMENT BANK BERHAD	3,000	0.00045%
AFFIN HWANG INVESTMENT BANK BERHAD	2,000	0.00030%
HONG LEONG INVESTMENT BANK BERHAD	2,000	0.00030%
INTER-PACIFIC SECURITIES SDN BHD	1,000	0.00015%
CIMB INVESTMENT BANK BERHAD	1,000	0.00015%
AMINVESTMENT BANK BERHAD	1,000	0.00015%
KENANGA INVESTMENT BANK BERHAD	1,000	0.00015%
MAYBANK INVESTMENT BANK BERHAD	1,000	0.00015%
CIMB INVESTMENT BANK BERHAD	700	0.00011%
KENANGA INVESTMENT BANK BERHAD	500	0.000076%
MAYBANK INVESTMENT BANK BERHAD	300	0.000045%
MAYBANK INVESTMENT BANK BERHAD	300	0.000045%
AFFIN HWANG INVESTMENT BANK BERHAD	300	0.000045%
AMINVESTMENT BANK BERHAD	200	0.000030%
KENANGA INVESTMENT BANK BERHAD	100	0.000015%
RHB INVESTMENT BANK BERHAD	100	0.000015%

## STATEMENT OF FINANCIAL POSITION

*As At 31 March 2015*

	Note	31-3-2015 (unaudited) RM	31-12-2014 (audited) RM
<b>ASSETS</b>			
Investments	4	3,113,585	2,996,116
Dividends receivable		17,199	34,003
Cash at banks		55,126	64,314
<b>TOTAL ASSETS</b>		<u>3,185,910</u>	<u>3,094,433</u>
<b>LIABILITIES</b>			
Amount due to Manager	5	1,558	1,563
Amount due to Trustee	6	163	163
Amount due to index provider	7	2,066	1,764
Distributions payable		-	39,292
Sundry payables and accrued expenses		38,673	36,713
<b>TOTAL LIABILITIES</b>		<u>42,460</u>	<u>79,495</u>
<b>EQUITY</b>			
Unitholders' capital	9(a)	2,218,683	2,218,683
Retained earnings	9(b)(c)	924,767	796,255
<b>TOTAL EQUITY</b>	9	<u>3,143,450</u>	<u>3,014,938</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>3,185,910</u>	<u>3,094,433</u>
<b>UNITS IN CIRCULATION</b>	9(a)	<u>1,672,000</u>	<u>1,672,000</u>
<b>NET ASSET VALUE PER UNIT</b>			
<b>– EX DISTRIBUTION</b>		<u>188.01 sen</u>	<u>180.32 sen</u>

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

**STATEMENT OF COMPREHENSIVE INCOME (Unaudited)**

*For The Financial Period From 1 January 2015 To 31 March 2015*

	Note	1-1-2015 to 31-3-2015 RM	1-1-2014 to 31-3-2014 RM
<b>INVESTMENT INCOME/(LOSS)</b>			
Gross dividend income		18,462	21,646
Interest income		3	25
Net gain/(loss) from investments:			
– Financial assets at fair value through profit or loss (“FVTPL”)	8	<u>117,469</u>	<u>(32,656)</u>
Gross Income/(Loss)		<u>135,934</u>	<u>(10,985)</u>
<b>EXPENDITURE</b>			
Manager’s fee	5	3,780	3,823
Trustee’s fee	6	453	459
Licence fee	7	302	306
Auditors’ remuneration		986	986
Tax agent’s fee		1,233	1,233
Administrative expenses		<u>659</u>	<u>2,159</u>
Total Expenditure		<u>7,413</u>	<u>8,966</u>
<b>NET INCOME/(LOSS) BEFORE TAX</b>		128,521	(19,951)
<b>LESS: INCOME TAX</b>	11	<u>(9)</u>	<u>-</u>
<b>NET INCOME/(LOSS) AFTER TAX</b>		128,512	(19,951)
<b>OTHER COMPREHENSIVE INCOME</b>		<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD</b>		<u>128,512</u>	<u>(19,951)</u>
Total comprehensive income/(loss) comprises the following:			
Realised income		11,043	22,152
Unrealised gain/(loss)		<u>117,469</u>	<u>(42,103)</u>
		<u>128,512</u>	<u>(19,951)</u>

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



**STATEMENT OF CHANGES IN EQUITY** *(Unaudited)**For The Financial Period From 1 January 2015 To 31 March 2015*

	<b>Unitholders' capital RM</b>	<b>Retained earnings RM</b>	<b>Total equity RM</b>
At 1 January 2014	2,218,683	956,672	3,175,355
Total comprehensive loss for the period	-	(19,951)	(19,951)
<b>Balance at 31 March 2014</b>	<u>2,218,683</u>	<u>936,721</u>	<u>3,155,404</u>
At 1 January 2015	2,218,683	796,255	3,014,938
Total comprehensive income for the period	-	128,512	128,512
<b>Balance at 31 March 2015</b>	<u>2,218,683</u>	<u>924,767</u>	<u>3,143,450</u>

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

**STATEMENT OF CASH FLOWS (Unaudited)****For The Financial Period From 1 January 2015 To 31 March 2015**

	<b>1-1-2015 to 31-3-2015 RM</b>	<b>1-1-2014 to 31-3-2014 RM</b>
<b>CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	-	38,889
Dividends received	35,257	35,362
Interest received	3	25
Manager's fee paid	(3,785)	(3,878)
Trustee's fee paid	(453)	(466)
Payments for other administrative expenses	(918)	(9,102)
Purchase of investments	-	(41,748)
	<hr/>	<hr/>
Net cash generated from operating and investing activities	30,104	19,082
	<hr/>	<hr/>
<b>CASH FLOW FROM FINANCING ACTIVITY</b>		
Distributions paid	(39,292)	(45,144)
	<hr/>	<hr/>
Net cash used in financing activity	(39,292)	(45,144)
	<hr/>	<hr/>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(9,188)	(26,062)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	64,314	61,409
	<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	55,126	35,347
	<hr/>	<hr/>
Cash and cash equivalents comprise:		
Cash at banks	55,126	35,347
	<hr/>	<hr/>

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 are 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 effective during the financial period

The adoption of MFRS which have been effective during the financial period did not have any material financial impact to the financial statements.

#### 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>
Annual Improvements to MFRSs 2012 – 2014 Cycle	1 January 2016
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to MFRS 101: Disclosure Initiatives	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exception	1 January 2016
MFRS 9: Financial Instruments	1 January 2018

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 reflects International Accounting Standards Board's ("IASB") work on the replacement of MFRS 139 Financial Instruments: Recognition and Measurement ("MFRS 139"). MFRS 9 has a mandatory effective date of 1 January 2018 and early adoption is allowed. The Fund is in the process of quantifying the impact of the first adoption of MFRS 9.

### 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. The functional currency of the Fund is Ringgit Malaysia which reflects the currency 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 other 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 the next financial period.

## 4. INVESTMENTS

	31-3-2015 RM	31-12-2014 RM
<b>Financial assets at FVTPL</b>		
Quoted equity securities in Malaysia	<u>3,113,585</u>	<u>2,996,116</u>

Details of investments as at 31 March 2015 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 (Malaysia) Berhad	800	54,928	37,873	1.75
PPB Group Berhad	<u>3,500</u>	<u>53,830</u>	<u>49,101</u>	<u>1.71</u>
	<u>4,300</u>	<u>108,758</u>	<u>86,974</u>	<u>3.46</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>Finance</b>				
AMMB Holdings Berhad	10,400	66,144	55,063	2.10
CIMB Group Holdings Berhad	32,100	199,662	232,229	6.35
Hong Leong Bank Berhad	3,600	51,336	31,452	1.63
Hong Leong Financial Group Berhad	1,200	20,352	12,000	0.65
Malayan Banking Berhad	26,331	245,668	200,165	7.82
Public Bank Berhad	19,030	359,286	226,940	11.43
RHB Capital Berhad	4,066	32,203	30,233	1.03
	<u>96,727</u>	<u>974,651</u>	<u>788,082</u>	<u>31.01</u>
<b>Industrial products</b>				
PETRONAS Chemicals Group Berhad	17,600	99,264	102,975	3.16
PETRONAS Gas Berhad	4,800	110,496	59,194	3.51
	<u>22,400</u>	<u>209,760</u>	<u>162,169</u>	<u>6.67</u>
<b>Infrastructure</b>				
DiGi.Com Berhad	22,800	143,640	56,709	4.57
<b>Plantation</b>				
Felda Global Ventures Holdings Berhad	10,900	23,653	50,133	0.75
IOI Corporation Berhad	22,685	104,124	130,322	3.32
Kuala Lumpur Kepong Berhad	3,300	75,174	60,227	2.39
	<u>36,885</u>	<u>202,951</u>	<u>240,682</u>	<u>6.46</u>
<b>REITs</b>				
KLCC Real Estate Investment Trust	2,400	16,776	15,661	0.53
<b>Trading/Services</b>				
Astro Malaysia Holdings Berhad	8,900	28,480	26,444	0.91
Axiata Group Berhad	30,400	215,232	132,972	6.85
Genting Berhad	13,500	121,500	126,244	3.86
Genting Malaysia Berhad	18,100	76,563	63,345	2.44
IHH Healthcare Berhad	16,200	97,362	54,650	3.10

(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>Trading/Services</b>				
Maxis Berhad	16,000	115,040	91,612	3.66
MISC Berhad	8,700	73,863	43,290	2.35
PETRONAS Dagangan Berhad	1,700	34,000	21,494	1.08
SapuraKencana Petroleum Berhad	23,400	55,224	94,687	1.76
Sime Darby Berhad	19,089	176,955	162,913	5.63
Telekom Malaysia Berhad	12,900	93,783	34,479	2.98
Tenaga Nasional Berhad	19,100	274,276	140,641	8.72
UMW Holdings Berhad	3,900	42,276	27,724	1.34
YTL Corporation Berhad	31,434	52,495	48,438	1.67
	<u>223,323</u>	<u>1,457,049</u>	<u>1,068,933</u>	<u>46.35</u>
<b>Total</b>	<u>408,835</u>	<u>3,113,585</u>	<u>2,419,210</u>	<u>99.05</u>
<b>Excess of market value over cost</b>		<u>694,375</u>		

#### 5. AMOUNT DUE TO MANAGER

	31-3-2015 RM	31-12-2014 RM
Manager's fee payable	1,358	1,363
Application fee payable to Manager	200	200
	<u>1,558</u>	<u>1,563</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 (2014: 0.50%).

The normal credit period in the previous and current financial year/period 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 (2014: 0.06%).

The normal credit period in the previous and current financial year/period for Trustee's fee payable is one month.

7. **AMOUNT DUE TO INDEX PROVIDER**

Licence fee was charged at a rate of 0.04% per annum on the net asset value of the Fund, calculated on a daily basis (2014: 0.04%).

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

	<b>1-1-2015 to 31-3-2015 RM</b>	<b>1-1-2014 to 31-3-2014 RM</b>
Net gain/(loss) on financial assets at FVTPL comprised:		
– Net realised gain on sale of investments	-	9,447
– Net unrealised gain/(loss) on changes in fair values of investments	<u>117,469</u>	<u>(42,103)</u>
	<u><u>117,469</u></u>	<u><u>(32,656)</u></u>

9. **TOTAL EQUITY**

Total equity is represented by:

	<b>Note</b>	<b>31-3-2015 RM</b>	<b>31-12-2014 RM</b>
Unitholders' capital	(a)	2,218,683	2,218,683
Retained earnings			
– Realised income	(b)	230,392	219,349
– Unrealised gain	(c)	<u>694,375</u>	<u>576,906</u>
		<u><u>3,143,450</u></u>	<u><u>3,014,938</u></u>

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

	<b>31-3-2015</b>		<b>31-12-2014</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>2,218,683</u>	<u>1,672,000</u>	<u>2,218,683</u>

**(b) REALISED – DISTRIBUTABLE**

	<b>31-3-2015</b> <b>RM</b>	<b>31-12-2014</b> <b>RM</b>
At beginning of the period/year	219,349	163,911
Total comprehensive income/(loss) for the period/year	128,512	(112,765)
Net unrealised (gain)/loss attributable to investments held transferred to unrealised reserve [Note 9(c)]	(117,469)	215,855
Distributions out of realised reserve	-	(47,652)
Net increase in realised reserve for the period/year	<u>11,043</u>	<u>55,438</u>
At end of the period/year	<u>230,392</u>	<u>219,349</u>

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

	<b>31-3-2015</b> <b>RM</b>	<b>31-12-2014</b> <b>RM</b>
At beginning of the period/year	576,906	792,761
Net unrealised gain/(loss) attributable to investments held transferred from realised reserve [Note 9(b)]	<u>117,469</u>	<u>(215,855)</u>
At end of the period/year	<u>694,375</u>	<u>576,906</u>

**10. UNITS HELD BY RELATED PARTIES**

	<b>31-3-2015</b>		<b>31-12-2014</b>	
	<b>Number of units</b>	<b>RM</b>	<b>Number of units</b>	<b>RM</b>
Parties related to the Manager *	<u>241,776</u>	<u>450,912</u>	<u>222,276</u>	<u>395,651</u>

\* The parties related to the Manager are the legal and beneficial owners of the units. The Manager did not hold any units in the Fund as at 31 March 2015 and 31 December 2014.

**11. INCOME TAX**

	<b>1-1-2015 to</b> <b>31-3-2015</b> <b>RM</b>	<b>1-1-2014 to</b> <b>31-3-2014</b> <b>RM</b>
Current period	<u>9</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 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/(loss) 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>1-1-2015 to 31-3-2015 RM</b>	<b>1-1-2014 to 31-3-2014 RM</b>
Net income/(loss) before tax	<u>128,521</u>	<u>(19,951)</u>
Taxation at Malaysian statutory rate of 25%	32,130	(5,000)
Tax effects of:		
Income not subject to tax	(33,960)	(7,800)
Effect of different tax rate	(14)	-
Loss not deductible for tax purposes	-	10,500
Restriction on tax deductible expenses	1,072	1,100
Non-permitted expenses for tax purposes	662	1,100
Permitted expenses not used and not available for future periods	<u>119</u>	<u>100</u>
Tax expense for the financial period	<u>9</u>	<u>-</u>

## 12. DISTRIBUTION

No distribution was declared by the Fund for the financial periods ended 31 March 2015 and 31 March 2014.

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

The Fund’s MER is as follows:

	<b>1-1-2015 to 31-3-2015 % p.a.</b>	<b>1-1-2014 to 31-3-2014 % p.a.</b>
Manager’s fee	0.50	0.50
Trustee’s fee	0.06	0.06
Licence fee	0.04	0.04
Fund administrative expenses	<u>0.38</u>	<u>0.57</u>
Total MER	<u>0.98</u>	<u>1.17</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, which 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 (2014: 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 equity securities 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. TRANSACTIONS WITH FINANCIAL INSTITUTION/BROKER

No transaction with financial institution/broker is presented for the financial period from 1 January 2015 to 31 March 2015.

#### 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 2015</b>				
<b>Assets</b>				
Investments	3,113,585	-	-	3,113,585
Dividends receivable	-	17,199	-	17,199
Cash at banks	-	55,126	-	55,126
	<hr/>	<hr/>	<hr/>	<hr/>
Total financial assets	3,113,585	72,325	-	3,185,910
<b>Liabilities</b>				
Amount due to Manager	-	-	1,558	1,558
Amount due to Trustee	-	-	163	163
Amount due to index provider	-	-	2,066	2,066

(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 March 2015</b>				
<b>Liabilities</b>				
Sundry payables and accrued expenses	-	-	38,673	38,673
Total financial liabilities	-	-	42,460	42,460
<b>31 December 2014</b>				
<b>Assets</b>				
Investments	2,996,116	-	-	2,996,116
Dividends receivable	-	34,003	-	34,003
Cash at banks	-	64,314	-	64,314
Total financial assets	2,996,116	98,317	-	3,094,433
<b>Liabilities</b>				
Amount due to Manager	-	-	1,563	1,563
Amount due to Trustee	-	-	163	163
Amount due to index provider	-	-	1,764	1,764
Distributions payable	-	-	39,292	39,292
Sundry payables and accrued expenses	-	-	36,713	36,713
Total financial liabilities	-	-	79,495	79,495

	<b>Income, expense, gains and losses</b>	
	<b>1-1-2015 to 31-3-2015 RM</b>	<b>1-1-2014 to 31-3-2014 RM</b>
Net gain/(loss) from financial assets at FVTPL	117,469	(32,656)
Income, of which derived from:		
– Gross dividend income from financial assets at FVTPL	18,462	21,646
– Interest income from loans and receivables	3	25

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

The Fund's financial assets at FVTPL are carried at fair value.

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 2015</b>				
Financial assets at FVTPL	<u>3,113,585</u>	<u>-</u>	<u>-</u>	<u>3,113,585</u>
<b>31 December 2014</b>				
Financial assets at FVTPL	<u>2,996,116</u>	<u>-</u>	<u>-</u>	<u>2,996,116</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 period to maturity or short credit period:

- Dividends receivable
- Cash at banks
- Amount due to Manager
- Amount due to Trustee
- Amount due to index provider
- Distributions 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 include 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.

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

(b) **VaR assumptions**

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

	Value-at-Risk (%)	
	Equities risk	Total VaR
<b>31 March 2015</b>	1.65	1.65
Average daily	1.74	1.74
Highest	1.88	1.88
Lowest	1.65	1.65
<b>31 March 2014</b>	1.01	1.01
Average daily	1.10	1.10
Highest	1.17	1.17
Lowest	1.01	1.01

Based on Gaussian VaR, using historical weekly data for the past 180 weeks, the Fund's portfolio had a daily 1% Value-at-Risk (VaR) of approximately 1.65% (2014: 1.01%). This implies that not more than 1 out of 100 trading days the Fund would record a daily loss exceeding 1.65% (2014: 1.01%) 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.

Cash at banks are held for liquidity purposes and are not exposed to significant credit risk.



### **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 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.

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 2015 and 31 March 2014.

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*For enquiries about this or any of the other Funds offered by AmInvestment Services Berhad please call 2032 2888 between 8.45 a.m. to 5.45 p.m. (Monday - Thursday), Friday (8.45 a.m. to 5.00 p.m.)*